UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General

Audit of the NLRB Fiscal Year 2020 Financial Statements

Report No. OIG-F-25-21-01

November 13, 2020

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UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General

Memorandum

November 13, 2020

To: John F. Ring
Chairman

Peter B. Robb
General Counsel

From: David P. Berry
Inspector General

Subject: Audit of the National Labor Relations Board Fiscal Year 2020 Financial Statements (OIG-F-25-21-01)

This memorandum transmits the audit report on the National Labor Relations Board (NLRB) Fiscal Year 2020 Financial Statements.

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 audit the financial statements. The contract required that the audit be done in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States and Bulletin 19-03, *Audit Requirements for Federal Financial Statements*, issued by the Office of Management and Budget.

In connection with the contract, we reviewed Castro & Company's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with generally accepted government auditing standards, was 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 responsible for the attached auditor's report dated November 13, 2020, and the conclusions expressed in the report. However, our review disclosed no instances where Castro & Company did not comply, in all material respects, with generally accepted government auditing standards.

We appreciate the courtesies and cooperation extended to Castro & Company and our staff during the audit.

Castro & Company
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Independent Auditor's Report on the Financial Statements

Inspector General
National Labor Relations Board

We have audited the accompanying balance sheets of the National Labor Relations Board (NLRB) as of September 30, 2020 and 2019 and 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NLRB as of September 30, 2020 and 2019, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary and Other Information
U.S. generally accepted accounting principles require that the information in the *Required Supplementary Information*, including *Management's Discussion and Analysis*, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The information presented in the Messages from the Chairman, General Counsel, and Chief Financial Officer, list of Board Members, Other Accompanying Information, and Appendices is presented for purposes of additional analysis and are not required as part of the basic financial statements. Such information has not been subjected to auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards
In accordance with U.S. *Government Auditing Standards* and OMB Bulletin No. 19-03, we have also issued our reports dated November 13, 2020, 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 other matters that are required to be reported under *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. *Government Auditing Standards* and OMB Bulletin 19-03 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 13, 2020

Castro & Company
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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, 2020 and 2019, 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 13, 2020. 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. 19-03, *Audit Requirements for Federal Financial Statements*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2020, we considered NLRB's internal control over financial reporting by obtaining an understanding of the design effectiveness of NLRB's internal control, determining whether controls had been placed in operation, assessing control risk, and performing tests of NLRB's controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to express an opinion on the effectiveness of NLRB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NLRB's internal control over financial reporting. We limited our internal control testing to those controls necessary to achieve the objectives described in the OMB Bulletin No. 19-03. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

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

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weakness or significant deficiencies may exist that have not been identified.

We noted less significant matters involving internal control and its operations which we have reported to NLRB management in a separate letter dated November 13, 2020.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of NLRB's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NLRB's internal control. Accordingly, this communication 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.

Castro & Company, LLC
Alexandria, VA
November 13, 2020

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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, 2020 and 2019, 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 13, 2020. 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. 19-03, *Audit Requirements for Federal Financial Statements*.

The management of NLRB is responsible for complying with laws and regulations applicable to NLRB. We performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 19-03, including the requirements referred to in the Federal Managers' Financial Integrity Act of 1982. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to NLRB.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NLRB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 19-03.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the NLRB's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NLRB's compliance. Accordingly, this communication 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 13, 2020

PRINCIPAL FINANCIAL STATEMENTS

Auditor's Reports and Principal Financial Statements

PRINCIPAL STATEMENTS

National Labor Relations Board

Balance Sheets

As of September 30, 2020 and 2019

(in dollars)

	2020	2019
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	$ 53,065,763	$ 51,973,066
Advances and Prepayments (Note 4)	28,050	49,554
Total Intragovernmental Assets	53,093,813	52,022,620
Assets with the Public		
Accounts Receivable, net (Note 5)	665,283	625,898
General Property, Plant, and Equipment (Note 6)	10,430,498	11,316,933
Advances and Prepayments (Note 4)	25,658	31,004
Total Assets (Note 2)	$ 64,215,252	$ 63,996,455
Liabilities		
Intragovernmental:		
Accounts Payable	$ 821,290	$ 1,973,223
Employer Contributions and Payroll Taxes Payable	2,245,912	1,717,598
FECA Liabilities (Note 7)	176,461	399,534
Total Intragovernmental	3,243,663	4,090,355
Liabilities with the Public		
Accounts Payable	2,834,718	3,829,180
Fed Employee Benefits - FECA Actuarial Liability (Note 7)	2,354,777	2,273,821
Unfunded Annual Leave (Note 7)	16,114,022	12,495,788
Employer Contributions and Payroll Taxes Payable	7,939,147	6,530,974
Total Liabilities	$ 32,486,327	$ 29,220,118
Commitments and Contingencies (Note 15)		
Net Position		
Unexpended Appropriations	39,359,424	38,099,936
Cumulative Results of Operations	(7,630,499)	(3,323,599)
Total Net Position	$ 31,728,925	$ 34,776,337
Total Liabilities and Net Position	$ 64,215,252	$ 63,996,455

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

National Labor Relations Board
Statements of Net Cost
For the Years Ended September 30, 2020 and 2019
(in dollars)

	2020	2019
Program Costs		
Resolve Unfair Labor Practices		
Net Cost	$ 259,754,376	$ 245,273,507
Resolve Representation Cases		
Net Cost	28,893,669	27,768,358
Total Program Costs	288,648,045	273,041,865
Less: Earned Revenue	(16,104)	0
Net Cost of Operations	$ 288,631,941	$ 273,041,865

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

National Labor Relations Board
Statements of Changes in Net Position

For the Years Ended September 30, 2020 and 2019

(in dollars)

	2020	2019
Unexpended Appropriations:		
Beginning Balance (Note 1P)	$ 38,099,866	$ 30,504,674
Budgetary Financing Sources:		
Appropriations Received	274,224,000	274,224,000
Other Adjustments	(1,180,449)	(2,418,984)
Appropriations Used	(271,783,993)	(264,209,754)
Total Budgetary Financing Sources	1,259,558	7,595,262
Total Unexpended Appropriations	39,359,424	38,099,936
Cumulative Results of Operations:		
Beginning Balances (Note 1P)	$ (3,323,529)	$ (9,371,004)
Budgetary Financing Sources:		
Appropriations Used	271,783,993	264,209,754
Other Financing Sources (Non-Exchange):		
Imputed Financing	12,540,978	14,879,516
Total Financing Sources	284,324,971	279,089,270
Net Cost of Operations	(288,631,941)	(273,041,865)
Net Change	(4,306,970)	6,047,405
Cumulative Results of Operations	(7,630,499)	(3,323,599)
Net Position	$ 31,728,925	$ 34,776,337

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

National Labor Relations Board
Statements of Budgetary Resources
For the Years Ended September 30, 2020 and 2019
(in dollars)

	2020	2019
Budgetary Resources		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 13,234,243	$ 6,523,120
Appropriations (discretionary and mandatory)	274,224,000	274,224,000
Spending Authority from offsetting collections (discretionary and mandatory)	16,104	0
Total Budgetary Resources (Note 11)	$ 287,474,347	$ 280,747,120
Status of Budgetary Resources		
New Obligations and upward adjustments (total)	$ 275,943,382	$ 269,317,032
Unobligated balance, end of year:		
Apportioned, unexpired accounts	469,844	5,699,240
Unexpired unobligated balance, end of year	469,844	5,699,240
Expired unobligated balance, end of year	11,061,121	5,730,848
Unobligated balance, end of year (total)	11,530,965	11,430,088
Total Budgetary Resources	$ 287,474,347	$ 280,747,120
Outlays, Net		
Outlays, net (total) (discretionary and mandatory)	$ 271,950,855	$ 263,280,846

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

NOTES TO PRINCIPAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The National Labor Relations Board (NLRB) is an independent federal agency established in 1935 to administer the National Labor Relations Act (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, called unfair labor practices (ULP), by either employers, unions, or both. The NLRB's authority is divided both by law and delegation. The five-member Board (Board) primarily acts as a quasi-judicial body in deciding cases on formal records. The GC investigates and prosecutes ULP charges before Administrative Law Judges (ALJ), 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.

B. BASIS OF ACCOUNTING AND PRESENTATION

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 NLRB in accordance with U.S. generally accepted accounting principles (GAAP) and the accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB) in the format prescribed by the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements, as amended.* GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard-setting body for the Federal government.

NLRB's financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity, whose liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the Federal Government acting in its capacity as a sovereign entity.

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 GAAP for the Federal government. The Federal Financial Management Integrity Act (FFMIA) of 1996 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. NLRB uses the Department of Interior's financial management system and that system is FFMIA compliant. Thus, NLRB's financial management system complied with the requirements of FFMIA and produced records in accordance with USSGL at the transaction level.

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 presents agency assets and liabilities, and the difference between the two, which is the Agency's net position. Agency assets include both entity assets; those which are available for use by the Agency and non-entity assets; those which are managed by the Agency but not available for use in its operations. Agency 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 its fiduciary activities. Fiduciary cash and other assets are not assets of the Federal Government.

The Statement of Net Cost presents the gross costs of programs, reported by program and for the Agency.

The Statement of Changes in Net Position reports beginning balances, budgetary and other financing sources, and net cost of operations, to arrive at ending balances.

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. Recognition and measurement of budgetary information reported on this statement is based on budget terminology, definitions, and guidance in OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget, as amended.*

The information as presented on the Statement of Net Cost 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 Unfair Labor Practices 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 chart below with the calculations for FY 2020 and FY 2019, through September 30.

	2020 Percentage	2019 Percentage
C Cases (Unfair Labor Practices)	90%	90%
R Cases (Representation)	10%	10%
Total	100%	100%

C. BUDGETARY BASIS OF ACCOUNTING

NLRB's programs and activities are funded through annual appropriations. Congress annually adopts a budget appropriation that provides the NLRB with authority to use funds from the U.S. Department of the Treasury (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 Treasury. Additionally, all revenue received from other sources must be returned to the 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. 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.

E. FINANCING SOURCES

The NLRB receives funds to support its programs through annual appropriations. These funds may be used to pay program and administrative expenses, primarily salaries and benefits, space occupancy, travel, and contractual service costs.

For accounting purposes, appropriations are recognized as financing sources, and as appropriations used at the time expenses are accrued. Appropriations expended for general property, plant and equipment are recognized as expenses when the asset is consumed in operations (depreciation and amortization).

F. FUND BALANCE WITH THE TREASURY

FBWT is an asset of a reporting entity and a liability of the General Fund. The NLRB does not maintain cash in commercial bank accounts. The U.S. Department of Treasury processes cash receipts and disbursements. Funds with the Treasury consist of appropriated and deposited funds that are available to pay current liabilities and finance authorized purchase commitments.

In addition, funds held with Treasury also include escrow funds that are not appropriated but are fiduciary in nature. The fiduciary funds are not recognized on the Balance Sheet.

G. ACCOUNTS RECEIVABLE, NET

Accounts Receivable typically consists of payroll-related debts due to the NLRB from Agency employees and debts due to the NLRB from third party sources for invitational travel. Accounts receivable are 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. GENERAL PROPERTY, PLANT AND EQUIPMENT

General 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 general property, plant and equipment.

Real Property. Real property consists of leasehold improvements on 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, in order to most accurately match expenses with the time period in which the benefits are received from the software. The NLRB uses the straight-line method of amortization.

The NXGen project was a multiple year undertaking in which a large portion of the system was rolled out in prior years. This IUS project continues to include adjustments to the asset. IUS additionally supports systems such as e-Gov, E-filing, and provides the public with web-based access to NLRB data.

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, as described above.

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 Freedom of Information Act (FOIA) requests that must be transferred to the 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 ~~a~~ transactions or events that has already occurred; however, no liabilities are paid by the NLRB without an appropriation. 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 Nonfederal entities for good and services received by NLRB that have not been paid at the end of the accounting period. Intragovernmental accounts payable represent payable transactions with other Federal entities. Nonfederal accounts payable represent transactions with Nonfederal entities.

Accrued Payroll

Accrued payroll consists of salaries, wages, and other compensation earned by the employees but not disburse as of September 30, 2020 and 2019, respectively. 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. 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 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 U.S. 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 DOL but not yet reimbursed by the NLRB. The NLRB reimburses DOL for the actual claim amount; as funds are appropriated for this purpose. There is generally a two to three-year time period between payment by DOL and reimbursement by the NLRB. As a result, the NLRB recognizes a liability for the actual claims paid by 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 30, 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 the claimant on a case-by-case basis to evaluate the estimated FECA liability. The determination was made to use the life expectancy of claimants of 84.0 and 86.5 years for male and female, respectively.

Unfunded Unemployment

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 Employee program provides benefits for eligible, unemployed, former civilian Federal employees. NLRB's liability for unemployment includes and costs incurred but unbilled as of the quarter end, as calculated by DOL, and not funded by current appropriations.

L. CONTINGENCIES

The criteria for recognizing contingencies for claims are:

1. a past event or exchange transaction has occurred as of the date of the statements;

2. a future outflow or other sacrifice of resources is probable; and

3. the future outflow or sacrifice of resources is measurable (reasonably estimated).

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 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.

Contingencies are recorded when losses are probable, and the cost is measurable. When an estimate of contingent losses includes a range of possible costs, the most likely cost is reported; where no cost is more likely than any other, the lowest possible cost in the range is reported. This item will normally be paid from appropriated funds.

M. UNEXPENDED APPROPRIATIONS

Unexpended appropriations represent the amount of the NLRB's unexpended appropriated spending authority as of the fiscal year-end that is unliquidated or is unobligated and has not lapsed, been rescinded, or withdrawn.

N. LIFE INSURANCE AND RETIREMENT PLANS

Federal Employees' Group Life Insurance (FEGLI) Program

Most 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, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. The Office of Personnel Management (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. On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most of the NLRB employees hired after December 31, 1983, are automatically covered by FERS and Social Security. 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 seven percent of pay for CSRS employees.

FERS consists of Social Security, a basic annuity plan, and the Thrift Savings Plan (TSP). The Agency and the employee contribute to Social Security and the basic annuity plan at rates prescribed by law. In addition, the Agency is required to contribute to the Thrift Savings Plan a minimum of 1 percent per year of the basic pay of employees covered by this system and to match voluntary employee contributions up to 3 percent of the employee's basic pay, and one-half of contributions between 3 percent and 5 percent of basic pay. The maximum amount of base pay that an employee participating in FERS may contribute is $19,500 in calendar year (CY) 2020 to this plan. Employees belonging to CSRS may also contribute up to $19,500 of their salary in CY 2020 and receive no matching contribution from the NLRB. The maximum for catch-up contributions for CY 2020 is $6,500. For CY 2020, the regular and catch-up contributions may not exceed $26,000. The sum of the employees' and the NLRB's contributions is transferred to the Federal Retirement Thrift Investment Board. For FERS employees, the Agency also contributes the employer's share of Medicare.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employee 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 on its financial statements FERS and CSRS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of OPM. The portion of the current and estimated future outlays for CSRS not paid by the NLRB is, in accordance with SFFAS Number 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 Number 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 was also provided by OPM regarding the full cost of health and life insurance benefits.

As of year-end September 30, 2020, the NLRB, utilizing OPM provided cost factors, recognized $2,490,860 of pension expenses, $10,025,397 of post-retirement health benefits expenses, and $24,721 of post-retirement life insurance expenses, beyond amounts actually paid. The NLRB recognized offsetting revenue of $12,540,978 as an imputed financing source to the extent that these intragovernmental expenses will be paid by OPM. In comparison, in FY 2019, the NLRB recognized $5,415,804 of pension expenses, $9,439,315 of post-retirement health benefits expenses, and $24,397 of post-retirement life insurance expenses, beyond amounts actually paid. The NLRB recognized offsetting revenue of $14,879,516 as an imputed financing source from OPM.

O. OPERATING LEASES

The NLRB has no capital lease liability or capital leases. Operating leases consist of real and personal property leases with the General Services Administration (GSA) and commercial copier leases. NLRB leases all buildings through GSA. The NLRB pays GSA a standard level user charge 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 NLRB's headquarters and Regional Offices, and the personal property leases are for fleet vehicles and copiers.

P. NET POSITION

Net position is composed of unexpended appropriations and cumulative results of operations. Unexpended appropriations are funds appropriated by Congress to NLRB that remain available for expenditure. Cumulative results of operations represent the net differences between financing sources and expenses since NLRB's inception. The FY 2020 beginning unexpended appropriations of $38,099,866 did not agree with the FY 2019 ending unexpended appropriations of $38,099,936. In addition, the FY 2020 beginning cumulative results of operations of $3,323,529 did not agree with the FY 2019 ending cumulative results of operations of $3,323,599. This was due to a $70 disbursement in transit from a canceled year that did not properly close in the accounting system at the end of FY 2019. NLRB did not correct the beginning balances, as NLRB deemed the $70 difference as immaterial.

Q. USE OF MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions, and exercise judgement that affects the reported amount of assets, liabilities, net position, and disclosure or 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 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.

R. 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.

S. 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 or 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 represent miscellaneous receipts collected and related accounts receivable (net of allowance for doubtful accounts). The miscellaneous receipts represent court fines and fees collected for Freedom of Information Act requests that must be transferred to the Treasury at the end of each fiscal year.

The composition of non-entity assets as of September 30, 2020 and September 30, 2019, is as follows:

(in dollars)	2020	2019
Non-Entity Assets		
Fund Balance with Treasury	$ 0	$ 0
Accounts Receivable	0	0
Total Non-Entity Assets	0	0
Entity Assets	64,215,252	63,996,455
Total Assets	$ 64,215,252	$ 63,996,455

Additionally, 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

Treasury performs cash management activities for all federal agencies. NLRB's Fund Balance with Treasury represents the right of the NLRB to draw down funds from Treasury for expenses and liabilities. Status of Fund Balance with Treasury as of September 30, 2020 and September 30, 2019 consists of the following:

Fund Balance with Treasury		
(in dollars)	2020	2019
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	$ 469,844	$ 5,699,240
Unavailable	11,061,121	5,730,848
Obligated Balance Not Yet Disbursed	41,534,798	40,542,978
Non-budgetary Fund Balance with Treasury	0	0
Total	$ 53,065,763	$ 51,973,066

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

Note 4. Advances

INTRAGOVERNMENTAL

As of September 30, 2020, and 2019, NLRB reported advances to the Department of Transportation for the employee transit subsidy program totaling $28,050 and $49,554 respectively.

PUBLIC

As of September 30, 2020, and 2019, NLRB reported advances for postage meter funding totaling $25,658 and $31,004 respectively.

Note 5. Accounts Receivable, Net

The intragovernmental accounts receivable is zero as of September 30, 2020 and 2019 respectively.

(in dollars)	2020	2019
With the public		
Accounts receivable	$ 769,981	$ 733,023
Allowance for doubtful accounts	(104,698)	(107,125)
Accounts receivable, net	$ 665,283	$ 625,898

Note 6. General Property, Plant and Equipment

General property, plant, and equipment consists of that property which is used in operations and consumed over time. The table below summarizes the cost and accumulated depreciation for general property, plant and equipment.

	2020		
(in dollars)	Asset Cost	Accumulated Depreciation / Amortization	Net Asset Value
Equipment	$ 2,033,178	$ 2,009,367	$ 23,811
Leasehold Improvements	6,935,780	3,202,487	3,733,293
Internal Use Software	42,063,312	38,356,231	3,707,081
IUS in Development	2,966,313	0	2,966,313
Total Property, Plant and Equipment	$ 53,998,583	$ 43,568,085	$ 10,430,498

	2019		
(*(in dollars)*	Asset Cost	Accumulated Depreciation / Amortization	Net Asset Value
Equipment	$ 2,771,610	$ 2,733,400	$ 38,210
Leasehold Improvements	6,935,780	2,508,908	4,426,872
Internal Use Software	40,402,408	36,317,389	4,085,019
IUS in Development	2,766,832	0	2,766,832
Total Property, Plant and Equipment	$ 52,876,630	$ 41,559,697	$ 11,316,933

Note 7. 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. NLRB's liabilities not covered by budgetary resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The custodial liability represents court fines and fees collected for Freedom of Information Act requests that must be transferred to the Treasury at the end of each fiscal year.

The composition of liabilities not covered by budgetary resources as of September 30, 2020 and September 30, 2019, is as follows:

(in dollars)	2020	2019
Liabilities Not Covered by Budgetary Resources		
Intragovernmental		
FECA - Unfunded	$ 176,461	$ 399,534
Total Intragovernmental	176,461	399,534
Liabilities with the Public		
Estimated Future FECA	2,354,777	2,273,821
Accrued Annual Leave	16,114,022	12,495,788
Total Liabilities Not Covered by Budgetary Resources	18,645,260	15,169,143
Total Liabilities Covered by Budgetary Resources	13,841,067	14,050,975
Total Liabilities	$ 32,486,327	$ 29,220,118

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)	2020	2019
Resolve Unfair Labor Practices		
Intragovernmental Costs	$ 79,240,403	$ 79,460,104
Costs with the Public	180,513,973	165,813,403
Total Net Cost – Resolve Unfair Labor Practices	259,754,376	245,273,507
Resolve Representation Cases		
Intragovernmental Costs	8,814,272	8,995,984
Costs with the Public	20,079,397	18,772,374
Total Net Cost – Resolve Representation Cases	28,893,669	27,768,358
Less: Earned Revenue	(16,104)	0
Net Cost of Operations	$ 288,631,941	$ 273,041,865

Note 9. Operating Leases

GSA Real Property. NLRB's facilities are rented from the GSA, which charges rent that is intended to approximate commercial rental rates. The terms of 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 sets forth terms and conditions for the space the Agency will occupy for an extended period of time. 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 2021 through FY 2025.

Rental expenses for operating leases for the period ended September 30, 2020 were $23,745,987 for Agency lease space and $2,593,288 for Agency building security. For FY 2019, the operating lease costs were $23,014,818 and the Agency building security portion was $2,546,797.

Future Space Lease Payments	
Fiscal Year	GSA Real Property Cost (in dollars)
2021	$ 24,316,834
2022	25,046,339
2023	25,797,729
2024	26,571,661
2025	27,368,811
After 5 Years	28,189,875
Total	$ 157,291,249

GSA Fleet. The future fleet payments reflect the expense for 14 vehicles used for official NLRB business throughout the United States. Expenses for the fleet vehicles for the period ended September 30, 2020 were $45,814; for FY 2019 the costs were $64,361.

Future Fleet Lease Payments	
Fiscal Year	GSA Fleet Cost (in dollars)
2021	$ 50,000
2022	51,500
2023	53,045
2024	54,636
2025	56,275
After 5 Years	57,964
Total	$ 323,420

Commercial Copiers. The commercial copier rental expense reflects lease contracts for copy machines located at the NLRB Headquarters and Field Offices. For FY 2020 the commercial copier yearly contract is $154,288; for FY 2019 the cost was $381,724.

Future Copier Lease Payments	
Fiscal Year	Copier Lease Cost (in dollars)
2021	$ 154,288
2022	154,288
2023	154,288
2024	180,000
2025	185,400
After 5 Years	$ 190,962
Total	$1,019,226

Digital Mailing System. The digital mailing system expense reflects lease contracts for 51 mailing systems and postage meters located at the NLRB Headquarters and Field Offices. For FY 2020 the digital mailing system yearly contract is $63,615; for 2019 the cost was $62,368.

Future Digital Mailing Lease Payments

Fiscal Year	Digital Mailing Lease Cost (in dollars)
2021	65,524
2022	67,490
2023	69,515
2024	71,600
2025	73,748
After 5 Years	75,961
Total	$ 423,838

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 the financial statements.

OPM pays pension and other future retirement benefits on behalf of federal agencies for federal employees. OPM provides rates for recording the estimated cost of pension and other future retirement benefits paid by 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 at September 30, 2020 and 2019 consisted of:

(in dollars)	2020	2019
Office of Personnel Management:		
Pension Expenses	$ 2,490,860	$ 5,415,804
Federal Employees Health Benefits	10,025,397	9,439,315
Federal Employees Group Life Insurance Program	24,721	24,397
Total Imputed Financing Costs	$ 12,540,978	$ 14,879,516

Note 11. Statement of Budgetary Resources

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 total Budgetary Resources of $287,474,347 as of September 30, 2020 and $280,747,120 as of September 30, 2019, 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. NLRB received $274,224,000 in appropriations as of September 30, 2020 and September 30, 2019. The NLRB's apportioned unobligated balance available at September 30, 2020 was $469,844 and at September 30, 2019 was $5,699,240.

Note 12. Undelivered Orders at the End of the Period

Undelivered orders are purchase orders issued by the NLRB during the FY 2020 and the five expiring fiscal years, which have not had delivery of the required product or service as of September 30, 2020 and 2019, respectively. It is anticipated that these undelivered items will be provided in future periods and will require resources obligated during the respective fiscal years.

Undelivered Orders as of September 30, 2020 and 2019		
(in dollars)	2020	2019
Intragovernmental		
Paid	$ 0	$ 0
Unpaid	5,008,814	4,611,056
Total Intragovernmental	5,008,814	4,611,056
Public		
Paid	53,708	80,558
Unpaid	22,691,564	21,819,303
Total Public	22,745,272	21,899,861
Total	$ 27,754,086	$ 26,510,917

Note 13. Fiduciary Activities

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, 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, 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 NLRBs 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 respondent directly to the discriminatees or they can pay the NLRB, which disburses the funds to the discriminatees. NLRB is authorized to collect funds on behalf of discriminatees.

The fiduciary funds collected by 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. During FY 2020, fiduciary funds were not invested.

NLRB executed a MOU with the Treasury that established agreed upon policies and procedures for investing monies in, and redeeming investments held by, the fiduciary fund account in Treasury. 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.

NLRB's fiduciary activities are disclosed in this note.

Schedule of Fiduciary Activity
As of September 30, 2020 and 2019

(in dollars)	2020			2019		
Fiduciary Funds	Fund 420X6152	Fund 420X6154	Total Funds	Fund 420X6152	Fund 420X6154	Total Funds
Fiduciary net assets, beginning of year	$ 0	$ 7,389,554	$ 7,389,554	$ 0	$ 7,429,889	$ 7,429,889
Fiduciary revenues	2,000	78,449,609	78,451,609	0	2,755,845	2,755,845
Disbursements to and on the behalf of beneficiaries	0	(54,675,384)	(54,675,384)	0	(2,796,180)	(2,796,180)
Increase (Decrease) in fiduciary net assets	2,000	23,774,225	23,776,225	0	(40,335)	(40,335)
Fiduciary net assets, end of year	$2,000	$31,163,779	$31,165,779	$0	$7,389,554	$7,389,554

Fiduciary Net Assets As of September 30, 2020 and 2019						
(in dollars)	2020			2019		
Fiduciary Funds	Fund 420X6152	Fund 420X6154	Total Funds	Fund 420X6152	Fund 420X6154	Total Funds
Fund Balance with Treasury	2,000	31,163,779	31,165,779	0	7,389,554	7,389,554
Total Fiduciary net assets	$ 2,000	$ 31,163,779	$ 31,165,779	$0	$ 7,389,554	$ 7,389,554

Note 14. Reconciliation of Net Cost to Net Outlays

SFFAS No. 53, *Budget and Accrual Reconciliation*, 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 No. 53 provided for the budget and accrual reconciliation (BAR) to replace the statement of financing. The BAR explains the relationship between 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, 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 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, 2020			
(in dollars)	Intragovernmental	With the public	Total 2020
Net Cost	$88,038,571	$200,593,370	$288,631,941
Components of Net Cost That Are Not Part of Net Outlays:			
Other		(2,428)	(2,428)
Increase/(decrease) in assets:			
Accounts receivable		(665,283)	(665,283)
Other assets	28,050	25,658	53,708
(Increase)/decrease in liabilities:			
Accounts payable	(821,290)	(1,217,689)	(2,038,979)
Salaries and benefits	(2,245,912)	(7,939,147)	(10,185,059)
Other liabilities	(223,074)	(3,699,190)	(3,922,264)
Total Components of Net Cost That Are Not Part of Net Outlays	(3,262,226)	(13,498,079)	(16,760,305)
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets		80,558	80,558
Total Components of Net Outlays That Are Not Part of Net Cost		80,558	80,558
Other Temporary Timing Differences		(1,339)	(1,339)
Net Outlays	$84,776,345	$187,174,510	$271,950,855
Related Amounts on the Statement of Budgetary Resources			
Outlays, net			271,950,855
Distributed offsetting receipts			0
Agency Outlays, Net			$271,950,855

Reconciliation of Net Cost to Net Outlays As of September 30, 2019			
(in dollars)	Intragovernmental	With the public	Total 2019
Net Cost	$88,456,088	$184,585,777	$273,041,865
Components of Net Cost That Are Not Part of Net Outlays:			
Other	(87,083)	(196,401)	(283,484)
Increase/(decrease) in assets:			
Accounts receivable		(625,898)	(625,898)
Other assets	49,554	31,004	80,558
(Increase)/decrease in liabilities:			
Accounts payable	(1,973,223)	(3,829,180)	(5,802,403)
Salaries and benefits	(1,717,598)	(275,270)	(1,992,868)
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	399,534	(1,565,260)	(1,165,726)
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the agency			
Total Components of Net Cost That Are Not Part of Net Outlays	(3,328,816)	(6,461,005)	(9,789,821)
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of capital assets		25,843	25,843
Total Components of Net Outlays That Are Not Part of Net Cost		25,843	25,843
Other Temporary Timing Differences		2,959	2,959
Net Outlays	$85,127,272	$178,153,574	$263,280,846
Related Amounts on the Statement of Budgetary Resources			
Outlays, net			263,280,846
Distributed offsetting receipts			0
Agency Outlays, Net			$263,280,846

Note 15. Commitments and Contingencies

In addition to future commitments discussed in Note 9, Operating Leases, 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.

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.

Note 16. COVID-19 Activity

In FY 2020, NLRB received an annual appropriation of $274,224,000 to carry out the functions vested in it by the Labor Management Relations Act of 1947. NLRB did not receive a supplemental appropriation related to the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020. NLRB's cost to prevent, prepare for, and respond to the COVID-19 pandemic was $716,821 or 0.26 percent of NLRB's annual appropriation.