

UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General



Audit of the NLRB

Fiscal Year 2024 Financial Statements

Report No. OIG-F-29-25-01

November 14, 2024

TABLE OF CONTENTS

| | |
|---|----|
| Transmittal Memo to the Chairman and the General Counsel..... | 1 |
| Independent Auditor's Reports..... | 2 |
| Agency Response to the Independent Auditor's Reports..... | 9 |
| Principal Financial Statements..... | 10 |
| Notes to Principal Financial Statements..... | 14 |

UNITED STATES GOVERNMENT
National Labor Relations Board Office of Inspector General



Memorandum

November 14, 2024

To: Lauren McFerran
Chairman

Jennifer A. Abruzzo
General Counsel

From: Ruth Blevins *Ruth Blevins*
Inspector General

Subject: *Audit of the National Labor Relations Board Fiscal Years 2024 and 2023 Financial Statements (OIG-F-29-25-01)*

This attached report presents the results of an audit of the National Labor Relations Board's (NLRB) Financial Statements for fiscal years 2024 and 2023. The *Accountability of Tax Dollars Act of 2002* requires the NLRB to prepare and submit to Congress and the Director of the Office of Management and Budget annual audited financial statements.

We contracted with Castro & Company, an independent public accounting firm, to conduct the audit. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget audit guidance, and the GAO/CIGIE *Financial Audit Manual*. Castro & Company expressed an unmodified opinion that concluded the NLRB's financial statements present fairly, in all material respects, NLRB's financial position as of September 2024 and 2023, in accordance with applicable financial reporting standards.

In connection with the contract, we reviewed Castro & Company's report and related documentation and inquired of its representatives. Our review disclosed no instances where Castro & Company did not comply, in all material respects, with generally accepted government auditing standards; however, our review cannot be construed as an audit and is not intended to enable us to express, and we do not express, opinions on the NLRB's financial statements or internal control or conclusions on compliance with laws and regulations. Castro & Company is solely responsible for the attached auditor's report dated November 14, 2024, and the conclusions expressed in the report.

Thank you for the courtesies and cooperation extended to Castro & Company and our staff during the audit. If you have any questions, please do not hesitate to contact me or Kevin Thomas, Assistant Inspector General for Audits, at 202-273-1960.

cc: Board
Chief Financial Officer

Independent Auditor's Report on the Financial Statements

Inspector General
National Labor Relations Board

Opinion

In accordance with the Accountability of Tax Dollars Act of 2002, we have audited the National Labor Relations Board (NLRB) financial statements. NLRB's financial statements comprise the balance sheets as of September 30, 2024, and 2023, 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, NLRB's financial statements present fairly, in all material respects, NLRB's financial position as of September 30, 2024 and 2023, and its net cost 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 audit 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 the NLRB 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

NLRB Management is responsible for the (1) preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in NLRB's Performance and Accountability Report (PAR), and ensuring the consistency of that information with the audited financial statements and 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 (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 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 of financial statements 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 NLRB'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 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 (1) inquiries of management about the methods of preparing the RSI and (2) comparing the RSI 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

NLRB'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 required as part of the financial statements or RSI. Management is responsible for the other information included in the NLRB's PAR. The other information comprises the Messages from the Chairman, General Counsel, and Chief Financial Officer, list of Board Members, Other Accompanying Information, and Appendices. 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.

Other Reporting Required by Government Auditing Standards

In accordance with U.S. generally accepted government auditing standards and OMB Bulletin No. 24-02, we have also issued our reports dated November 14, 2024, on our consideration of NLRB's internal control over financial reporting and the results of our tests of its compliance with certain provisions of laws, regulations, and contracts that are required to be reported under U.S. generally accepted government auditing standards. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards and OMB Bulletin No. 24-02 in considering the NLRB's internal control and compliance and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management and the NLRB Office of Inspector General, OMB, U.S. Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Castro & Company, LLC

Alexandria, VA

November 14, 2024

**Independent Auditor’s Report on Internal Control over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Inspector General
National Labor Relations Board

We have audited the financial statements of the National Labor Relations Board (NLRB), which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In connection with our audit of NLRB’s financial statements, we considered NLRB’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 or to express an opinion on the effectiveness of NLRB’s internal control over financial reporting. Given these limitations, during our Fiscal Year 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weakness 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 NLRB’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

NLRB 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 NLRB’s financial statements as of and for the fiscal year ended September 30, 2024, in accordance with U.S. generally accepted government auditing standards, we considered NLRB’s internal control relevant to the financial statement audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NLRB’s internal control over financial reporting.

Accordingly, we do not express an opinion on NLRB'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 (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, and contracts, 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 NLRB's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of NLRB'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.

This report is intended solely for the information and use of the management and NLRB Office of Inspector General, OMB, the Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.



Alexandria, VA

November 14, 2024

**Independent Auditor's Report on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards***

Inspector General
National Labor Relations Board

We have audited the financial statements of the National Labor Relations Board (NLRB), which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

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

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

Our tests for compliance with selected provisions of applicable laws, regulations, and contracts disclosed no instances of noncompliance for Fiscal Year 2024 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, and contracts applicable to NLRB. Accordingly, we do not express such an opinion.

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

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

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

NLRB management is responsible for complying with laws, regulations, and contracts applicable to the NLRB.

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

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

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

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, and contracts, 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

Independent Auditor's Report on Compliance with Laws and Regulations

Page 2

with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, and contracts is not suitable for any other purpose.

This report is intended solely for the information and use of management and the NLRB Office of Inspector General, OMB, Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Castro & Company, LLC

Alexandria, VA

November 14, 2024



United States Government

NATIONAL LABOR RELATIONS BOARD

1015 Half Street, SE
WASHINGTON DC 20570

www.nlr.gov

To: Ruth Blevins, Inspector General

From: Isabel Luengo McConnell, Chief Financial Officer

Date: November 14, 2024

Subject: Response to the Audit of the National Labor Relations Board Fiscal Year (FY)
2024 Financial Statements

During the FY 2024 Financial Statements audit, the National Labor Relations Board (NLRB) received an unmodified audit opinion on its financial statements. This opinion indicates that the auditors determined that the NLRB's financial statements present fairly, in all material respects, the financial position of the NLRB as of September 30, 2024.

The Office of the Chief Financial Officer's (OCFO) focus has been to address audit findings that were identified in previous audits. The remediation of these previous audit findings and the strengthening of internal controls processes have resulted in an unmodified audit opinion with no significant deficiencies or material weaknesses.

The OCFO will continue to support and guide NLRB's programs and initiatives to ensure that the Agency delivers on its mission effectively and efficiently and provides the best value to the American people.

A handwritten signature in black ink, appearing to read "Isabel Luengo McConnell", is written over a horizontal line.

Isabel Luengo McConnell

PRINCIPAL FINANCIAL STATEMENTS

Auditor's Reports and Principal Financial Statements

PRINCIPAL STATEMENTS

National Labor Relations Board

BALANCE SHEETS - As of September 30, 2024 and 2023

(In Dollars)

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Assets | | |
| Intragovernmental Assets | | |
| Fund Balance with Treasury (Note 3) | \$ 55,306,343 | \$ 56,556,319 |
| Advances and Prepayments | 18,833 | 15,625 |
| Total Intragovernmental Assets | <u>55,325,176</u> | <u>56,571,944</u> |
| Other than Intragovernmental Assets | | |
| Accounts Receivable, Net (Note 4) | 529,256 | 542,613 |
| Property, Plant, and Equipment, Net (Note 5) | 10,612,915 | 5,518,244 |
| Advances and Prepayments | 29,450 | 55,757 |
| Total Other than Intragovernmental Assets | <u>11,171,621</u> | <u>6,116,614</u> |
| Total Assets (Note 2) | <u>\$ 66,496,797</u> | <u>\$ 62,688,558</u> |
| Liabilities | | |
| Intragovernmental Liabilities | | |
| Accounts Payable | \$ 3,230,238 | \$ 1,089,503 |
| Liability to the General Fund | 423,204 | 426,204 |
| Benefit Program Contributions Payable | 1,272,699 | 992,660 |
| FECA Unfunded Liability (Note 6) | (3,493) | (12,551) |
| Other Liabilities - Technology Modernization Fund (Note 7) | 3,613,150 | 0 |
| Total Intragovernmental Liabilities | <u>8,535,798</u> | <u>2,495,816</u> |
| Other than Intragovernmental Liabilities | | |
| Accounts Payable | 3,937,526 | 3,828,283 |
| Accrued Funded Payroll and Leave and Payroll Taxes Payable | 3,964,826 | 3,102,544 |
| Federal Employee Salary, Leave and Benefits Payable | 187,265 | 145,263 |
| Unfunded Annual Leave (Note 6) | 15,395,694 | 15,425,238 |
| FECA Actuarial Liability (Note 6) | (392,975) | 326,124 |
| Total Other than Intragovernmental Liabilities | <u>23,092,336</u> | <u>22,827,452</u> |
| Total Liabilities | <u>\$ 31,628,134</u> | <u>\$ 25,323,268</u> |
| Commitments and Contingencies (Note 15) | | |
| Net Position | | |
| Unexpended Appropriations | | |
| Funds from Other than Dedicated Collections | \$ 39,052,991 | \$ 47,470,734 |
| Total Unexpended Appropriations (Consolidated) | <u>39,052,991</u> | <u>47,470,734</u> |
| Cumulative Results of Operations | | |
| Funds from Other than Dedicated Collections | (4,184,328) | (10,105,444) |
| Total Cumulative Results of Operations (Consolidated) | <u>(4,184,328)</u> | <u>(10,105,444)</u> |
| Total Net Position | <u>\$ 34,868,663</u> | <u>\$ 37,365,290</u> |
| Total Liabilities and Net Position | <u>\$ 66,496,797</u> | <u>\$ 62,688,558</u> |

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

National Labor Relations Board

STATEMENTS OF NET COST

For the Fiscal Years Ended September 30, 2024 and 2023

(In Dollars)

| | 2024 | 2023 |
|---------------------------------------|-----------------------|-----------------------|
| Program Costs (Note 8) | | |
| Resolve Unfair Labor Practices | | |
| Net Program Cost | \$ 277,088,114 | \$ 268,401,143 |
| Resolve Representation Cases | | |
| Net Program Cost | 42,875,066 | 35,014,122 |
| Net Program Costs | \$ 319,963,180 | \$ 303,415,265 |
| Less: Earned Revenue | 0 | 0 |
| Net Cost of Operations | \$ 319,963,180 | \$ 303,415,265 |

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

National Labor Relations Board

STATEMENTS OF CHANGES IN NET POSITION

For the Fiscal Years Ended September 30, 2024 and 2023

(In Dollars)

| | 2024 | 2023 |
|--|-----------------------|------------------------|
| Unexpended Appropriations | | |
| Beginning Balance, as Adjusted | \$ 47,470,734 | \$ 37,790,199 |
| Appropriations Received | 299,224,000 | 299,224,000 |
| Appropriations Transferred In/Out | 3,613,150 | 0 |
| Other Adjustments | (6,171,403) | (3,700,819) |
| Appropriations Used | (305,083,490) | (285,842,646) |
| Net Change in Unexpended Appropriations | (8,417,743) | 9,680,535 |
| Total Unexpended Appropriations | \$ 39,052,991 | \$ 47,470,734 |
| Cumulative Results of Operations | | |
| Beginning Balance, as Adjusted | \$ (10,105,444) | \$ (10,234,233) |
| Appropriations Used | 305,083,490 | 285,842,646 |
| Imputed Financing | 20,800,806 | 17,701,408 |
| Net Cost of Operations | (319,963,180) | (303,415,265) |
| Net Change in Cumulative Results of Operations | 5,921,116 | 128,789 |
| Total Cumulative Results of Operations | \$ (4,184,328) | \$ (10,105,444) |
| Net Position | \$ 34,868,663 | \$ 37,365,290 |

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

National Labor Relations Board

STATEMENTS OF BUDGETARY RESOURCES

For the Fiscal Years Ended September 30, 2024 and 2023

(In Dollars)

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Budgetary Resources | | |
| Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory) | \$ 11,693,286 | \$ 7,943,691 |
| Appropriations (Discretionary and Mandatory) | 299,224,000 | 299,224,000 |
| Total Budgetary Resources (Note 11) | \$ 310,917,286 | \$ 307,167,691 |
| Status of Budgetary Resources | | |
| New Obligations and Upward Adjustments (Total) | \$ 304,672,225 | \$ 299,428,799 |
| Unobligated Balance, End of Year | | |
| Apportioned, Unexpired Accounts | 4,412,055 | 356,300 |
| Unexpired Unobligated Balance, End of Year | 4,412,055 | 356,300 |
| Expired Unobligated Balance, End of Year | 1,833,006 | 7,382,592 |
| Unobligated Balance, End of Year (Total) | 6,245,061 | 7,738,892 |
| Total Budgetary Resources | \$ 310,917,286 | \$ 307,167,691 |
| Outlays, Net | | |
| Outlays, Net (Total) (Discretionary and Mandatory) | \$ 301,528,874 | \$ 285,730,141 |
| Agency Outlays, Net (Discretionary and Mandatory) | \$ 301,528,874 | \$ 285,730,141 |

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

NOTES TO PRINCIPAL STATEMENTS

Note 1. Reporting Entity and Summary of Significant Accounting Policies

A. Reporting Entity

The NLRB is an independent federal agency established in 1935 to administer the NLRA. The NLRA is the principal labor relations law of the United States, and its provisions generally apply to private sector enterprises engaged in, or to activities affecting, interstate commerce. The NLRB's jurisdiction includes the U.S. Postal Service; but other government entities, railroads, and airlines are not within the NLRB's jurisdiction. The NLRB seeks to serve the public interest by reducing interruptions in commerce caused by industrial strife. The NLRB does this by providing orderly processes for protecting and implementing the respective rights of employees, employers, and unions in their relations with one another. The NLRB has two principal functions: (1) to determine and implement, through secret ballot elections, free democratic choice by employees as to whether they wish to be represented by a union in dealing with their employers and, if so, by which union; and (2) to prevent and remedy unlawful acts by either an employer, a union, or both. The NLRB's authority is divided both by law and delegation. The five-member Board primarily acts as a quasi-judicial body in deciding cases on formal records. The General Counsel investigates and prosecutes ULP charges before ALJs, whose decisions may be appealed to the Board; and, on behalf of the Board, conducts secret ballot elections to determine whether employees wish to be represented by a union.

The NLRB is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the NLRB may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government.

B. Accounting Policies

The accompanying financial statements have been prepared to report the financial position, net cost, changes in net position, and budgetary resources of the NLRB as required by the Accountability of Tax Dollars Act of 2002. These financial statements have been prepared from the books and records of the NLRB in accordance with the U.S. General Accepted Accounting Principles (GAAP) and the accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB) in the format prescribed by the OMB Circular A-136, Financial Reporting Requirements. The U.S. GAAP for federal entities are the standards prescribed by the FASAB, which is the official standard-setting body for the federal government.

The NLRB is required to be in substantial compliance with all applicable accounting principles and standards established, issued, and implemented by the FASAB, which is recognized by the American Institute of Certified Public Accountants (AICPA) as the entity to establish the U.S. GAAP for the federal government. The FFMIA requires the Agency to comply substantially with (1) federal financial management systems requirements, (2) applicable federal accounting standards, and (3) the United States Standard General

Ledger (USSGL) at the transaction level. The NLRB uses the Department of Interior’s financial management system, and that system is FFMIA compliant. Thus, the NLRB’s financial management system complied with the requirements of FFMIA and produced records in accordance with the USSGL at the transaction level.

The NLRB’s financial statements reflect both accrual and budgetary basis of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized as incurred, without regard to receipt or payment of cash. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds. Budgetary accounting principles are designed to recognize the obligation of funds according to legal requirements.

The Balance Sheet (BS) presents the Agency’s assets and liabilities, and the difference between the two is the Agency’s net position. The Agency’s assets include both entity assets; those which are available for use by the Agency and non-entity assets; which are managed by the Agency but not available for use in its operations. The Agency’s liabilities include both those covered by budgetary resources (funded) and those not covered by budgetary resources (unfunded). A note disclosure is required to provide information about the Agency’s fiduciary activities. Fiduciary cash and other assets are not assets of the federal government.

The Statement of Net Cost (SNC) shows the net cost of operations, as well as presents the gross costs of programs, reported by the programs and for the Agency.

The information presented on the SNC is based on the programs below:

ULP Cases are initiated by individuals or organizations through the filing of a charge with the NLRB. Unless a settlement is reached, the NLRB Regional Office will issue and prosecute a complaint against the party being charged if it believes that the charge has merit. A complaint that is not settled or withdrawn is tried before an ALJ, who issues a decision, which may be appealed by any party to the Board. The Board acts in such matters as a quasi-judicial body, deciding cases based on the formal trial record according to the law and the body of case law that has been developed by the Board and the federal courts.

Representation Cases are initiated by the filing of a petition by an employee, a group of employees, an individual or labor organization acting on their behalf, or in some cases by an employer. The petitioner requests an election to determine whether a union represents, or in some cases continues to represent, a majority of the employees in an appropriate bargaining unit and therefore should be certified as the employees’ bargaining representative. The role of the Agency is to investigate the petition and, if necessary, conduct a hearing to determine whether the employees constitute an appropriate bargaining unit under the NLRA. All cases are assigned unique tracking numbers, with the letter “C” designating ULP cases, and the letter “R” designating Representation cases. The percentage of new cases filed for each type of case drives the program breakout for financial reporting purposes. See the chart below with the calculations for FY 2024 and FY 2023, through September 30th.

| | 2024 Percentage | 2023 Percentage |
|--|-----------------|-----------------|
| C Cases (Unfair Labor Practices) Filed | 87% | 88% |
| R Cases (Representation Cases) Filed | 13% | 12% |
| | 100% | 100% |

The Statement of Changes in Net Position (SCNP) reports the change in net position during the reporting period, which results from changes to Unexpended Appropriations and Cumulative Results of Operations (CRO). The SCNP includes beginning balances, budgetary and other financing sources, and net cost of operations, to arrive at ending balances.

The Statement of Budgetary Resources (SBR) provides information about how budgetary resources were made available during the period and their status at the end of the period. Recognition and measurement of budgetary information reported on this statement is based on budget terminology, definitions, and guidance in OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*.

C. Budgetary Basis of Accounting

The NLRB's programs and activities are funded through annual appropriations. Congress annually adopts a budget appropriation that provides the NLRB with the authority to use funds from the U.S. Treasury to meet operating expense requirements. The NLRB has single year budgetary authority and all unobligated amounts at year-end expire. At the end of the fifth year following the year of execution, all amounts not expended are canceled and returned to the U.S. Treasury. Additionally, all revenue received from other sources must be returned to the U.S. Treasury.

Budgetary accounting measures appropriation and consumption of budget/spending authority and facilitates compliance with legal constraints and controls over the use of federal funds. Under budgetary reporting principles, budgetary resources are consumed at the time an obligation is incurred. Only those liabilities for which valid obligations have been established are considered to consume budgetary resources.

D. Fund Balance with the Treasury

FBWT is an asset of the NLRB and a liability of the General Fund. The amounts represent commitments by the Government to provide resources for particular programs, but they do not represent assets to the Government as a whole. When the NLRB seeks to use FBWT to liquidate budgetary obligations, the U.S. Treasury will finance the disbursements in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a deficit).

The NLRB does not maintain cash in commercial bank accounts. U.S. Treasury processes cash receipts and disbursements. Funds with the U.S. Treasury consist of appropriated and deposited funds that are available to pay current liabilities and finance authorized purchase commitments. In addition, funds held with the U.S. Treasury also include escrow funds that are not appropriated but are fiduciary in nature. The fiduciary funds are not assets of the federal government; therefore, they are not recognized on the Balance Sheet.

E. Revenue and Other Financing Sources

As a component of the Government-wide reporting entity, the NLRB is subject to the federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in the NLRB and the Government-wide financial reports.

The NLRB's budgetary resources reflect past congressional action and enable the NLRB to incur budgetary obligations, but they do not reflect assets to the Government as a whole. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions (e.g., Social Security benefits). After budgetary obligations are incurred, the U.S. Treasury will make disbursements to liquidate

the budgetary obligations and finance those disbursements in the same way it finances all disbursements, using some combination of receipts, other inflows, and borrowing from the public.

F. 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.

G. Accounts Receivable, Net

Accounts Receivable typically consist of payroll related debts due to the NLRB from Agency employees and debts due to the NLRB from third party (non-federal sources) for invitational travel. Accounts Receivable is stated net of allowance for doubtful accounts. The allowance is estimated based on an aging of account balances, past collection experience, and an analysis of outstanding accounts at year-end.

H. Property, Plant and Equipment, Net

Property, plant and equipment consist primarily of telephone systems, bulk purchases, computer hardware and software, and leasehold improvements.

Personal Property. Personal property costing \$15,000 or more per unit is capitalized at cost and depreciated using the straight-line method over the useful life. Bulk purchases of large quantities of property that would otherwise fall under the individual capitalization threshold are capitalized if the total purchase is \$100,000 or more. Other property items are expensed when purchased. Expenditures for repairs and maintenance are charged to operating expenses as incurred. The useful life for this category is three to twelve years. There are no restrictions on the use or convertibility of property, plant, and equipment.

Real Property. Real property consists of leasehold improvements on General Service Administration (GSA) leased space which cost \$100,000 or more. Leasehold improvements are recorded as construction in progress until the Agency has beneficial occupancy of the space, and then the costs are moved to the Leasehold Improvements account for amortization over the remaining life of the lease.

Internal Use Software. Internal Use Software (IUS) includes purchased Commercial Off-The-Shelf software (COTS), contractor-developed software, and software that was internally developed by Agency employees. IUS is capitalized at cost if the development cost is \$100,000 or more. For COTS software, the capitalized costs include the amount paid to the vendor for the software; for contractor-developed software it includes the amount paid to a contractor to design, program, install, and implement the software. Capitalized costs for internally developed software include the full cost (direct and indirect) incurred during the software development stage. The standard useful life for IUS has been established as three years, to accurately match expenses with the period in which the benefits are received from the software. The NLRB uses the straight-line method of amortization.

Internal Use Software in Development. Internal use software in development is software that is being developed, but not yet put into production. At the time the software is moved into production, the costs will be moved into the IUS account and amortized accordingly.

I. Non-entity Assets

Assets held by the NLRB that are not available to the NLRB for obligation are considered non-entity assets. Non-entity assets, restricted by nature, consist of miscellaneous receipt accounts. The miscellaneous receipts represent court fines and fees collected for the Freedom of Information Act (FOIA) requests that must be transferred to the U.S. Treasury at the end of each fiscal year.

J. Liabilities

Liabilities represent amounts that are likely to be paid by the NLRB as the result of transactions or events that have already occurred; however, no liabilities are paid by the NLRB without an appropriation. Liabilities must be recognized when they are incurred regardless of whether they are covered by available budgetary resources, including liabilities related to canceled appropriations. Liabilities of the NLRB arising from other than contracts can be abrogated by the government, acting in its sovereign capacity. Intragovernmental liabilities arise from transactions with other federal entities.

Accounts Payable

Accounts payable represent amounts due to federal and non-federal entities for goods and services received by the NLRB that have not been paid at the end of the accounting period. Intragovernmental accounts payable represent payable transactions with other federal entities. Non-federal accounts payable represent transactions with non-federal entities.

Accrued Payroll

Accrued payroll consists of salaries, wages, and other compensation earned by employees but not disbursed as of September 30, 2024, and 2023. The liability is estimated for reporting purposes based on historical pay information.

K. Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources result from the receipts of goods or services in the current or prior periods, or the occurrence of eligible events in the current or prior periods for which appropriations, revenues, or other financing sources of funds necessary to pay the liabilities have not been made available through Congressional appropriations or current earnings of the reporting entity. These liabilities will require budgetary resources in the future. Liabilities not covered by budgetary resources include, unfunded leave, Federal Employees' Compensation Act (FECA) and unemployment compensation.

Unfunded Leave

A liability for annual and other vested compensatory leave is accrued as earned and reduced when taken. The value of employees' unused annual leave at the end of each fiscal quarter is accrued as a liability. At the end of each fiscal quarter, the balance in the accrued annual leave account is adjusted to reflect the current pay rate and leave balances. To the extent the current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed when used, and in accordance with federal requirements, no accruals are recorded for unused sick leave.

Unfunded Federal Employees' Compensation Act

The FECA was established by Public Law 103-3 which provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the DOL, which pays valid claims and subsequently seeks reimbursement from the NLRB for these paid claims.

The FECA liability consists of two components. The first component is based on actual claims paid by the DOL but not yet reimbursed by the NLRB. The NLRB reimburses the DOL for the actual claim amount as funds are appropriated for this purpose. There is generally a two to three-year period between payment

by the DOL and reimbursement by the NLRB. As a result, the NLRB recognizes a liability for the actual claims paid by the DOL and to be reimbursed by the NLRB.

The second component is the estimated liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. The NLRB determines this component annually, as of September 30th, using a method that considers historical benefit payment patterns.

Due to the small number of claimants, the NLRB uses the methodology of reviewing the ages of claimants on a case-by-case basis to evaluate the estimated FECA liability. The determination was made to use the life expectancy of claimants.

Unfunded Unemployment

The NLRB's unemployment programs provide unemployment benefits to eligible workers who become unemployed through no fault of their own and meet certain other eligibility requirements. The Unemployment Compensation for Federal Employees program provides benefits for eligible, unemployed, former civilian Federal employees. The NLRB's liability for unemployment includes costs incurred but unbilled as of the quarter end, as calculated by DOL, and not funded by current appropriations.

L. Commitments and Contingencies

Commitments reflect binding agreements that may result in the future expenditure of financial resources that are not recognized on the Balance Sheet.

A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty should ultimately be resolved when a future event occurs or fails to occur. A contingent liability should be recorded when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable.

The NLRB recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings, and suits that have been brought to the attention of legal counsel, some of which will be paid by the U.S. Treasury Judgment Fund. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions, and claims, will not materially affect the financial position or results of operations.

M. Life Insurance and Retirement Plans

Federal Employees' Group Life Insurance (FEGLI) Program

The NLRB employees are entitled to participate in the FEGLI program. Participating employees can obtain basic life term life insurance, with the employee paying two-thirds of the cost and the NLRB paying one-third. Additional coverage is optional, and to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. The OPM administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of the basic life coverage. Because the NLRB's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the NLRB has recognized the entire service cost of the post-retirement portion of basic life coverage as an imputed cost and imputed financing source.

Retirement Programs

The NLRB employees participate in either the Civil Service Retirement System (CSRS), a defined benefit plan, or the Federal Employees' Retirement System (FERS), a defined benefit and contribution plan.

Congress created the FERS in 1986, and it became effective on January 1, 1987, pursuant to Public Law 99–335. Since that time, new Federal civilian employees who have retirement coverage are covered by FERS. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS. The NLRB contributes a matching contribution equal to 7.0 percent of pay for CSRS employees.

FERS is a retirement plan that provides benefits from three different sources: a Basic Benefit Plan, Social Security, and the Thrift Savings Plan (TSP). Two of the three parts of FERS (Social Security and the TSP) can go with the employee to their next job if they leave the federal government before retirement. The Basic Benefit and Social Security parts of FERS require an employee to pay their share each pay period. The NLRB withholds the cost of the Basic Benefit and Social Security from the employee's pay as payroll deductions. After an employee retires, the federal government pays the annuitant monthly annuity payments for the rest of their life.

The TSP is a long-term retirement savings and investment plan that is administered by the Federal Retirement Thrift Investment Board. The TSP is an account that the NLRB automatically sets up for the employee. Each pay period the NLRB deposits into the employee account an amount equal to 1.0 percent of the basic pay earned for the pay period. FERS or CSRS employees who began or rejoined federal service after October 1, 2020, the NLRB will automatically enroll the employee in the TSP, and 5.0 percent of the basic salary is deducted from the employee's paycheck every pay period and deposited into the TSP account. FERS or CSRS employees who began or rejoined federal service between August 1, 2010, and September 30, 2020, were automatically enrolled at 3.0 percent of FERS employees hired before August 1, 2010, and are not contributing their own money, still have a TSP account with accruing Agency/Service automatic (1.0 percent) contributions. An employee can also make their own contributions to their TSP account and the NLRB will make a matching contribution. Traditional (pre-tax) contributions allow employees to delay paying taxes on their contributions and their earnings until they withdraw them. For Roth (after-tax) contributions, employees pay taxes on their contributions as they make them.

The maximum amount of base pay that an employee participating in FERS may contribute to the plan is \$23,000 per the 2024 IRS annual limit. Employees belonging to CSRS may also contribute up to \$23,000 of their salary in CY 2024 and receive no matching contribution from the NLRB. The maximum for catch-up contributions for CY 2024 is \$7,500. For CY 2024, the regular and catch-up contributions may not exceed \$30,500. The sum of the employees and the NLRB's contributions are transferred to the Federal Retirement Thrift Investment Board. For FERS employees, the Agency also contributes to the employer's share of Medicare.

The OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS and FERS employees, government-wide, including the NLRB employees. The NLRB has recognized an imputed cost and imputed financing source for the difference between the estimated service cost and the contributions made by the NLRB and covered CSRS employees.

The NLRB does not report FERS and CSRS assets, accumulated plan benefits, or unfunded liabilities applicable to its employees on its financial statements. Reporting such amounts is the responsibility of the administrative agency, the OPM. The portion of the current and estimated future outlays for CSRS not paid by the NLRB is, in accordance with SFFAS 4, Managerial Cost Accounting Concepts and Standards for the federal government, included in the NLRB's financial statements as an imputed financing source.

Liabilities for future pension payments and other future payments for retired employees who participate in the Federal Employees Health Benefits (FEHB) and the FEGLI programs are reported by OPM rather than the NLRB.

SFFAS 4, Managerial Cost Accounting Concepts and Standards for the federal government, requires employing agencies to recognize the cost of pensions and other retirement benefits during their 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 provide these factors to the Agency for current period expense reporting. Information is also provided by OPM regarding the full cost of health and life insurance benefits.

As of September 30, 2024, the NLRB, utilizing OPM provided cost factors, recognized \$9,202,588 of pension expenses, \$11,570,125 of post-retirement health benefits expenses, and \$28,093 of post-retirement life insurance expenses, beyond amounts actually paid. The NLRB recognized offsetting revenue of \$20,800,806 as an imputed financing source to the extent that these intragovernmental expenses will be paid by OPM. In comparison, in FY 2023, the NLRB recognized \$5,923,539 of pension expenses, \$11,751,160 of post-retirement health benefits expenses, and \$26,709 of post-retirement life insurance expenses, beyond amounts actually paid. The NLRB recognized offsetting revenue of \$17,701,408 as an imputed financing source from OPM.

N. Leases

Effective FY 2024, the Statement of Federal Financial Accounting Standards (SFFAS 54): Leases, revised the financial reporting standards for federal lease accounting. The NLRB's leases consist of intragovernmental and short-term leases in which NLRB is the lessee. The NLRB recognizes these lease payments as an expense based on the payment provisions of the contract or agreement and standards regarding the recognition of accounts payable and other related amounts. The NLRB leases consist of real and personal property leases including agreements with the GSA and commercial vendors. The NLRB leases all buildings through the GSA, who is the lessor, and pays GSA a standard level user charge rate for the annual leases, which approximates the commercial rental rates for similar properties. The NLRB is not legally a party to any building lease agreements, and it does not record GSA-owned properties as assets. The real property leases are for the NLRB's Headquarters and Regional Offices and the personal property leases are for fleet vehicles and copiers. For additional information on leases refer to Note 9.

O. Net Position

Net position is composed of unexpended appropriations and cumulative results of operations.

Unexpended Appropriations include the portion of the NLRB's appropriations represented by undelivered orders and unobligated balances. Unexpended appropriations on the Balance Sheet must equal unexpended appropriations on the Statement of Changes in Net Position (SCNP). The NLRB does not have unexpended appropriations attributable to funds from dedicated collections.

Cumulative Results of Operations represent the net results of operations since inception plus the cumulative amount of prior-period adjustments. The cumulative results of operations on the Balance Sheet should equal the cumulative results of operations on the SCNP. The NLRB does not have cumulative results of operations attributable to funds from dedicated collections.

P. Use of Management Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions, and exercise judgement that affects the reported amount of assets, liabilities, net position, and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as reported amounts of financing sources, expenses, and obligations incurred during the reporting

period. The assumptions made and estimates used by the NLRB to prepare the financial statements are based upon the facts that exist when the financial statements are prepared and on various other assumptions that are believed to be reasonable under the circumstances. Changes in estimates are reflected in the period in which they become known. Actual results may differ from those estimates. The notes to the financial statements include information to assist the reader in understanding the effect of changes in assumptions on the related information.

Q. Tax Status

The NLRB, as an independent Board of the Executive Branch, is a federal agency, and is not subject to federal, state, or local income taxes, and accordingly, no provision for income tax is recorded.

R. Subsequent Events

Subsequent events and transactions occurring after fiscal year-end through the date of the auditor’s opinion have been evaluated for potential recognition of disclosure in the financial statements. The date of the auditor’s opinion also represents the date that the financial statements were available to be issued.

Note 2. Non-entity Assets

Non-entity Assets are assets held by an entity that are not available to the entity. Non-entity Assets represent miscellaneous receipts collected and related accounts receivable (net of allowance for doubtful accounts). Miscellaneous Receipts represent court fines and fees collected for FOIA requests that must be transferred to the U.S. Treasury at the end of each fiscal year.

Entity Assets are assets that the reporting entity has the authority to use in its operations. Management may have the authority to decide how funds are used, or it may be legally obligated to use the funds a certain way.

The composition of non-entity assets as of September 30, 2024 and 2023, is as follows:

| (In Dollars) | 2024 | 2023 |
|--------------------------------|---------------|---------------|
| Intragovernmental Assets | | |
| Fund Balance with Treasury | \$ 0 | \$ 0 |
| Total Intragovernmental Assets | 0 | 0 |
| Total Non-entity Assets | 0 | 0 |
| Total Entity Assets | 66,496,797 | 62,688,558 |
| Total Assets | \$ 66,496,797 | \$ 62,688,558 |

Additionally, the NLRB received a remainder interest in Florida real estate valued at approximately \$46,000 as part of a ULP case settlement. This asset is not included in the table above.

Note 3. Fund Balance with Treasury

The U.S. Treasury performs cash management activities for all federal agencies. The NLRB’s FBWT represents the right of the NLRB to draw down funds from the U.S. Treasury for authorized expenses and liability payments. The status of FBWT as of September 30, 2024 and 2023 consists of the following:

| (In Dollars) | 2024 | 2023 |
|---|----------------------|----------------------|
| Status of Fund Balance with Treasury | | |
| Unobligated Balance | | |
| Available | \$ 4,412,055 | \$ 356,300 |
| Unavailable | 1,833,006 | 7,382,592 |
| Obligated Balance not yet Disbursed | 49,061,282 | 48,817,427 |
| Non-Budgetary FBWT | 0 | 0 |
| Total Fund Balance with Treasury | \$ 55,306,343 | \$ 56,556,319 |

The status of FBWT may be classified as unobligated available, unobligated unavailable, or obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in the current year of operations. Unavailable unobligated balances are not available to fund new obligations because they are expired. The obligated but not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received or goods and services received but for which payment has not yet been made.

Obligated and unobligated balances reported for the status of FBWT do not agree with obligated and unobligated balances reported on the Statement of Budgetary Resources because the FBWT includes items for which budgetary resources are not recorded, such as deposit funds and miscellaneous receipts (non-entity).

In FY 2024, the NLRB received \$7.2 million in transfers from the GSA TMF. The TMF was established to improve information technology and to enhance cybersecurity across the Federal Government.

Note 4. Accounts Receivable, Net

As of September 30, 2024 and 2023, the NLRB reported accounts receivable, net totaling \$529,256 and \$542,613, respectively.

| (In Dollars) | 2024 | 2023 |
|---------------------------------------|-------------------|-------------------|
| Intragovernmental | | |
| Accounts Receivable | \$ 0 | \$ 0 |
| Other than Intragovernmental | | |
| Accounts Receivable | 541,039 | 555,547 |
| Total Accounts Receivable | 541,039 | 555,547 |
| Allowance for Doubtful Accounts | (11,783) | (12,934) |
| Total Accounts Receivable, Net | \$ 529,256 | \$ 542,613 |

Note 5. Property, Plant, and Equipment, Net

Property, plant, and equipment consist of property that is used in operations and consumed over time. The table below summarizes the cost and accumulated depreciation for general property, plant, and equipment as of September, 2024 and 2023.

| 2024 | | | |
|-------------------------------------|---------------|---|-----------------|
| (In Dollars) | Asset Cost | Accumulated Depreciation / Amortization | Net Asset Value |
| Construction In Progress | \$ 5,488,627 | \$ 0 | \$ 5,488,627 |
| Equipment | 3,746,722 | 3,667,578 | 79,144 |
| Leasehold Improvements | 11,344,069 | 6,298,925 | 5,045,144 |
| Internal Use Software | 45,060,728 | 45,060,728 | 0 |
| Total Property, Plant and Equipment | \$ 65,640,146 | \$ 55,027,231 | \$ 10,612,915 |

| 2023 | | | |
|-------------------------------------|---------------|---|-----------------|
| (In Dollars) | Asset Cost | Accumulated Depreciation / Amortization | Net Asset Value |
| Construction In Progress | \$ 2,086,069 | \$ 0 | \$ 2,086,069 |
| Equipment | 3,776,101 | 3,574,032 | 202,069 |
| Leasehold Improvements | 8,603,214 | 5,373,108 | 3,230,106 |
| Internal Use Software | 45,060,728 | 45,060,728 | 0 |
| Total Property, Plant and Equipment | \$ 59,526,112 | \$ 54,007,868 | \$ 5,518,244 |

Note 6. Liabilities Not Covered by Budgetary Resources

Liabilities are classified as liabilities covered by budgetary resources, liabilities not covered by budgetary resources, and liabilities not requiring budgetary resources. Liabilities not covered by budgetary resources are liabilities that will require budgetary resources in the future and require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, when the liabilities are liquidated, the U.S. Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public. The NLRB's liabilities not covered by budgetary resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The FECA Unfunded Liability abnormal balance resulted from a credit by the DOL based on a correction for a chargeback of compensation expenses incurred that were not attributed to the NLRB during the reporting period.

The NLRB used a consistent methodology of calculating the FECA Actuarial Liability for the past six years which factors in the claimants' sex, age, and life expectancy. In FY 2024, the FECA Actuarial Liability abnormal balance resulted from a compensation payment to a claimant that was never cashed in the prior year and later canceled by the U.S. Treasury. The DOL credited the NLRB's chargeback which was reported on the Chargeback Billing List Detail. The NLRB used the compensation payment data reported by DOL to calculate the estimated liability for future benefit payments which resulted in a credit to the NLRB.

The composition of liabilities not covered by budgetary resources as of September 30, 2024 and 2023, is as follows:

| (In Dollars) | 2024 | 2023 |
|--|---------------|---------------|
| Intragovernmental liabilities | | |
| FECA Unfunded Liability | \$ (3,493) | \$ (12,551) |
| Other Liabilities - Technology Modernization Fund | 3,613,150 | 0 |
| Total Intragovernmental liabilities | 3,609,657 | (12,551) |
| FECA Actuarial Liability | (392,975) | 326,124 |
| Unfunded Annual Leave | 15,395,694 | 15,425,238 |
| Total Liabilities Not Covered by Budgetary Resources | 18,612,376 | 15,738,811 |
| Total Liabilities Covered by Budgetary Resources | 13,015,758 | 9,584,457 |
| Total Liabilities | \$ 31,628,134 | \$ 25,323,268 |

Note 7. Other Liabilities

Technology Modernization Fund

The TMF was established to improve information technology and to enhance cybersecurity across the Federal Government. The GSA transferred funds from the TMF to the NLRB's no year fund. As legislation requires, the NLRB recorded a portion of the transferred funds as a liability which will later be repaid to the GSA's TMF over a five-year period. In FY 2024, the NLRB recorded \$3.6 million as other liabilities.

Note 8. Intragovernmental Costs and Exchange Revenue

For the intragovernmental costs, the buyer and seller are both federal entities. The earned revenue is the reimbursable costs from other federal entities. The NLRB has the authority to provide administrative law judges' services to other federal entities. There is no exchange revenue with the public.

| (In Dollars) | 2024 | 2023 |
|---|----------------|----------------|
| Resolve Unfair Labor Practices Cases | | |
| Intragovernmental Costs | \$ 97,509,420 | \$ 91,149,449 |
| Costs with the Public | 179,578,694 | 177,251,694 |
| Total Net Cost - Resolve Unfair Labor Practices Cases | 277,088,114 | 268,401,143 |
| Resolve Representation Cases | | |
| Intragovernmental Costs | 15,088,063 | 11,890,851 |
| Costs with the Public | 27,787,003 | 23,123,271 |
| Total Net Cost - Resolve Representation Cases | 42,875,066 | 35,014,122 |
| Less: Earned Revenue | - | - |
| Net Cost of Operations | \$ 319,963,180 | \$ 303,415,265 |

Note 9. Leases

GSA Real Property. The NLRB's facilities are rented from the GSA, which charges rent that is intended to approximate commercial rental rates. The terms of the NLRB's occupancy agreements with GSA will vary

according to whether the underlying assets are owned by GSA or rented by GSA from the private sector. The NLRB has occupancy agreements with GSA, which set forth terms and conditions for the space the Agency will occupy for an extended period. Included within the occupancy agreements are 120 to 180-day notification requirements for the Agency to release space. For purposes of disclosing future operating lease payments in the table below, federally owned leases are included in years FY 2025 through FY 2029. Rental expenses for leases for the period ended September 30, 2024, were \$23,471,157 for Agency leased space and \$2,658,011 for Agency building security. For FY 2023, the lease costs were \$23,274,053 and the Agency building security was \$2,644,817.

| Future Space Lease Payments | |
|-----------------------------|-------------------------------------|
| Fiscal Year | GSA Real Property Cost (In Dollars) |
| 2025 | \$ 21,745,546 |
| 2026 | 22,832,823 |
| 2027 | 23,974,464 |
| 2028 | 25,173,188 |
| 2029 | 26,431,847 |
| After 5 Years | 27,753,439 |
| Total | \$ 147,911,307 |

GSA Fleet. The future fleet payments reflect the expense for 11 vehicles used for official NLRB business throughout the United States. Expenses for the fleet vehicles for the period ending September 30, 2024 was \$48,846; for FY 2023 the cost was \$40,401.

| Future Fleet Lease Payments | |
|-----------------------------|-----------------------------|
| Fiscal Year | GSA Fleet Cost (In Dollars) |
| 2025 | \$ 45,000 |
| 2026 | 47,250 |
| 2027 | 49,612 |
| 2028 | 52,093 |
| 2029 | 54,698 |
| After 5 Years | 57,433 |
| Total | \$ 306,086 |

Commercial Copiers. The commercial copier rental expense reflects lease contracts for copy machines located at the NLRB Headquarters and Field Offices. For FY 2024, the commercial copier yearly contract is \$143,108; for FY 2023 the cost was \$154,288.

| Future Copier Lease Payments | |
|------------------------------|--------------------------------|
| Fiscal Year | Copier Lease Cost (In Dollars) |
| 2025 | \$ 144,288 |
| 2026 | 144,288 |
| 2027 | 144,288 |
| 2028 | 144,288 |
| 2029 | 144,288 |
| After 5 Years | 0 |
| Total | \$ 721,440 |

Digital Mailing System. The digital mailing system expense reflects lease contracts for mailing systems and postage meters located at the NLRB Headquarters and Field Offices. For FY 2024, the digital mailing system cost was \$117,779; for FY 2023 the cost was \$89,782.

| Future Digital Mailing Lease Payments | |
|---------------------------------------|------------------------------------|
| Fiscal Year | Digital Mailing Lease (In Dollars) |
| 2025 | \$ 108,723 |
| 2026 | 114,160 |
| 2027 | 119,868 |
| 2028 | 125,860 |
| 2029 | 132,154 |
| After 5 Years | 138,762 |
| Total | \$ 739,527 |

Security Screening Machines. The security screening machines expense reflects lease contracts for x-ray machines located at the NLRB Headquarters and Field Offices. For FY 2024, the security screening machines cost was \$12,801; for FY 2023 the cost was \$6,861.

| Future Security Screening Machine Payments | |
|--|--|
| Fiscal Year | Security Screening Machine Lease Cost (In Dollars) |
| 2025 | \$ 10,978 |
| 2026 | 0 |
| 2027 | 0 |
| 2028 | 0 |
| 2029 | 0 |
| After 5 Years | 0 |
| Total | \$ 10,978 |

Note 10. Inter-Entity Costs

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost in the Statement of Net Cost and are offset by imputed revenue in the Statement of Changes in Net Position. Such imputed costs and revenues relate to employee benefits. However, unreimbursed costs of goods and services other than those identified are not included in the financial statements.

The OPM pays pension and other future retirement benefits on behalf of federal agencies for federal employees. The OPM provides rates for recording the estimated cost of pension and other future retirement benefits paid by the OPM on behalf of federal agencies. The costs of these benefits are reflected as imputed financing in the consolidated financial statements. Expenses of the NLRB paid or to be paid by other federal agencies on September 30, 2024 and 2023 consisted of:

| (In Dollars) | 2024 | 2023 |
|--|----------------------|----------------------|
| Office of Personnel Management | | |
| Pension Expenses | \$ 9,202,588 | \$ 5,923,539 |
| Federal Employees Health Benefits | 11,570,125 | 11,751,160 |
| Federal Employees Group Life Insurance Program | 28,093 | 26,709 |
| Total Imputed Financing Costs | \$ 20,800,806 | \$ 17,701,408 |

Note 11. Statement of Budgetary Resources

The purpose of the Federal budgetary accounting is to control, monitor, and report on funds made available to Federal agencies by law and help ensure compliance with the law. The Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period. It is the only financial statement exclusively derived from the entity's budgetary general ledger in accordance with budgetary accounting rules that are incorporated into GAAP for the federal government.

The following budget terms are commonly used from OMB Circular A-11, *Preparation, Submission and Execution of the Budget* (Section 20.3):

https://www.whitehouse.gov/wp-content/uploads/2018/06/a11_web_toc.pdf

- **Appropriation** - a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.
- **Budgetary resources** - amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.
- **Offsetting collections** - payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress. They usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government and from intragovernmental transactions with other Government accounts. The authority to spend offsetting collections is a form of budget authority.
- **Offsetting receipts** - payments to the Government that are credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. Usually, they are deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the Government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, they usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government, and from intragovernmental transactions with other Government accounts.
- **Obligation** - a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.
- **Outlay** - a payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are "means of financing" transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending.

For further information about the budget terms and concepts, see the "Budget Concepts" chapter of the Analytical Perspectives volume of the President's Budget. <https://www.whitehouse.gov/omb/budget/analytical-perspectives/>

The NLRB's total budgetary resources was \$310,917,286 as of September 30, 2024 and \$307,167,691 as of September 30, 2023; it includes new budget authority, unobligated balances at the beginning of the year, spending authority from offsetting collections, recoveries of prior year obligations and permanently not available. The NLRB received \$299,224,000 in appropriations as of September 30, 2024, and \$299,224,000 as of September 30, 2023. The NLRB's unobligated balance on September 30, 2024 was \$6,245,061 and on September 30, 2023 was \$7,738,892.

Note 12. Undelivered Orders at the End of the Period

Undelivered orders are purchase orders issued by the NLRB during the FY 2024 and the five expiring fiscal years, which have not had delivery of the required product or service as of September 30, 2024 and 2023. It is anticipated that these undelivered orders will be provided in future periods and will require resources obligated during the respective fiscal years.

| Undelivered Orders as of September 30, 2024 and 2023 | | |
|---|---------------|---------------|
| (In Dollars) | 2024 | 2023 |
| Intragovernmental | | |
| Paid | - | - |
| Unpaid | 18,971,158 | 16,440,315 |
| Total Intragovernmental | 18,971,158 | 16,440,315 |
| Public | | |
| Paid | 48,284 | 71,382 |
| Unpaid | 17,497,570 | 23,218,860 |
| Total Public | 17,545,854 | 23,290,242 |
| Total Undelivered Orders | \$ 36,517,012 | \$ 39,730,557 |

Note 13. Fiduciary Activities

The fiduciary cash and other assets are not assets of the federal government, are not recognized on the Balance Sheet, and are assets of a non-federal party for which the federal government is responsible.

The NLRB Escrow Accounts are fiduciary deposit funds presented in accordance with SFFAS 31, Accounting for Fiduciary Activities, and OMB Circular A-136, *Financial Reporting Requirements*. The Escrow Accounts, Temporary Restraining Order Cases (420X6152) and Backpay Cases (402X6154) are authorized by Title 31 United States Code, Section 3513 and Title 29 United States Code, Section 151-169. The Escrow Account, Temporary Restraining Order Cases (420X6152) was established to separate cases related to protective restraining orders.

The NLRB investigates and adjudicates disputes between private sector employees, employers, and unions. Part of the NLRB's mission is to determine if the employer (or sometimes the union), herein referred to as respondent, engaged in unfair labor practices, which resulted in a loss of employment or wages for the affected employees (discriminatees). In some cases, the respondent is ordered to pay monetary amounts to the discriminatees. These payments can be paid by respondents directly to the discriminatees or they can pay the NLRB, which disburses the funds to the discriminatees. The NLRB is authorized to collect funds on behalf of discriminatees.

The fiduciary funds collected by the NLRB are held in escrow and represent funds that were collected as part of the standard Board remedy whenever a violation of the NLRA has resulted in a loss of employment or earnings. The NLRB collects the funds, and then distributes them to employees, unions, pension funds, or other discriminatees in the settlement. The NLRB has the option to invest funds in federal government securities if the funds will remain in escrow for a lengthy period. NLRB's fiduciary funds are not invested.

The NLRB executed an MOU with the U.S. Treasury that established agreed upon policies and procedures for investing monies in, and redeeming investments held by, the fiduciary fund account in the U.S. Treasury. The NLRB manages these funds in a fiduciary capacity and does not have ownership rights against its contributions and investments; the assets and activities summarized in the schedule below are not presented in the financial statements. The NLRB's fiduciary activities are disclosed in this note.

| Schedule of Fiduciary Activity | | | | | | |
|---|---------------|---------------|-----------------------|---------------|---------------|-----------------------|
| For the years ended September 30, 2024 and 2023 | | | | | | |
| (In Dollars) | 2024 | | | 2023 | | |
| Fiduciary Funds | Fund 420X6152 | Fund 420X6154 | Total Fiduciary Funds | Fund 420X6152 | Fund 420X6154 | Total Fiduciary Funds |
| Fiduciary net assets, beginning of year | \$ 0 | \$ 10,620,348 | \$ 10,620,348 | \$ 0 | \$ 10,781,512 | \$ 10,781,512 |
| Fiduciary Revenues | 0 | 217,850 | 217,850 | 0 | 631,357 | 631,357 |
| Disbursements to and on behalf of beneficiaries | 0 | (6,214,474) | (6,214,474) | 0 | (792,521) | (792,521) |
| Increase/ (Decrease) in fiduciary net assets | 0 | (5,996,624) | (5,996,624) | 0 | (161,164) | (161,164) |
| Fiduciary net assets, end of year | \$ 0 | \$ 4,623,724 | \$ 4,623,724 | \$ 0 | \$ 10,620,348 | \$ 10,620,348 |

| Fiduciary Net Assets as of September 30, 2024 and 2023 | | | | | | |
|--|---------------|---------------|-----------------------|---------------|---------------|-----------------------|
| (In Dollars) | 2024 | | | 2023 | | |
| Fiduciary Funds | Fund 420X6152 | Fund 420X6154 | Total Fiduciary Funds | Fund 420X6152 | Fund 420X6154 | Total Fiduciary Funds |
| Fiduciary Assets | | | | | | |
| Fund Balance with Treasury | \$ 0 | \$ 4,623,724 | \$ 4,623,724 | \$ 0 | \$ 10,620,348 | \$ 10,620,348 |
| Less: Liabilities | | (18,924) | (18,924) | | (20,915) | (20,915) |
| Total Fiduciary net assets | \$ 0 | \$ 4,604,800 | \$ 4,604,800 | \$ 0 | \$ 10,599,433 | \$ 10,599,433 |

Note 14. Reconciliation of Net Cost to Net Outlays

SFFAS 53, *Budget and Accrual Reconciliation (BAR)*, amended SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* and 24, *Selected Standards for the Consolidated Financial Report of the United States Government*, and rescinded SFFAS 22, *Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations*. SFFAS 53 provided for the BAR to replace the statement of financing. The BAR explains the relationship between the NLRB's net outlays on a budgetary basis and the net cost of operations during the reporting period. The reconciliation starts with the net cost of operations as reported on the Statement of Net Cost and will be adjusted by components of net cost that are not part of net outlays. Common components include depreciation and gains and losses on disposition of assets and changes in assets and liabilities (e.g., accounts receivable, accounts payable and salaries and benefits) not affecting budget outlays. Net cost of operations is also adjusted by budget outlays that are not part of net operating cost. Components of budget outlays that are not part of net operating cost include the acquisition of capital assets, inventory, and other assets. Other reconciling differences, when applicable, include timing differences.

| Reconciliation of Net Cost to Net Outlays As of September 30, 2024 | | | |
|---|--------------------------|------------------------|-----------------------|
| (In Dollars) | Intragovernmental | With the public | Total 2024 |
| Net Cost of Operations | \$ 112,597,483 | \$ 207,365,697 | \$ 319,963,180 |
| Components of Net Cost That Are Not Part of Net Outlays | | | |
| Gains/Losses on all Other Investments | | 46,448 | 46,448 |
| Increase/(Decrease) in Assets not affecting Budgetary Outlays | | | |
| Accounts receivable, net | | 529,256 | 529,256 |
| Other Assets | 18,833 | 29,450 | 48,283 |
| (Increase)/Decrease in Liabilities not affecting Budgetary Outlays | | | |
| Accounts payable | (2,140,735) | (54,293) | (2,195,028) |
| Federal Employee Salary, Leave and Benefits Payable | | (16,668,393) | (16,668,393) |
| Other liabilities | (196,322) | | (196,322) |
| Total Components of Net Operating Cost not part of the Budgetary Outlays | (2,318,224) | (16,117,532) | (18,435,756) |
| Components of Net Outlays That Are Not Part of Net Cost | | | |
| Acquisition of capital assets | | | |
| Total Other Reconciling Items | | | |
| Other Temporary Timing Differences | | 1,450 | 1,450 |
| Total Net Outlays | \$ 110,279,259 | \$ 191,249,615 | \$ 301,528,874 |
| Budgetary Agency Outlays, net | | | \$ 301,528,874 |

| Reconciliation of Net Cost to Net Outlays As of September 30, 2023 | | | |
|---|--------------------------|------------------------|-----------------------|
| (In Dollars) | Intragovernmental | With the public | Total 2023 |
| Net Cost | \$ 103,040,300 | \$ 200,374,965 | \$ 303,415,265 |
| Components of Net Cost That Are Not Part of Net Outlays | | | |
| Other | | 3,760 | 3,760 |
| Increase/(decrease) in assets | | | |
| Accounts receivable | | 542,613 | 542,613 |
| Other assets | 15,625 | 55,757 | 71,382 |
| (Increase)/decrease in liabilities | | | |
| Accounts payable | 825,444 | (780,092) | 45,352 |
| Salaries and benefits | (992,660) | (145,263) | (1,137,923) |
| Other liabilities | (440,366) | (16,770,335) | (17,210,701) |
| Total Components of Net Cost That Are Not Part of Net Outlays | (591,957) | (17,093,560) | (17,685,517) |
| Components of Net Outlays That Are Not Part of Net Cost | | | |
| Acquisition of capital assets | | | |
| Total Components of Net Outlays That Are Not Part of Net Cost | | | |
| Other Temporary Timing Differences | | 393 | 393 |
| Net Outlays | \$ 102,448,343 | \$ 183,281,798 | \$ 285,730,141 |
| Related Amounts on the Statement of Budgetary Resources | | | |
| Outlays, net | | | 285,730,141 |
| Distributed offsetting receipts | | | 0 |
| Agency Outlays, Net | | | \$ 285,730,141 |

Note 15. Commitments and Contingencies

In addition to future commitments discussed in Note 9 (Leases), the NLRB is committed under obligations at year-end for goods and services which have been received and not yet paid or for goods and services which have been ordered but not yet received. These are unpaid delivered orders and unpaid undelivered orders.

The NLRB was not party to any legal actions that were likely to result in a material liability. Accordingly, no provision for loss is included in the financial statements.