

**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, 2022 AND 2021**



**Prepared By  
Brown & Company CPAs and Management Consultants, PLLC  
November 14, 2022**



**UNITED STATES COURT OF APPEALS  
FOR VETERANS CLAIMS  
PERFORMANCE AND ACCOUNTABILITY REPORT,  
INDEPENDENT AUDITOR’S REPORT  
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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
SEPTEMBER 30, 2022 AND 2021**

**TABLE OF CONTENTS**

MANAGEMENT DISCUSSION AND ANALYSIS.....	1
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS.....	5
BALANCE SHEET .....	10
STATEMENT OF NET COST .....	11
STATEMENT OF CHANGES IN NET POSITION.....	12
STATEMENT OF BUDGETARY RESOURCES.....	13
STATEMENT OF CUSTODIAL ACTIVITY .....	14
NOTES TO THE FINANCIAL STATEMENTS.....	15

# Management's Discussion and Analysis for FY 2022





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 2022

### **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.

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United States Court of Appeals for Veterans Claims, 625 Indiana Avenue, NW, Suite 900 Washington, DC 20004

§ 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 his 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 located in Washington, DC.

### **Procedures**

The Court's Rules of Practice and Procedure, last revised effective November 8, 2021, 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, briefs submitted by the parties, and extracts from the record before the Board cited by the parties in their briefs. If the issues warrant, the Court holds oral argument. Most in-person oral arguments are held in Washington, D.C., but the Court also conducts fully virtual and hybrid proceedings using technology implemented during the COVID-19 pandemic. On occasion, the Court sits in locations around the country – usually at law schools - as part of its educational outreach program.

### **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 2022, the Court received 7,342 appeals – and it resolves cases through a 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](http://www.uscourts.cavc.gov).

### **Limitations of the Financial Statements**

Although the Court is part of the judiciary and not subject to 31 U.S.C. § 3515 (b) (requiring executive agencies to file annual financial reports), the Court, as an independent Article I Court, is also 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 recruits and trains counsel to provide pro bono representation to appellants who otherwise are self-represented.

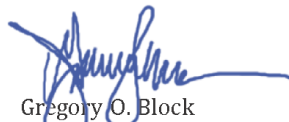
### **Analysis of Systems, Controls and Legal Compliance**

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.

November 14, 2022



Gregory O. Block  
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, 2022 AND 2021**



**Prepared By  
Brown & Company CPAs and Management Consultants, PLLC  
November 14, 2022**





**INDEPENDENT AUDITOR’S REPORT**

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

In our audits of the fiscal years 2022 and 2021 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, 2022, and 2021, are presented fairly, in all material respects, in accordance with United States of America (U.S.) generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2022.

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

**Report on the Financial Statements**

Opinion

In accordance with the provisions of the Accountability of Tax Dollars Act of 2002 (ATDA) (Pub. L. No. 107-289), we have audited CAVC’s financial statements. CAVC’s financial statements comprise the balance sheets as of September 30, 2022, and 2021; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years 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, 2022, and 2021, 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 of the Financial Statements section of our report. We are required to be independent of CAVC and to meet

<sup>1</sup> The RSI consists of Management’s Discussion and Analysis and the Statement of Budgetary Resources, which are included with the financial statements.

<sup>2</sup> Other information consists of information included with the financial statements, other than the RSI, Financial section, and the auditor’s report.

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.

#### Responsibility of Management for the Financial Statements

CAVC management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in CAVC's agency financial report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to 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 in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- 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 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, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's 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 agency financial report. The other information comprises the information included in the annual report but 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 deficiencies<sup>3</sup> or to express an opinion on the effectiveness of CAVC's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting

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<sup>3</sup> 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 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 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.

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.

#### 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 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, 2022, 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 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 U.S. generally accepted accounting principles, 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.

#### 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 2022 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

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

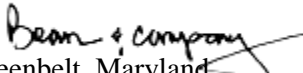
CAVC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to CAVC.

### 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.

  
Greenbelt, Maryland  
November 14, 2022

**UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS**  
**BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2022 AND 2021**  
**(In Dollars)**

	2022	2021
<b>Assets:</b>		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 10,457,258	\$ 8,653,371
Investments, Net (Note 3)	59,675,976	55,845,279
<b>Total Intragovernmental</b>	<b>70,133,234</b>	<b>64,498,650</b>
Other than Intragovernmental:		
Accounts Receivable, Net (Note 4)	1,580	921
General Property, Plant, and Equipment, Net (Note 5)	913,678	751,819
<b>Total Other than Intragovernmental</b>	<b>915,258</b>	<b>752,740</b>
<b>Total Assets</b>	<b>\$ 71,048,492</b>	<b>\$ 65,251,390</b>
<b>Liabilities: (Note 6)</b>		
Intragovernmental:		
Accounts Payable	\$ 2,194	\$ 3,745
Other Liabilities (Note 6 and Note 8)	289,924	242,266
<b>Total Intragovernmental</b>	<b>292,118</b>	<b>246,011</b>
Other than Intragovernmental:		
Accounts Payable	142,841	124,720
Judges' Retirement Fund Benefits (Note 7)	61,615,568	56,929,472
Federal Employee [and Veteran] Benefits Payable	1,303,414	1,245,203
Other Liabilities (Notes 6 and Note 8)	959,602	845,009
<b>Total Other than Intragovernmental</b>	<b>64,021,425</b>	<b>59,144,404</b>
<b>Total Liabilities</b>	<b>\$ 64,313,543</b>	<b>\$ 59,390,415</b>
<b>Net Position:</b>		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 7,292,476	\$ 6,831,663
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)	(209,017)	(512,929)
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(348,510)	(457,759)
<b>Total Net Position</b>	<b>6,734,949</b>	<b>5,860,975</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 71,048,492</b>	<b>\$ 65,251,390</b>

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 YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
(In Dollars)

	2022	2021
<b>Gross Program Costs:</b>		
Gross Costs	\$ 42,198,786	\$ 38,937,912
Less: Earned Revenue	(1,024,256)	(898,782)
Net Program Costs	\$ 41,174,530	\$ 38,039,130
Net Cost of Operations	\$ 41,174,530	\$ 38,039,130

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 YEARS ENDED SEPTEMBER 30, 2022 AND 2021  
(In Dollars)

	2022	2022	2022	2021	2021	2021
	Funds from Dedicated Collections	Funds from Other than Dedicated	Consolidated Total	Funds from Dedicated Collections	Funds from Other than Dedicated	Consolidated Total
<b>Unexpended Appropriations:</b>						
Beginning Balance	\$ -	\$ 6,831,663	\$ 6,831,663	\$ -	\$ 9,562,084	\$ 9,562,084
Appropriations Received	-	41,700,000	41,700,000	-	37,100,000	37,100,000
Other Adjustments	-	(696,381)	(696,381)	-	(3,346,250)	(3,346,250)
Appropriations Used	-	(40,542,806)	(40,542,806)	-	(36,484,171)	(36,484,171)
Net Change in Unexpended Appropriations	-	460,813	460,813	-	(2,730,421)	(2,730,421)
<b>Total Unexpended Appropriations</b>	<b>\$ -</b>	<b>\$ 7,292,476</b>	<b>\$ 7,292,476</b>	<b>\$ -</b>	<b>\$ 6,831,663</b>	<b>\$ 6,831,663</b>
<b>Cumulative Results of Operations:</b>						
Beginning Balance	\$ (512,929)	\$ (457,759)	\$ (970,688)	\$ (461,090)	\$ 50,919	\$ (410,171)
Appropriations Used	-	40,542,806	40,542,806	-	36,484,171	36,484,171
Imputed Financing (Note 12)	-	1,044,710	1,044,710	-	994,492	994,492
Other	-	175	175	-	(50)	(50)
Net Cost of Operations	303,912	(41,478,442)	(41,174,530)	(51,839)	(37,987,291)	(38,039,130)
Net Change in Cumulative Results of Operations	303,912	109,249	413,161	(51,839)	(508,678)	(560,517)
<b>Total Cumulative Results of Operations</b>	<b>\$ (209,017)</b>	<b>\$ (348,510)</b>	<b>\$ (557,527)</b>	<b>\$ (512,929)</b>	<b>\$ (457,759)</b>	<b>\$ (970,688)</b>
<b>Net Position</b>	<b>\$ (209,017)</b>	<b>\$ 6,943,966</b>	<b>\$ 6,734,949</b>	<b>\$ (512,929)</b>	<b>\$ 6,373,904</b>	<b>\$ 5,860,975</b>

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 YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
(In Dollars)

	2022	2021
<b>Budgetary Resources:</b>		
Unobligated Balance from Prior Year Budget Authority, Net (Note 15)	\$ 60,758,183	\$ 56,286,626
Appropriations	49,910,790	43,806,264
<b>Total Budgetary Resources</b>	<b>\$ 110,668,973</b>	<b>\$ 100,092,890</b>
<b>Status of Budgetary Resources:</b>		
New Obligations and Upward Adjustments (total)	\$ 44,390,890	\$ 40,055,474
Unobligated Balance, End of Year:		
Exempt from Apportionment, Unexpired Accounts	61,394,420	55,787,003
Expired Unobligated Balance, End of Year	4,883,663	4,250,413
Unobligated Balance, End of Year (total)	66,278,083	60,037,416
<b>Total Budgetary Resources</b>	<b>\$ 110,668,973</b>	<b>\$ 100,092,890</b>
<b>Outlays, Net:</b>		
Outlays, Net (total)	\$ 43,398,465	\$ 39,293,088
Distributed Offsetting Receipts	(1,024,256)	(898,782)
<b>Agency Outlays, Net</b>	<b>\$ 42,374,209</b>	<b>\$ 38,394,306</b>

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 YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
(In Dollars)

	2022	2021
<b>Total Custodial Revenue:</b>		
Sources of Cash Collections:		
Miscellaneous	\$ 125,357	\$ 135,430
<b>Total Cash Collections</b>	<b>125,357</b>	<b>135,430</b>
Accrual Adjustments	(67)	21
<b>Total Custodial Revenue</b>	<b>\$ 125,290</b>	<b>\$ 135,451</b>
<b>Disposition of Collections:</b>		
Transferred to Others (by Recipient)	\$ 125,357	\$ 135,430
(Increase)/Decrease in Amounts Yet to be Transferred	(67)	21
<b>Total Disposition of Collections</b>	<b>\$ 125,290</b>	<b>\$ 135,451</b>
<b>Net Custodial Activity</b>	<b>\$ -</b>	<b>\$ -</b>

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, ten of CAVC's twelve 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 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 Statement of Custodial Activity presents revenue collections on behalf of other entities and the disposition of collections.

The statements are a requirement of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of 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 CAVC 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 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 compliance with legal requirements on the use of federal funds.

## **D. Fund Balance with Treasury**

Fund Balance with Treasury is the aggregate amount of CAVC's funds with Treasury in expenditure and receipt fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

## **E. Investment in U.S. Government Securities**

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.

All of CAVC's investments are intragovernmental non-marketable par value federal debt securities issued by, and purchased through, Treasury's Bureau of the Fiscal Service. The investments are always held to maturity. See Note 3 for additional information.

#### **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.

CAVC's capitalization threshold is \$25,000 for individual purchases and \$500,000 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 CAVC as a result of transactions or events that have already occurred.

CAVC reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public 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 Federal Employees' Compensation Act (FECA), and the amounts due to Treasury for collection and accounts receivable of civil penalties and Freedom of Information Act (FOIA) request fees.

## **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. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 100%.

## **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 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 CAVC terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by 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 DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

## **L. Retirement Plans**

CAVC employees, with the exception of the judges, participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). There are three versions of the FERS program. They are FERS, FERS-RAE and FERS-FRAE. Employees in the

FERS program contribute .8% of salary, employees in the FERS-RAE contribute 3.1% of salary and employees in the FERS-FRAE contribute 4.4% of salary. The employees who participate in CSRS are beneficiaries of CAVC 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 through December 31, 2012 are automatically covered by the FERS program. Employees hired as of January 1, 2013 through December 31, 2013 are automatically covered by the FERS-RAE program. Employees hired after December 31, 2013 are automatically covered by the FERS-FRAE program. All employees may participate in the federal Thrift Savings Plan (TSP). FERS, FERS-RAE and FERS-FRAE employees receive an automatic agency contribution equal to one percent of pay and CAVC matches any employee contribution up to an additional four percent of pay. For FERS, FERS-RAE and FERS-FRAE participants, CAVC also contributes the employer's matching share of Social Security.

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

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 CAVC for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. CAVC recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

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**

CAVC employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided CAVC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. 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 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. Reclassification

Certain fiscal year 2021 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

## P. 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, 2022 and 2021, were as follows:

	2022	2021
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 2,168,276	\$ 572,916
Unavailable	4,883,662	4,250,412
Obligated Balance Not Yet Disbursed	3,405,320	3,830,043
<b>Total</b>	<b>\$ 10,457,258</b>	<b>\$ 8,653,371</b>

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 (see also Note 13).

## NOTE 3. INVESTMENTS

Investments as of September 30, 2022 consist of the following:

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value
Intragovernmental Securities:						
Marketable	\$ 59,331,853	Level-Yield	\$ 249,937	\$ 94,186	\$ 59,675,976	\$ 57,619,371
<b>Total</b>	<b>\$ 59,331,853</b>		<b>\$ 249,937</b>	<b>\$ 94,186</b>	<b>\$ 59,675,976</b>	<b>\$ 57,619,371</b>



Investments as of September 30, 2021 consist of the following:

	Cost	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Investments Net	Market Value
Intragovernmental Securities:						
Marketable	\$ 55,536,025	Level-Yield	\$ 171,232	\$ 138,021	\$ 55,845,279	\$ 56,318,797
<b>Total</b>	<b>\$ 55,536,025</b>		<b>\$ 171,232</b>	<b>\$ 138,021</b>	<b>\$ 55,845,279</b>	<b>\$ 56,318,797</b>

Premiums and discounts are amortized and interest is accrued using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Non-marketable, market-based securities are Treasury notes and bonds 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 years 2022 and 2021 range from September 30, 2022 to March 31, 2026 and December 31, 2021 to September 30, 2025, respectively, and interest rates for the same fiscal years range from .125 percent to 2.625 percent and .125 percent to 7.250 percent, respectively.

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

Accounts receivable balances as of September 30, 2022 and 2021, were as follows:

	2022	2021
With the Public		
Accounts Receivable	\$ 1,126	\$ 921
Allowance	(454)	-
<b>Total Accounts Receivable</b>	<b>\$ 1,580</b>	<b>\$ 921</b>

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2022 and 2021.

#### NOTE 5. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2022:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Leasehold Improvements	\$ 2,238,048	\$ 1,577,534	\$ 660,514
Furniture & Equipment	3,345,817	3,112,373	233,444
Software	207,046	187,326	19,720
<b>Total</b>	<b>\$ 5,790,911</b>	<b>\$ 4,877,233</b>	<b>\$ 913,678</b>

Schedule of Property, Equipment, and Software as of September 30, 2021:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 1,810,469	\$ 1,395,577	\$ 414,892
Furniture & Equipment	3,210,349	2,873,422	336,927
Software	177,466	177,466	-
<b>Total</b>	<b>\$ 5,198,284</b>	<b>\$ 4,446,465</b>	<b>\$ 751,819</b>

**NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES**

The liabilities for CAVC as of September 30, 2022 and 2021, 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.

	2022	2021
Intragovernmental – FECA	\$ 204	\$ 204
Unfunded Leave	1,263,566	1,210,055
Actuarial Pension Liability	(313,326)	925,243
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>\$ 950,444</b>	<b>\$ 2,135,502</b>
Total Liabilities Covered by Budgetary Resources	63,363,099	57,254,671
Total Liabilities Not Requiring Budgetary Resources	-	242
<b>Total Liabilities</b>	<b>\$ 64,313,543</b>	<b>\$ 59,390,415</b>

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual unemployment benefits paid on CAVC’s behalf and payable to the DOL.

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).
- (2) 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. 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

- (1) 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, 2022.

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

	2022	2021
Beginning Liability Balance, October 1, 2021	\$ 56,929,472	\$ 53,090,673
Pension Expense:		
Normal Cost	3,080,621	2,875,692
Interest on Pension Liability During the Period	733,375	726,784
Actuarial (Gains) Losses During the Period		
From Experience	1,408,014	805,833
From Discount Rate Assumption	2,422,854	2,299,680
Total Pension Expenses	7,644,864	6,707,989
Less Benefits Paid	(2,958,768)	(2,869,190)
Ending Liability Balance, September 30, 2022	\$ 61,615,568	\$ 56,929,472

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, 2022 were as follows:

	Current	Total
Intragovernmental		
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 78,970	\$ 78,970
Employer Contributions and Payroll Taxes Payable	210,750	210,750
Unfunded FECA Liability	204	204
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 289,924</b>	<b>\$ 289,924</b>
With the Public		
Accrued Funded Payroll and Leave	\$ 959,602	\$ 959,602
<b>Total Public Other Liabilities</b>	<b>\$ 959,602</b>	<b>\$ 959,602</b>
<b>Total Other Liabilities</b>	<b>\$ 1,249,526</b>	<b>\$ 1,249,526</b>

Other liabilities account balances as of September 30, 2021 were as follows:

	Current	Total
<b>Intragovernmental</b>		
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 64,300	\$ 64,300
Custodial Liability (other than the General Fund)	67	67
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity (other than the General Fund)	175	175
Employer Contributions and Payroll Taxes Payable	177,520	177,520
Unfunded FECA Liability	204	204
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 242,266</b>	<b>\$ 242,266</b>
<b>With the Public</b>		
Accrued Funded Payroll and Leave	\$ 844,909	\$ 844,909
Reissued Payroll Check	100	100
<b>Total Public Other Liabilities</b>	<b>\$ 845,009</b>	<b>\$ 845,009</b>
<b>Total Other Liabilities</b>	<b>\$ 1,087,275</b>	<b>\$ 1,087,275</b>

## NOTE 9. LEASES

### Operating Leases

CAVC occupies office space under a lease agreement that is accounted for as an operating lease. 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 2022 and 2021 were \$3,084,634 and \$2,291,185, respectively. Below is a schedule of future payments for the term of the lease.

Fiscal Year	Asset Category Building
2023	\$ 3,219,723
2024	3,265,503
2025	3,312,656
2026	3,361,224
2027	3,411,249
Thereafter	30,210,781
<b>Total Future Lease Payments</b>	<b>\$ 46,781,136</b>

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

## NOTE 10. FUNDS FROM DEDICATED COLLECTIONS

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.

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.

Schedule of Funds from Dedicated Collections as of September 30, 2022:

	Practice & Registration Fees Fund	Judges' Retirement Trust Fund	Total Funds from Dedicated Collections
<b>Balance Sheet</b>			
<b>ASSETS</b>			
Fund Balance with Treasury	\$ 237,082	\$ 1,493,493	\$ 1,730,575
Investments	-	59,675,976	59,675,976
<b>Total Assets</b>	<b>\$ 237,082</b>	<b>\$ 61,169,469</b>	<b>\$ 61,406,551</b>
<b>Liabilities and Net Position</b>			
Judges' Retirement Fund Benefits	\$ -	\$ 61,615,568	\$ 61,615,568
Cumulative Results of Operations	237,082	(446,099)	(209,017)
<b>Total Liabilities and Net Position</b>	<b>\$ 237,082</b>	<b>\$ 61,169,469</b>	<b>\$ 61,406,551</b>
<b>Statement of Net Cost</b>			
Program Costs	\$ 119,958	\$ 7,605,561	\$ 7,725,519
Less: Earned Revenues	(119,890)	(7,909,541)	(8,029,431)
<b>Net Cost of Operations</b>	<b>\$ 68</b>	<b>\$ (303,980)</b>	<b>\$ (303,912)</b>
<b>Statement of Changes in Net Position</b>			
Net Position Beginning of Period	\$ 237,150	\$ (750,079)	\$ (512,929)
Net Cost of Operations	(68)	303,980	303,912
<b>Net Position End of Period</b>	<b>\$ 237,082</b>	<b>\$ (446,099)</b>	<b>\$ (209,017)</b>

Schedule of Funds from Dedicated Collections as of September 30, 2021:

	Practice & Registration Fees Fund	Judges' Retirement Trust Fund	Total Funds from Dedicated Collections
<b>Balance Sheet</b>			
<b>ASSETS</b>			
Fund Balance with Treasury	\$ 237,150	\$ 334,114	\$ 571,264
Investments	-	55,845,279	55,845,279
<b>Total Assets</b>	<b>\$ 237,150</b>	<b>\$ 56,179,393</b>	<b>\$ 56,416,543</b>
<b>Liabilities and Net Position</b>			
Judges' Retirement Fund Benefits	\$ -	\$ 56,929,472	\$ 56,929,472
Cumulative Results of Operations	237,150	(750,079)	(512,929)
<b>Total Liabilities and Net Position</b>	<b>\$ 237,150</b>	<b>\$ 56,179,393</b>	<b>\$ 56,416,543</b>
<b>Statement of Net Cost</b>			
Program Costs	\$ 32,833	\$ 6,700,738	\$ 6,733,571
Less: Earned Revenues	(23,150)	(6,658,582)	(6,681,732)
<b>Net Cost of Operations</b>	<b>\$ 9,683</b>	<b>\$ 42,156</b>	<b>\$ 51,839</b>
<b>Statement of Changes in Net Position</b>			
Net Position Beginning of Period	\$ 246,833	\$ (707,923)	\$ (461,090)
Net Cost of Operations	(9,683)	(42,156)	(51,839)
<b>Net Position End of Period</b>	<b>\$ 237,150</b>	<b>\$ (750,079)</b>	<b>\$ (512,929)</b>

**NOTE 11. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT**

The President's Budget that will include fiscal year 2022 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2023 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2023 Budget of the United States Government, with the "Actual" column completed for 2021, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

**In Millions**

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Net Outlays
Combined Statement of Budgetary Resources	\$ 100	\$ 40	\$ 38
Unobligated Balance Not Available	(4)	-	-
Difference - Due to Rounding	-	-	2
<b>Budget of the U.S. Government</b>	<b>\$ 96</b>	<b>\$ 40</b>	<b>\$ 40</b>

## NOTE 12. INTER-ENTITY COSTS

CAVC recognizes as imputed financing 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. Some amounts paid from the U.S. Treasury's Judgment Fund in settlement of claims or court assessments against CAVC are also recognized as imputed financing. For the years ended September 30, 2022 and 2021, respectively, imputed financing was as follows.

	2022	2021
Office of Personnel Management	\$ 1,044,710	\$ 994,492
Total Imputed Financing Sources	\$ 1,044,710	\$ 994,492

## NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2022, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 417,437	\$ 1,553,678	\$ 1,971,115
Total Undelivered Orders	\$ 417,437	\$ 1,553,678	\$ 1,971,115

As of September 30, 2021, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 1,684,929	\$ 894,673	\$ 2,579,602
Total Undelivered Orders	\$ 1,684,929	\$ 894,673	\$ 2,579,602

## NOTE 14. CUSTODIAL ACTIVITY

CAVC's custodial collection primarily consists of filing fees. While these collections are considered custodial, they are neither primary to the mission of CAVC nor material to the overall financial statements. CAVC's total custodial collections are \$125,357 and \$135,430 for the years ended September 30, 2022 and 2021, respectively.

## NOTE 15. NET ADJUSTMENTS TO UNOBLIGATED 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, 2022, and 2021, consisted of the following:

	2022	2021
Unobligated Balance Brought Forward From Prior Year, October 1	\$ 60,037,416	\$ 59,336,096
Recoveries of Prior Year Obligations	1,417,148	296,780
Other Changes in Unobligated Balances	(696,381)	(3,346,250)
Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 60,758,183	\$ 56,286,626



## 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.

Reconciliation of Net Cost to Net Outlays as of September 30, 2022:

RECONCILIATION OF NET COST TO NET OUTLAYS BUDGET AND ACCRUAL RECONCILIATION FOR THE YEARS ENDED SEPTEMBER 30, 2022 (In Dollars)			
	Intragovernmental	Other than Intragovernmental	Total
<b>Net Operating Cost (SNC)</b>	\$ 12,582,855	\$ 28,591,675	\$ 41,174,530
<b>Components of Net Cost Not Part of the Budgetary Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(430,767)	(430,767)
<b>Increase/(Decrease) in Assets:</b>			
Accounts Receivable, Net	-	659	659
Securities and Investments	(181,359)	-	(181,359)
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	1,551	(18,121)	(16,570)
Federal Employee [and Veteran] Benefits Payable	-	(4,744,307)	(4,744,307)
Other Liabilities	(47,901)	(114,593)	(162,494)
<b>Financing Sources:</b>			
Imputed Cost	(1,044,710)	-	(1,044,710)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays</b>	<b>\$ (1,272,419)</b>	<b>\$ (5,307,129)</b>	<b>\$ (6,579,548)</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Acquisition of Capital Assets	427,579	165,047	592,626
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ 427,579</b>	<b>\$ 165,047</b>	<b>\$ 592,626</b>
<b>Misc Items</b>			
Distributed Offsetting Receipts (SBR 4200)	-	-	(1,024,256)
Custodial/Non-Exchange Revenue	107,878	(107,811)	67
Appropriated Receipts for Trust/Special Funds	8,028,294	182,496	8,210,790
<b>Total Other Reconciling Items</b>	<b>\$ 8,136,172</b>	<b>\$ 74,685</b>	<b>\$ 7,186,601</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ 19,874,187</b>	<b>\$ 23,524,278</b>	<b>\$ 42,374,209</b>
<b>Budgetary Agency Outlays, Net (SBR 4210)</b>			<b>\$ 42,374,209</b>

Reconciliation of Net Cost to Net Outlays as of September 30, 2021:

**RECONCILIATION OF NET COST TO NET OUTLAYS  
BUDGET AND ACCRUAL RECONCILIATION  
FOR THE YEARS ENDED SEPTEMBER 30, 2021  
(In Dollars)**

	Intragovernmental	With the Public	Total
<b>Net Operating Cost (SNC)</b>	\$ 5,454,768	\$ 32,584,362	\$ 38,039,130
<b>Components of Net Cost Not Part of the Budgetary Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(418,111)	(418,111)
<b>Increase/(Decrease) in Assets:</b>			
Accounts Receivable, Net	-	71	71
Securities and Investments	(24,532)	-	(24,532)
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	14,096	77,124	91,220
Federal Employee and Veteran Benefits Payable	-	(4,002,379)	(4,002,379)
Other Liabilities	(33,660)	(133,729)	(167,389)
<b>Financing Sources:</b>			
Imputed Cost	(994,492)	-	(994,492)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays</b>	<b>\$ (1,038,588)</b>	<b>\$ (4,477,024)</b>	<b>\$ (5,515,612)</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Acquisition of Capital Assets	-	63,328	63,328
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ -</b>	<b>\$ 63,328</b>	<b>\$ 63,328</b>
<b>Misc Items</b>			
Distributed Offsetting Receipts (SBR 4200)	-	-	(898,782)
Custodial/Non-Exchange Revenue	135,451	(135,473)	(22)
Appropriated Receipts for Trust/Special Funds	6,594,059	112,205	6,706,264
<b>Total Other Reconciling Items</b>	<b>\$ 6,729,510</b>	<b>\$ (23,268)</b>	<b>\$ 5,807,460</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ 11,145,690</b>	<b>\$ 28,147,398</b>	<b>\$ 38,394,306</b>
<b>Budgetary Agency Outlays, Net (SBR 4210)</b>			
Budgetary Agency Outlays, Net			\$ 38,394,306