

**UNITED STATES COURT OF APPEALS
FOR VETERANS CLAIMS**

**PERFORMANCE AND ACCOUNTABILITY REPORT,
INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2025**



**Prepared By
Brown & Company CPAs and Management Consultants, PLLC
January 13, 2026**



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Management's Discussion and Analysis for FY 2025





UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
625 Indiana Avenue, NW, Suite 900
Washington, DC 20004-2950

Management's Discussion and Analysis for FY 2025

Introduction

Management's Discussion and Analysis (MD&A) is an integral part of the Court's annual financial statements that provides an overview, from management's perspective, of the Court's structure, functions, past performance, current financial condition, and a general outlook for the near future. The MD&A supplements the financial data to provide a more in-depth picture of the use and application of the Court's appropriated funds.

Mission and Organization Structure

The U.S. Court of Appeals for Veterans Claims (Court) is an appellate court of record established under Article I of the U.S. Constitution by the Veterans' Judicial Review Act, Pub. L. No.100-687, Division A (1988). The Act, as amended, is codified in part at 38 U.S.C. §§ 7251-7299. The Court has jurisdiction to, inter alia, (1) review decisions of the Board of Veterans' Appeals (Board) and may affirm, vacate, reverse, or remand as appropriate in such cases, (2) issue all writs necessary or appropriate in aid of its jurisdiction (28 U.S.C. § 1651), (3) set aside rules, and regulations issued or adopted by the Secretary, the Board, or the Board Chairman that are arbitrary or capricious, an abuse of discretion, or otherwise not in accordance with law, contrary to constitutional right, in excess of statutory jurisdiction or authority, or without observance of the procedures required by law, (4) review and approve applications for attorney fees and expenses under the Equal Access to Justice Act (28 U.S.C.

§ 2412), and (5) compel actions of the Secretary of Veterans Affairs that were unlawfully withheld or unreasonably delayed.

The Court currently has nine active judges. Of the nine, the Court has permanent authorizations for seven judges, one of whom serves as Chief Judge. Congress reauthorized two additional judgeships on a temporary basis per Pub. L. 114-315 which are now filled. The judges are appointed by the President, "by and with the Advice and Consent of the Senate," for fifteen-year terms. Each judge has a staff of four law clerks and one administrative assistant. The Chief Judge has additional support staff because of her administrative duties. Court support staff includes (1) a Clerk of the Court to manage Court support operations under the supervision of the Chief Judge, (2) a Public Office that manages the Court's docket through the Case Management/Electronic Case Filing (CM/ECF) program, (3) a Central Legal Staff responsible for facilitating case resolution through a conferencing process in all represented cases and screening cases as needed, (4) an Information Technology Office that manages all IT networks and resources, provides direct support to personnel, and hosts the Court's CM/ECF program, (5) an Administrative Office that provides personnel, procurement, and facilities management functions, (6) a Budget and Finance Office responsible for financial management, and (7) a General Counsel office.

The Court is a national court authorized to sit anywhere in the United States, but its principal office is in Washington, DC.

Procedures

The Court's Rules of Practice and Procedure, last revised effective February 24, 2025, govern its procedures and are available on the Court's website. As an appellate Court, the Court does not hold trials, hear witness testimony, or receive new evidence. In deciding a case, it considers the Board decision, the record before the Board, and the briefs submitted by the parties. If the issues warrant, the Court holds oral argument. Most arguments are held in Washington, D.C., but on occasion the Court sits in other locations.

Opinions

The Court's precedential opinions are published in West's Veterans Appeals Reporter. They are available in WESTLAW, LEXIS, and--without digest--on the Court's website under Orders and Opinions. They are also sent to the Government Printing Office for distribution to its nationwide depository library system.

Performance Goals, Objectives, and Results

The Court's goal is to provide timely judicial review of cases that have been appealed to the Court from the Department of Veterans Affairs Board of Veterans Appeals. The Court has a substantial caseload. In FY 2025, the Court received 10,449 appeals and resolved a total of 8,758 cases primarily through combination of judicial decisions and joint resolutions concluded as part of the Court's Rule 33 conferencing process. The Court also resolved a substantial number of petitions and several thousand procedural determinations and Equal Access to Justice Act (EAJA) attorney fee applications. The Court's comprehensive annual reports to Congress are available on the Court's website at www.uscourts.cavc.gov.

Limitations of the Financial Statements

The Court, as part of the judiciary, is not subject to 31 U.S.C. § 3515(b) (requiring executive agencies to file annual financial reports). Additionally, as an independent Article I Court, it is not part of the annual financial reporting prepared by the Administrative Office of the Courts. Recognizing, however, that routine review of the Court's operations and use of appropriated funds is a sound financial practice, the Court voluntarily complies with the substantive requirements of section 3515(b). The Court's principal financial statements have been prepared by the Administrative Resource Center at the U.S. Department of the Treasury Bureau of Fiscal Services. The statements have been prepared from the Court's books and records in accordance with Generally Accepted Accounting Principles (GAAP) for federal entities and the formats prescribed by the Office of Management and Budget (OMB) in the OMB Circular A-136.

Analysis of Financial Statements

The Court's annual appropriated funds are used for salaries; benefits; services; facilities rent, improvements, and maintenance; information technology (IT) service and support; intergovernmental support services; and an annual contribution to the Judges' Retirement Trust Fund. Also, the Court receives pass-through funding to the Legal Services Corporation (LSC) to administer a Congressionally mandated grant that provides counsel to appellants who otherwise are self-represented.

Analysis of Systems, Controls, and Legal Compliance

The Court recognizes the importance of adequate controls for its administrative functions. The Clerk of the Court and Court support staff develop, implement, evaluate, and modify, as necessary, controls to provide reasonable assurance that there is adequate accountability of Court resources. Given the small size of the Court, the Court contracts for accounting, financial reporting, administrative payments, and some procurement services with the Bureau of Fiscal Services' Administrative Resource Center (ARC); the Court also contracts for payroll and personnel services with the Department of Agriculture's National Finance Center (NFC). Although this contracting necessitates reliance on the performance of entities outside our managerial control, it also permits an outside look into our own management of appropriated funds that augments and compliments our internal controls.

Conclusion

The Court is making proper and effective use and application of its appropriated funds.

January 13, 2026



Tiffany M. Wagner
Clerk of the Court/Executive Officer

**UNITED STATES COURT OF APPEALS
FOR VETERANS CLAIMS**

**INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2025**



**Prepared By
Brown & Company CPAs and Management Consultants, PLLC
January 13, 2026**



INDEPENDENT AUDITOR’S REPORT

U.S. Court of Appeals for Veterans Claims
Washington, D.C.

In our audits of the fiscal years 2025 financial statements of the U.S. Court of Appeals for Veterans Claims (CAVC), we found:

- CAVC’s financial statements as of and for the fiscal years ended September 30, 2025 are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures¹, we performed; and
- no reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes a section on required supplementary information (RSI)² and a section on other information included with the financial statements³; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

Opinion

In accordance with U.S. generally accepted government auditing standards we have audited CAVC’s financial statements. CAVC’s financial statements comprise the balance sheets as of September 30, 2025, the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended; and the related notes to the financial statements. In our opinion, CAVC’s financial statements present fairly, in all material respects, CAVC’s financial position as of September 30, 2025, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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 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.

² The RSI consists of “Management’s Discussion and Analysis” and the “Statement of Budgetary Resources” which are included with the financial statements.

³ Other information consists of information included with the financial statements, other than the RSI and the auditor’s report.

of the Financial Statements section of our report. We are required to be independent of CAVC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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

Management is responsible for:

- the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in CAVC's performance and accountability report, and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's 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 auditor's 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 of the financial statements conducted in accordance with U.S. generally accepted government auditing standards 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, including omissions, are considered to be 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 U.S. generally accepted government auditing standards, 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 control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CAVC's internal control over financial reporting. 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 financial statement audit.

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the 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 under standards issued by FASAB, which considers it 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 U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management’s responses to our 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

CAVC’s other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in CAVC’s performance and accountability report. The other information comprises the following sections: a detailed statement of management assurances and other information that is applicable. Other information does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of CAVC’s financial statements, we considered CAVC’s internal control over financial reporting, consistent with our auditor’s responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies⁴ or to express an opinion on the effectiveness of CAVC's internal control over financial reporting. Given these limitations, during our 2025 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to CAVC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

CAVC management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Consideration of Internal Control over Financial Reporting

In planning and performing our audit of CAVC's financial statements as of and for the fiscal year ended September 30, 2025, in accordance with U.S. generally accepted government auditing standards, we considered CAVC's internal control relevant to the financial statement 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 CAVC's internal control over financial reporting. Accordingly, we do not express an opinion on CAVC'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.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that:

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- 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.

⁴ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of CAVC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of CAVC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

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

In connection with our audits of CAVC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2025 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to CAVC. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

CAVC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to CAVC.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to CAVC that have a direct effect on the determination of material amounts and disclosures in CAVC's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CAVC. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of 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 compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Brown & Company

Greenbelt, Maryland

January 13, 2026

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
BALANCE SHEET
AS OF SEPTEMBER 30, 2025
(In Dollars)

	2025
Assets:	
Intragovernmental:	
Fund Balance with Treasury (Note 2)	\$ 23,069,423
Investments, net (Note 3)	66,416,870
Total Intragovernmental	89,486,293
Other than Intragovernmental:	
Accounts Receivable (Note 4)	\$ 663
General Property, Plant, and Equipment (Note 5)	2,172,034
Total Other than Intragovernmental	2,172,697
Total Assets	\$ 91,658,990
Liabilities (Note 6):	
Intragovernmental:	
Accounts Payable	\$ 1,654
Other Liabilities (Note 8)	170,538
Total Intragovernmental	172,192
Other than Intragovernmental:	
Accounts Payable	\$ 292,459
Judges' Retirement Fund Benefits (Note 7)	70,717,249
Federal Employee and Veterans Benefits	2,098,255
Other Liabilities (Note 8)	2,012
Total Other than Intragovernmental	73,109,975
Total Liabilities	\$ 73,282,167
Net Position:	
Unexpended Appropriations - Funds Other Than Those from Dedicated Collections (Consolidated Totals)	\$ 19,308,746
Total Unexpended Appropriations	19,308,746
Cumulative Results - Dedicated Collections (Note 10)	(1,564,693)
Cumulative Results of Operations - Funds Other Than Those from Dedicated Collections (Consolidated Totals)	632,770
Total Cumulative Results of Operations	(931,923)
Total Net Position	\$ 18,376,823
Total Liabilities and Net Position	\$ 91,658,990

The accompanying notes are an integral part of these financial statements.

**UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
STATEMENT OF NET COST
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025
(In Dollars)**

	2025
Gross Program Costs:	
Salaries and Expenses:	
Gross Costs	\$ 48,260,718
Less: Earned Revenue	(2,604,547)
Net Program Costs	\$ 45,656,171
(Gain)/Loss on Pension, ORB, or OPEB Long-term Assumption Changes	\$ (3,382,139)
Net Cost of Operations	\$ 42,274,032

The accompanying notes are an integral part of these financial statements.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025
(In Dollars)

	2025		
	Funds from Dedicated Collections	All Other Funds	Consolidated Total
Unexpended Appropriations			
Beginning Balance	\$ -	\$ 14,534,246	\$ 14,534,246
Appropriations Received	\$ -	\$ 47,200,000	\$ 47,200,000
Other Adjustments	-	(1,381,308)	(1,381,308)
Appropriations Used	-	(41,044,192)	(41,044,192)
Net Change in Unexpended Appropriations	-	4,774,500	4,774,500
Total Unexpended Appropriations	\$ -	\$ 19,308,746	\$ 19,308,746
Cumulative Results of Operations			
Beginning Balance	\$ (1,813,352)	\$ (400,585)	\$ (2,213,937)
Appropriations Used	-	41,044,192	41,044,192
Imputed Financing (Note 12)	-	2,511,879	2,511,879
Other	-	(25)	(25)
Net Cost of Operations	248,659	(42,522,691)	(42,274,032)
Net Change in Cumulative Results of Operations	248,659	1,033,355	1,282,014
Total Cumulative Results of Operations	\$ (1,564,693)	\$ 632,770	\$ (931,923)
Net Position	\$ (1,564,693)	\$ 19,941,516	\$ 18,376,823

The accompanying notes are an integral part of these financial statements.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025
(In Dollars)

	2025
Budgetary Resources	
Unobligated Balance From Prior Year Budget Authority, Net	\$ 76,596,128
Appropriations	50,692,349
Total Budgetary Resources	\$127,288,477
Status of Budgetary Resources	
New Obligations and Upward Adjustments (Total)	\$ 45,241,515
Unobligated Balance, End of Year	
Exempt From Apportionment, Unexpired Accounts	71,470,875
Unexpired, Unobligated Balance, End of Year	71,470,875
Expired, Unobligated Balance, End of Year	10,576,087
Unobligated Balance, End of Year (Total)	82,046,962
Total Budgetary Resources	\$127,288,477
Outlays, Net and Disbursements, Net	
Outlays, Net (Total)	\$ 44,423,096
Distributed Offsetting Receipts	(2,604,547)
Agency Outlays, Net	\$ 41,818,549

The accompanying notes are an integral part of these financial statements.

**UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
STATEMENT OF CUSTODIAL ACTIVITY
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025
(In Dollars)**

	2025
Total Custodial Revenue	
Sources of Cash Collections	
Miscellaneous	\$ 157,390
Total Cash Collections	157,390
Total Custodial Revenue	\$ 157,390
Disposition of Collections	
Transferred to Others (by Recipient)	\$ 157,390
Total Disposition of Collections	157,390
Custodial Revenue Less Disposition of Collections	\$ -

The accompanying notes are an integral part of these financial statements.



UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The United States Court of Appeals for Veterans Claims (CAVC) is a national court of record established by the Veterans Judicial Review Act, Pub. L. No.100-687, Division A (1988) (Act). The Act, as amended, is codified in part at 38 U.S.C. §§ 7251-7299. CAVC is located in Washington, D.C., but as a national court may sit anywhere in the United States.

CAVC is part of the federal judicial system and has a permanent authorization for seven judges, one of whom serves as chief judge. Congress reauthorized two additional judgeships on a temporary basis per Pub. L. 114-315. Judges are appointed by the President, by and with the advice and consent of the Senate, for 15-year terms. CAVC currently has nine active judges and no judgeship vacancy. Upon retirement, a judge may choose to be recall-eligible, and thus willing to be recalled to service by the Chief Judge. Currently, nine of CAVC's eleven retired judges are recall eligible, and are recalled to service on a rotational basis. Recall-eligible retired judges may elect full retirement at any time.

For management, administration, and expenditure of funds in areas beyond the bounds of Chapter 72 of Title 38, CAVC may exercise the authorities provided for such purposes applicable to other courts as defined in Title 28, U.S. Code. The CAVC reporting entity is comprised of Trust Funds, Special Funds, General Funds, and General Miscellaneous Receipts.

Trust Funds are credited with receipts that are generated by terms of a trust agreement or statute. At the point of collection, our receipts are unavailable until appropriated by the U.S. Congress. The Trust Fund included in our financial statements is the United States Court of Appeals for Veterans Claims Retirement Fund. The funding policy for this Judicial Retirement Trust Fund requires participating judges to contribute 1% of salary until retirement. In addition, for those who participate in the optional survivors' benefits program, a 2.2% of active pay and retirement pay contribution is required. CAVC is required to make annual contributions at an actuarially determined rate. CAVC currently pays annuity to one survivor annuitant.

Special Funds are accounts established for receipts earmarked by law for a special purpose, but are not generated by a cycle of operations for which there is continuing authority to reuse such receipts. Our financial statements include Practice and Registration Fees, which are Special Fund receipts. This fund contains the fees collected from persons admitted to practice before CAVC and people who register for CAVC's judicial conferences. These fees are used to defray expenses incurred in producing the judicial conference and for use in other bar and bench events and proceedings. See 38 U.S.C. §§ 7285 and 7283.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees, and other miscellaneous receipts for services and benefits. CAVC has rights and ownership of all assets reported in these financial statements. CAVC does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the CAVC. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the CAVC in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and the CAVC's accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the CAVC's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as the compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the CAVC's funds with Treasury in expenditure, receipt, revolving, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The CAVC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use FBWT or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand.

E. Investment in U.S. Government Securities

The CAVC has the authority to invest in U.S. Government securities. The securities include marketable Treasury securities and/or nonmarketable, market-based securities issued by the Bureau of the Fiscal Service. Market-based securities are Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. It is expected that investments will be held until maturity; therefore, they are classified as investment securities held to maturity and are carried at historical cost, adjusted for amortization of premiums and discounts. The amortization of premiums and discounts are recognized as adjustments to interest income using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

F. Accounts Receivable

Accounts receivable consists of amounts owed to CAVC by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

G. Property, Equipment, and Software

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The CAVC's capitalization threshold is \$25,000 for individual purchases and \$350,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (years)</u>
Leasehold Improvements	Period of Lease
Office Furniture	5
Computer Equipment	3
Office Equipment	5
Software	3

H. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

I. Liabilities

Liabilities represent the amount of funds likely to be paid by the CAVC as a result of transactions or events that have already occurred.

The CAVC reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent funds owed to another government agency. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees. Liabilities not covered by budgetary resources on the Balance Sheet are equivalent to amounts reported as components requiring or generating resources on the Reconciliation of Net Cost to Budget.

J. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

K. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the CAVC's employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the CAVC terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL.

L. Retirement Plans

The CAVC's employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the CAVC's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984, through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987, are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the CAVC matches any employee contribution up to an additional four percent of pay. For FERS participants, the CAVC also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the CAVC remits the employer's share of the required contribution.

The CAVC recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the CAVC for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The CAVC recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The CAVC does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

M. Other Post-Employment Benefits

The CAVC's employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided the CAVC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The CAVC recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the CAVC through the recognition of an imputed financing source.

N. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

O. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2025, were as follows:

	2025
Status of Fund Balance With Treasury	
Unobligated Balance	\$ 18,654,858
Obligated Balance Not Yet Disbursed	4,414,565
Total Fund Balance With Treasury	\$ 23,069,423

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 3. INVESTMENTS, NET

Investments as of September 30, 2025 consist of the following:

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value
2025						
Intragovernmental Securities:						
Marketable	\$ 63,895,176	Level-Yield	\$ 2,312,253	\$ 209,441	\$ 66,416,870	\$ 66,662,052
Total Investments	\$ 63,895,176		\$ 2,312,283	\$ 209,441	\$ 66,416,870	\$ 66,662,052

Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. Investment maturity dates for fiscal year 2025 range from September 30, 2025, to February 15, 2027, and interest rates for the same fiscal year range from 0.250 percent to 6.625 percent.

For investments in non-Federal securities, disclose whether the investment is available-for-sale, held-to-maturity, or a trading security. In addition, for non-Federal securities, disclose the fair value measurements hierarchy classification (Levels 1, 2, 3 or Other) by investment type. "Other" includes investments that are measured in fair value using the net asset value per share of the investment and have not been categorized in the fair value hierarchy; for these amounts, provide a description of securities.

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for a fund from dedicated collections are deposited in the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to CAVC as evidence of its receipts. Treasury securities are an asset to CAVC and a liability to the U.S. Treasury.

NOTE 4. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2025, were as follows:

	2025
Other than Intragovernmental Accounts Receivable	\$ 663
Total Other than Intragovernmental Accounts Receivable	\$ 663
Total Accounts Receivable	\$ 663

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2025.

NOTE 5. PROPERTY, PLANT, AND EQUIPMENT, NET

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2025:

	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
2025			
Major Class:			
Leasehold Improvements	\$ 3,387,712	\$ 2,283,224	\$ 1,104,488
Furniture and Equipment	4,384,360	3,673,147	711,213
Software	207,046	207,046	-
Software In Development	356,333	-	356,333
Total	\$ 8,335,451	\$ 6,163,417	\$ 2,172,034

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the CAVC as of September 30, 2025, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2025
Unfunded Leave	\$ 1,539,927
Actuarial Pension Liability	(50,975)
Total Liabilities Not Covered by Budgetary Resources	\$ 1,488,952
Total Liabilities Covered by Budgetary Resources	71,793,215
Total Liabilities	\$ 73,282,167

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 7. PENSION LIABILITY AND EXPENSE

CAVC’s Judicial Retirement Fund (The Fund) was established by public law 38 U.S.C. 7296-7298 in August 1989 to provide a retirement benefit to all judges of CAVC who (1) retire on an optional basis after meeting minimum age and service requirements, (2) are not reappointed, or (3) retire as a result of disability.

Pension Benefits. A judge of CAVC, who is not reappointed, is eligible to retire if he has served 15 years or less under the rule of 80. The benefit, payable for life, is equal to the salary of the judge just prior to the retirement. This amount increases each year by the amount an active judge’s pay is increased if the retired judge has elected to be recall-eligible. Otherwise, the benefit does not increase. If a recall-eligible judge later declines to perform recall service, the benefit is frozen at that point.

Disability Benefits. A judge who is permanently disabled at any time while in office may retire on disability. The amount of benefits is as follows:

- (1) If a judge is not recall-eligible, the benefit is to commence immediately, payable for life, and is equal to the salary of the judge prior to disability if service with CAVC totals at least 10 years. The benefit is equal to one-half of the salary of the judge just before disability if contributory service totals less than 10 years subject to Cost of Living Adjustment (COLA).

- (1) If a judge is recall-eligible, the benefit is payable for life and equal to the salary of the judge just prior to disability retirement. This amount will increase each year by the amount an active judge’s pay is increased if the retired judge has elected to be recall-eligible, even if later removed for further disability. If a recall-eligible judge later declines to perform recall service, the benefit is frozen at that point.

Death Benefits. The only benefits payable upon the death of a judge is a return of employee contributions unless the judge enrolls in the optional Survivors Benefits Program.

Optional Survivors Benefits Program. Participation in the survivor annuity program is elective, and those who choose to participate must contribute 2.2% of active salary and retired pay. Also, 18 months of creditable service must have been completed and contributions made for that service before benefits can be paid. For this program, creditable service may include other federal service. Upon a participant's death:

Unremarried widow(er) – receives an annuity equal to:

- (1) 1.5% of the judge's high-3 average annual salary multiplied by the sum of years of judicial service, allowable service as a Member of Congress, up to five (5) years of allowable military service, and up to fifteen (15) years of congressional employee service, plus,
- (2) 0.75% of the judge's high-3 average annual salary multiplied by all other creditable service. The annuity cannot be less than 25% nor exceed 50% of the average annual salary of the judge.
- (3) Remarriage before age 55 terminates eligibility for a survivor annuity.

Once in payment, the annuity will be subject to annual COLAs in the amount as those received by annuitants of the Judicial Survivors' Annuity Program and of Social Security.

Children's benefit with widow(er) – each dependent child will receive an immediate annuity equal to the smaller of:

- (1) If no more than 2 children - 10% of the judge's high-3 average annual salary, or
- (2) If more than 2 children - 20% of the judge's high-3 average annual salary divided by the number of dependent children.

Children's benefits without widow(er) – each dependent child will receive an immediate annuity equal to the smaller of:

- (1) If no more than 2 children - 20% of the judge's high-3 average annual salary, or
- (2) If more than 2 children - 40% of the judge's high-3 average annual salary divided by number of dependent children.

Actuarial Present Value of Accumulated Plan Benefits. Accumulated plan benefits are those future periodic payments that are attributable under the Fund's provisions (see above) to the service judges have rendered. Accumulated plan benefits include benefits expected to be paid to (a) recall or non-recall eligible judges or beneficiaries and (b) active judges or beneficiaries. An actuary determines the actuarial present value of accumulated plan benefits annually. For details of the Accumulated Plan Benefits, Changes in Present Value of Accumulated Plan Benefits, and other information, please see the Actuarial Report from the actuarial firm of *Cheiron* dated as of September 30, 2025.

Reconciliation of the beginning and ending balance of CAVC’s Judicial Retirement Fund:

	2025
Beginning Liability Balance, October 1, 2024	\$ 70,567,248
Pension Expense:	
Normal Cost	3,301,529
Interest on Pension Liability During the Period	2,055,972
Actuarial (Gains) Losses During the Period:	
From Experience	593,702
From Discount Rate Assumption Change	(3,401,913)
Pension Expense before Other / Non-Actuarial Adjustments	3,357,547
Less Benefits Paid	(3,207,546)
Ending Liability Balance, September 30, 2025	\$ 70,707,249

Normal Cost is the actuarial present value of the future cash outflows for which the entity will obligate during the reporting period.

NOTE 8. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2025, were as follows:

	Current	Total
2025		
Intragovernmental:		
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 45,438	\$ 45,438
Employer Contributions and Payroll Taxes Payable	125,100	125,100
Total Intragovernmental	\$ 170,538	\$ 170,538
Other than Intragovernmental:		
Other Liabilities w/Related Budgetary Obligations	\$ 2,012	\$ 2,012
Total Other than Intragovernmental	\$ 2,012	\$ 2,012
Total Other Liabilities	\$ 172,550	\$ 172,550

NOTE 9. LEASES

CAVC occupies office space under a lease agreement that is accounted for as an intragovernmental lease per SFFAS 54 guidance. The lease term began on November 1, 2020 and expires on October 31, 2035. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for fiscal years 2025 was \$3,249,254. Below is a schedule of future payments for the term of the lease.

	Building
Fiscal Year	
2026	\$ 3,361,224
2027	3,411,249
2028	3,462,774
2029	3,515,846
2030	3,570,510
2031-2035	19,661,652
Total	\$ 36,983,255

The operating lease amount does not include estimated payments for leases with annual renewal options.

NOTE 10. FUNDS FROM DEDICATED COLLECTIONS

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

CAVC’s Judicial Retirement Fund is a fund from dedicated collections. The purpose of the fund is to provide a retirement benefit to the judges of CAVC. The Fund’s revenues are derived from investments in intragovernmental non-marketable par value federal debt securities.

CAVC’s Practice and Registration Fees Fund is also a fund from dedicated collections. The purpose of the fund is to collect fees from those who practice before CAVC and register for CAVC’s judicial conferences in order to defray expenses incurred in producing the judicial conference and for use in other bar and bench events and proceedings.

Schedule of Funds from Dedicated Collections as of September 30, 2025:

	Practice & Registration Fees Fund	Judges' Retirement Trust Fund	Funds from Dedicated Collections
2025			
Balance Sheet			
ASSETS			
Fund Balance with Treasury	\$ 282,963	\$ 2,452,723	\$ 2,735,686
Investments	-	66,416,870	66,416,870
Total Assets	\$ 282,963	\$ 68,869,593	\$ 69,152,556
Liabilities and Net Position			
Judges' Retirement Fund Benefits	\$ -	\$ 70,717,249	\$ 70,717,249
Cumulative Results of Operations	282,963	(1,847,656)	(1,564,693)
Total Liabilities and Net Position	\$ 282,963	\$ 68,869,593	\$ 69,152,556
Statement of Net Cost			
Program Costs	\$ -	\$ 6,738,002	\$ 6,738,002
Less: Earned Revenue	(28,365)	(3,576,157)	(3,604,522)
Net Program Costs	(28,365)	3,161,845	3,133,480
(Gain)/Loss on Pension, ORB, or OPEB Long-term Assumption Changes	-	(3,382,139)	(3,382,139)
Less: Earned Revenues Not Attributable to Programs	(28,365)	(220,294)	(248,659)
Net Cost of Operations	\$ (28,365)	\$ (220,294)	\$ (248,659)
Statement of Changes in Net Position			
Net Position Beginning of Period	\$ 254,598	\$ (2,067,950)	\$ (1,813,352)
Net Cost of Operations	28,365	220,294	248,659
Change in Net Position	28,365	220,294	248,659
Net Position End of Period	\$ 282,963	\$ (1,847,656)	\$ (1,564,693)

NOTE 11. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

The President’s Budget that will include fiscal year 2025 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2026 and can be found at the OMB website: <http://www.whitehouse.gov/omb/>. The Fiscal Year 2026 Budget of the United States Government, with the “Actual” column completed for 2024, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

	Total Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 123	\$ 46	\$ (2)	\$ 46
Unobligated Balance Not Available	(6)	-	-	-
Difference – Due to Rounding	(1)	-	-	-
Budget of the U.S. Government	\$ 116	\$ 46	\$ (2)	\$ 46

NOTE 12. INTER-ENTITY COSTS

CAVC recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. CAVC recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees.

The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal year ended September 30, 2025 inter-entity costs were as follows:

	2025
Office of Personnel Management	\$ 2,511,879
Total Imputed Financing Sources	\$ 2,511,879

NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2025 were as follows:

	Intragovernmental	Other than Intragovernmental	Total
2025			
Unpaid Undelivered Orders	\$ 1,142,207	\$ 2,247,369	\$ 3,389,576
Total Undelivered Orders	\$ 1,142,207	\$ 2,247,369	\$ 3,389,576

NOTE 14. CUSTODIAL REVENUES

The CAVC’s custodial collection primarily consists of Freedom of Information Act requests. While these collections are considered custodial, they are neither primary to the mission of the CAVC nor material to the overall financial statements. The CAVC total custodial collections are \$157,390 for the year ended September 30, 2025.

NOTE 15. NET ADJUSTMENTS TO UNOLBIGATED BALANCE, BROUGHT FORWARD, OCTOBER 1

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2025, consisted of the following:

	2025
Unobligated Balance Brought Forward from Prior Year, October 1	\$ 76,491,662
Recoveries of Prior Year Obligations	1,485,774
Other Changes in Unobligated Balances	(1,381,308)
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 76,596,128

NOTE 16. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

The Reconciliation of Net Cost to Net Outlays as of September 30, 2025:

	Intragovern- mental	Other than Intragovern- mental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	\$ 13,978,236	\$ 28,295,796	\$ 42,274,032
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(559,763)	(559,763)
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	-	(667)	(667)
Securities and Investments	112,173	-	112,173
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	4,073	291,741	295,814
Federal Employee Salary, Leave, and Benefits Payable	-	(148,139)	(148,139)
Pension, Other Post-Employment, and Veterans Benefits Payable	-	(150,001)	(150,001)
Other Liabilities	(28,213)	(219)	(28,432)
Financing Sources:			
Imputed Cost	(2,511,879)	-	(2,511,879)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (2,423,846)	\$ (567,048)	\$ (2,990,894)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	953,453	694,131	1,647,584
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	\$ 953,453	\$ 694,131	\$ 1,647,584
Misc Items			
Distributed Offsetting Receipts (SBR 4200)	-	(2,604,547)	(2,604,547)
Custodial/Non-Exchange Revenue	157,349	(157,349)	-
Non-Entity Activity	25	-	25
Appropriated Receipts for Trust/Special Funds	2,363,969	128,380	2,492,349
Total Other Reconciling Items	\$ 2,521,343	\$ (2,633,516)	\$ (112,173)
Total Net Outlays (Calculated Total)	\$ 15,029,186	\$ 25,789,363	\$ 40,818,549
Budgetary Agency Outlays, net			\$ 40,818,549