

**REPORT ON**  
**FINANCIAL STATEMENTS AUDIT**  
**OF**  
**ADMINISTRATIVE CONFERENCE OF THE UNITED STATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Executive Director  
Administrative Conference of the United States  
Washington, DC

In accordance with the Accountability of Tax Dollars Act of 2002, we are responsible for conducting the audit of the Administrative Conference of the United States financial statements for the year ended September 30, 2011. In our audit of the Administrative Conference of the United States financial statements for fiscal year ended September 30, 2011, we found:

- the financial statements are presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles,
- no material weaknesses in internal control over financial reporting (including safeguarding assets), and compliance with laws and regulations,
- no reportable noncompliance with laws, and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our audit objectives, scope and methodology, and (3) our evaluation, and agency comments.

### **Opinion on Financial Statements**

In our opinion, the financial statements including the accompanying notes present fairly, in all material respects, the assets, liabilities, and net position of the Administrative Conference of the United States as of September 30, 2011; and the related net cost, changes in net position, and budgetary resources for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Consideration of Internal Control**

In planning and performing our audit, we considered the Administrative Conference of the United States' internal control over financial reporting and compliance. We did this to determine our procedures for auditing the financial statements, and to comply with OMB audit guidance, not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting and compliance, or on management's assertion on internal control. However, for the controls we tested, we found no material weakness in internal control over financial reporting (including safeguarding assets) and compliance.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Administrative Conference of the United States' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Administrative Conference of the United States' financial statements that is more than inconsequential will not be prevented or detected by the Administrative Conference of the United States' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Administrative Conference of the United States' internal control.

Our consideration of internal control over financial reporting and compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Our internal control work would not necessarily disclose all deficiencies in internal control that might be material weaknesses or other significant deficiencies.

### **Compliance with Laws and Regulations**

Our tests of the Administrative Conference of the United States' compliance with selected provisions of laws and regulations for fiscal year 2011 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards, or OMB audit guidance. 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 disclosed no instances of noncompliance or other matters that are required to be reported under U.S. generally accepted government auditing standards, or OMB audit guidance.

### **Objectives, Scope, and Methodology**

The Administrative Conference of the United States' management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We are also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing

compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, (3) performing limited procedures with respect to certain other information appearing in the Annual Financial Statement, and (4) expressing an opinion on these financial statements based on our audit.

In order to fulfill the above responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used, and significant estimates made by management;
- evaluated the overall financial statement presentation;
- obtained an understanding of the entity and its operations, including its internal control related to financial reporting (including safeguarding assets), and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- tested relevant internal controls over financial reporting and compliance, and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act;
- tested compliance with selected provisions of the following laws and regulations: the Anti-Deficiency Act; Provisions Governing Claims of the U.S. Government (31 U.S.C. 3711-3720E), including the Debt Collection Improvement Act of 1996 (DCIA), the Prompt Payment Act; the Pay and Allowance System for Civilian Employees as provided primarily in Chapters 51-59 of title 5, United States Code; the Civil Service Retirement Act, 5 U.S.C. Chapter 83; Federal Employee Health Benefits Act, 5 U.S.C. Chapter 89; Federal Employees Compensation Act (FECA), 5 U.S.C. Chapter 81; and the Federal Employee's Retirement System (FERS) Act of 1986, 5 U.S.C. Chapter 84.

We did not evaluate all internal controls relevant to operating objectives, as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We caution that our internal control testing may not be sufficient for other purposes. In addition, we also caution that projecting our evaluation to future

periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with controls may deteriorate.

We did not test compliance with all laws and regulations applicable to the Administrative Conference of the United States. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the Administrative Conference of the United States' financial statements for the fiscal year ended September 30, 2011. We caution that noncompliance may occur and not be detected by these tests, and that such testing may not be sufficient for other purposes.

We performed our audit in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

### **Agency Comments and Our Evaluation**

The Administrative Conference of the United States concurred with the facts and conclusions in our report. See Appendix A.

*Regis & Associates, PC*

Regis & Associates, PC  
Washington, DC

November 15, 2011

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

BALANCE SHEET  
As of September 30, 2011

	2011
<b>Assets:</b>	
<b>Intragovernmental:</b>	
Fund Balance With Treasury (Note 2)	\$ 1,771,022
Total Intragovernmental	<u>1,771,022</u>
<b>Assets With the Public:</b>	
Accounts Receivable, net (Note 3)	
General Property, Plant, and Equipment (Note 4)	261,777
<b>Total Assets</b>	<u><u>\$ 2,032,799</u></u>
<b>Liabilities:</b> (Note 5)	
<b>Intragovernmental:</b>	
Accounts Payable	\$ 22,833
Other (Note 6)	6,383
Total Intragovernmental	<u>29,216</u>
<b>Liabilities With the Public:</b>	
Accounts Payable	11,880
Other (Note 6)	148,855
Total Liabilities With the Public	<u>160,735</u>
<b>Total Liabilities</b>	<u>\$ 189,951</u>
<b>Net Position:</b>	
Unexpended Appropriations - Other Funds	1,699,242
Cumulative Results of Operations	143,606
Total Net Position	<u>1,842,848</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 2,032,799</u></u>

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

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

STATEMENT OF NET COST  
For the Year Ended September 30, 2011

	2011
<b>Program Costs:</b>	
Program A:	
Gross Costs (Note 8)	\$ 3,362,078
Net Program Costs	3,362,078
<b>Net Cost of Operations</b>	<b>\$ 3,362,078</b>

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

**ADMINISTRATIVE CONFERENCE OF THE UNITED STATES**

**STATEMENT OF CHANGES IN NET POSITION**

**For the Year Ended September 30, 2011**

	<b>2011</b>	
	<b>All Other Funds</b>	<b>Consolidated Total</b>
<b>Cumulative Results of Operations:</b>		
Beginning Balances	<u>\$ 286,283</u>	<u>\$ 286,283</u>
<b>Budgetary Financing Sources:</b>		
Appropriations Used	3,137,434	3,137,434
<b>Other Financing Resources (Non-Exchange):</b>		
Imputed Financing	<u>81,966</u>	<u>81,966</u>
Total Financing Sources	<u>3,219,400</u>	<u>3,219,400</u>
Net Cost of Operations (+/-)	<u>(3,362,078)</u>	<u>(3,362,078)</u>
Net Change	<u>(142,678)</u>	<u>(142,678)</u>
<b>Cumulative Results of Operations</b>	<u>\$ 143,605</u>	<u>\$ 143,605</u>
<b>Unexpended Appropriations:</b>		
Beginning Balances	\$ 2,092,176	\$ 2,092,176
<b>Budgetary Financing Sources:</b>		
Appropriations Received	2,750,000	2,750,000
Other Adjustments	(5,500)	(5,500)
Appropriations Used	<u>(3,137,433)</u>	<u>(3,137,433)</u>
Total Budgetary Financing Sources	<u>(392,933)</u>	<u>(392,933)</u>
Total Unexpended Appropriations	<u>1,699,243</u>	<u>1,699,243</u>
<b>Net Position</b>	<u><u>\$ 1,842,848</u></u>	<u><u>\$ 1,842,848</u></u>

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

**ADMINISTRATIVE CONFERENCE OF THE UNITED STATES**

**STATEMENT OF BUDGETARY RESOURCES**

**For the Year Ended September 30, 2011**

	<b>2011</b>
	<b>Budgetary</b>
<b>Budgetary Resources:</b>	
<b>Unobligated Balance:</b>	
Beginning of Period	\$ 1,720,438
Recoveries of Prior Year Obligations	457,142
	<hr/>
<b>Budget Authority:</b>	
Appropriations Received	2,750,000
Earned	
Collected	2,000
Subtotal	<hr/> \$ 2,752,000 <hr/>
Permanently Not Available	(5,500)
<b>Total Budgetary Resources</b>	<hr/> <b>\$ 4,924,080</b> <hr/>
<b>Status of Budgetary Resources:</b>	
Obligations Incurred	
Direct (Note 9)	\$ 3,623,303
Unobligated Balances	
Apportioned	550,777
Unobligated Balances - Not Available	750,000
<b>Total Status of Budgetary Resources</b>	<hr/> <b>\$ 4,924,080</b> <hr/>
<b>Change in Obligated Balances:</b>	
<b>Obligated Balance, Net:</b>	
Unpaid Obligations, Brought Forward, October 1	\$ 462,940
Obligations Incurred	3,623,303
Gross Outlays (-)	(3,158,856)
Recoveries of Prior-Year Unpaid Obligations, Actual (-)	(457,142)
<b>Obligated Balance, Net, End of Period:</b>	<hr/>
Unpaid Obligations (+) (Note 10)	470,245
<b>Total, Unpaid Obligated Balance, Net, End of Period</b>	<hr/> <b>\$ 470,245</b> <hr/>
<b>Net Outlays:</b>	
Gross Outlays (+)	3,158,856
Offsetting Collections (-)	(2,000)
<b>Net Outlays</b>	<hr/> <b>\$ 3,156,856</b> <hr/>

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

**ADMINISTRATIVE CONFERENCE OF THE UNITED STATES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

The Administrative Conference of the United States (the Conference) is an independent agency of the Executive Branch of the United States Government. The Conference has been re-established after an absence of over 14 years. The Conference was created in 1968, as an independent agency of the federal government, for the purpose of developing recommendations to improve the fairness and effectiveness of the rulemaking, adjudication, licensing, and investigative functions of federal agency programs.

The Conference ceased operations on October 31, 1995, due to termination of funding by Congress, but the statutory provisions that established the Conference were not repealed. Subsequently, Congress reauthorized the Conference in 2004 and again in 2008. The 2004 legislation expanded the responsibilities of the Conference to include specific attention to achieving more effective public participation and efficiency, reducing unnecessary litigation, and improving the use of science in the rulemaking process. Funding was approved in 2009, and the Conference was officially re-established in April 2010, when the Senate confirmed President Obama’s nominee, Paul Verkuil as Chairman.

**(b) Basis of Presentation**

These financial statements have been prepared from the accounting records of the Conference in accordance with Generally Accepted Accounting Principles (GAAP), as promulgated by the Federal Accounting Standards Advisory Board (FASAB); and the form and content for entity financial statements specified in Office of Management and Budget’s (OMB) Circular A-136, “*Financial Reporting Requirements.*” GAAP for Federal entities is the hierarchy of accounting principles prescribed in Statement of Federal Financial Accounting Standards (SFFAS) 34, “*The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards issued by the Financial Accounting Standards Board.*”

OMB Circular A-136, requires agencies to prepare principal statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2011, amounts of future economic benefits owned or managed by the Conference (assets); amounts owed by the Conference (liabilities); and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the Conference’s operations, which includes costs of identifiable supporting services provided by other federal agencies. The Statement of Budgetary Resources reports the Conference’s budgetary activity.

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) **Basis of Accounting**

Transactions are recorded on the accrual basis of accounting, in accordance with OMB Circular A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to the receipt or payment of cash.

### (d) **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

### (e) **Budgets and Budgetary Accounting**

The Conference follows standard federal budgetary accounting policies and practices in accordance with OMB Circular A-11, “*Preparation, Submission, and Execution of the Budget*,” dated July 2010. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. The Conference recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through warrants, and when spending authority from the offsetting collection is incurred.

### (f) **Revenues and Other Financing Sources**

The Conference received the funding necessary to support its programs, from appropriations in FY2009, FY2010, and FY2011. None of the appropriations are “earmarked” funds.

### (g) **Imputed Financing Sources**

In certain instances, operating costs of the Conference are paid out of funds appropriated to other federal agencies. In accordance with SFFAS 5, “*Accounting for Liabilities of the Federal Government*,” all expenses of a federal entity should be reported by that agency, regardless of whether the agency will ultimately pay those expenses. Amounts for certain expenses of the Conference, which will be paid by other federal agencies, are recorded in the Statement of Net Cost. A related amount is recognized in the Statement of Changes in Net Position as an imputed financing source. The Conference records imputed expenses and financing sources for employee retirement plan contributions, group term life insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM).

### (h) **Personnel Compensation and Benefits**

Salaries and wages of employees are recognized as accrued payroll expenses and related liabilities, as earned. These expenses are recognized as a funded liability when accrued.

## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Annual leave is accrued as it is earned by employees, and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned, but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when employees use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used, and no future liability is recognized for these amounts.

The Conference's employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS); or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. The Conference and its employees both contribute to these systems. Although the Conference funds a portion of the benefits under CSRS and FERS, and makes the necessary payroll withholdings, it does not report assets associated with these benefit plans, in accordance with SFFAS 5.

For CSRS employees, the Conference contributes an amount equal to 11.2% of the employees' basic pay, to the plan. For FERS employees, the Conference contributes an amount equal to 7% of the employees' basic pay, to the plan.

Both CSRS employees and FERS employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan, intended to supplement the benefits provided under CSRS and FERS. For FERS employees, the Conference contributes an amount equal to 1% of the employee's basic pay to the TSP, and matches employee contributions up to an additional 4%. CSRS employees receive no matching contribution from the Conference.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees, government-wide, including the Conference's employees. The Conference has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by the Conference and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM.

Employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost, and the Conference 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. OPM administers the FEGLI Program, and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because the Conference's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Conference has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(i) Assets and Liabilities**

Intra-governmental assets and liabilities arise from transactions between the Conference and other Federal entities.

Funds with the U.S. Treasury comprise the majority of assets on the Conference's balance sheet. All other assets result from activity with non-federal sources.

Liabilities represent amounts that are likely to be paid by the Conference as a result of transactions that have already occurred. The accounts payable portion of liabilities consists of amounts owed to federal agencies and commercial vendors, for goods, services, and other expenses received, but not yet paid.

Liabilities covered by budgetary or other resources are those liabilities of the Conference for which Congress has appropriated funds, or funding is otherwise available to pay amounts due.

### **(j) Fund Balance with Treasury**

The U.S. Department of the Treasury (Treasury) processes the Conference's receipts and disbursements. Fund Balance with Treasury is the aggregate amount of the agency's accounts with Treasury for which the agency is authorized to liquidate obligations, pay funded liabilities, and make expenditures. The fund balance is increased through the receipt of Treasury warrants for appropriations. The Fund Balance with Treasury is reduced through non-expenditure Treasury Warrants for recissions, disbursements, and other expenditure cash outflows of funds.

The Conference's funds with the U.S. Treasury are cash balances from appropriations as of the fiscal year-end, from which the Conference is authorized to make expenditures and pay liabilities resulting from operational activity.

### **(k) Property, Plant, and Equipment (PPE)**

PPE consists of capitalized equipment, furniture and fixtures, and software. There are no restrictions on the use or convertibility of property, plant, or equipment.

The Conference capitalizes PPE with a useful life of at least two (2) years and individually costing more than \$5,000 (\$15,000 for leasehold improvements). Bulk purchases of lesser value items are capitalized when the aggregate cost is \$10,000 or greater.

Assets are depreciated on a straight-line basis over the estimated used life of the property. Information Technology (IT) equipment and software are depreciated over a useful life of five (5) years. All other equipment is depreciated over a five (5) year useful life, and leasehold improvements are depreciated over seven (7) years, or the remaining life of the lease.

## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(l) Prepaid and Deferred Charges**

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment, and recognized as expenses when the related goods and services are received.

### **(m) Liabilities**

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred, which are covered by realized budgetary resources as of the balance sheet date. Available budgetary resources include new budget authority, spending authority from the offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, and unobligated balances of budgetary resources at the beginning of the year. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees' Compensation Act payments and annual leave. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

### **(n) Contingencies**

The criteria for recognizing contingencies for claims are: (1) a past event or exchange transaction has occurred as of the date of the financial 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 Conference recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings, and environmental 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.

### **(o) Net Position**

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent amounts of budget authority, to include unobligated or obligated balances not rescinded or withdrawn. Cumulative results of operations are comprised of the following: (1) the difference between revenues and expenses, (2) the net amount of transfers of assets in and out, without reimbursement; and (3) donations, all since inception of the fund(s).

## **NOTE 2 – FUND BALANCE WITH TREASURY**

The Conference's funds with the U.S. Treasury consist only of appropriated funds. The Conference received an annual appropriation of \$1,500,000 in FY 2009.

**NOTE 2 – FUND BALANCE WITH TREASURY (CONTINUED)**

In FY 2010, the Conference received a multi-year appropriation of \$1,500,000. Using Public Law 111-8 (123 Statute 676), Section 609, the Conference submitted a request to the Committees on Appropriations of the House of Representatives and the Senate for approval to allow 50% (\$750,000) of the unobligated balances at the end of fiscal year 2009, to remain available through September 30, 2010. This request was approved on May 4, 2010, allowing 50% of the FY 2009 unobligated balance to remain available through FY 2010. In FY 2011, the Conference received a multi-year appropriation of \$2,744,500. The status of these funds as of September 30, 2011 is as follows:

	<u>2011</u>
A. Fund Balance with Treasury	
General Fund	<u>\$1,771,022</u>
Total	<u><u>\$1,771,022</u></u>
B. Status of Fund Balance with Treasury	
1) Unobligated Balance	
a) Available	550,777
b) Unavailable	750,000
2) Obligated Balance not yet Disbursed	<u>470,245</u>
Total	<u><u>\$1,771,022</u></u>

**NOTE 3 – ACCOUNTS RECEIVABLE**

The Conference has no accounts receivable balance for fiscal year 2011.

**NOTE 4 - GENERAL PROPERTY, PLANT AND EQUIPMENT, NET**

The Conference’s total cost, accumulated depreciation, and net book value for PPE for the year ended September 30, 2011 is as follows.

<u>2011</u>	<u>Equipment</u>	<u>Furniture &amp; Fixtures</u>	<u>Software</u>	<u>Total</u>
Cost	\$335,582			\$335,582
Accum. Depr.	(\$73,805)			(\$73,805)
Net Book Value	<u>\$261,777</u>	<u>\$0</u>	<u>\$0</u>	<u>\$261,777</u>

**NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES**

Liabilities of the Conference are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2011, the Conference had liabilities covered by budgetary resources of \$71,779, and liabilities not covered by budgetary resources of \$118,172.

**NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES  
(CONTINUED)**

Liabilities covered by budgetary resources are composed of Accounts Payable of \$28,958; Disbursements in Transit of \$5,755; Employer Contributions and Payroll Taxes Payable of \$7,615; and Accrued Funded Payroll and Leave of \$29,451.

	<u>2011</u>
With the Public:	
Other	118,172
Total liabilities not covered by budgetary resources	<u>118,172</u>
Total liabilities covered by budgetary resources	<u>71,779</u>
Total Liabilities	<u><u>\$189,951</u></u>

**NOTE 6 – OTHER LIABILITIES**

Other liabilities with the public consist of Accrued Funded Payroll and Leave of \$29,451; Unfunded leave of \$118,172; and Employer Contributions and Payroll Taxes Payable – TSP of \$1,232. Other Intragovernmental liabilities consist of Employer Contributions and Payroll Taxes Payable \$6,383.

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2011	Other Liabilities	118,172	30,683	\$148,855
	<u>Intragovernmental</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2011	Other Liabilities	0	6,383	\$6,383

**NOTE 7 – LEASES**

**Entity as Lessee:**

The Conference leases office space, located at 1120 20<sup>th</sup> Street, NW; Suite 706 South, in Washington, DC. The lease was entered into, and became effective, on August 9, 2010; and has a term of 60 months. The lease terminates on August 8, 2015.

The following is a schedule of future minimum lease payments required by the lease:

Year Ending September 30, 2012	\$ 287,456
2013	\$ 290,538
2014	\$ 293,714
2015	<u>\$241,700</u>
Total Future Lease Payments	<u><u>\$ 1,113,408</u></u>

**NOTE 8 – INTRAGOVERNMENTAL COSTS**

The portion of the Conference’s program costs related to Intragovernmental Costs, and Costs with the Public, are shown as follows (note that as the Conference earns no revenue from its operations, gross and net costs are identical). Intragovernmental costs are costs incurred from exchange transactions with other federal entities (e.g., building lease payments to GSA). Costs with the Public are incurred from exchange transactions with non-Federal entities (i.e., all other program costs).

	Total 2011
Program A	
Intragovernmental costs	953,575
Public costs	<u>2,408,503</u>
Total Program A costs	<u>3,362,078</u>
Total Program A	<u><u>3,362,078</u></u>

**NOTE 9 – APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED:  
DIRECT VS. REIMBURSABLE OBLIGATIONS**

The Conference is subject to apportionment. All obligations are category B, which is the amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132.

	Total 2011
Direct	
Category B	<u>3,623,303</u>
Total Obligations	<u><u>3,623,303</u></u>

**NOTE 10 – UNDELIVERED ORDERS AT THE END OF THE PERIOD**

The amount of Unpaid Obligated Balance, Net, End of Period, shown on the Statement of Budgetary Resources includes obligations relating to Undelivered Orders (goods and services contracted for, but not yet received at the end of the year), and Accounts Payable (amounts owed at the end of the year by the Conference for goods and services received). The amount of each is as follows:

	<u>Undelivered Orders</u>	<u>Accounts Payable</u>	<u>Unpaid Obligated Balance Net</u>
2011	398,466	71,779	\$470,245

**NOTE 11 – RECONCILIATION OF NET COST OF OPERATIONS  
(PROPRIETARY) TO BUDGET**

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc. made by the Conference in order to conduct operations or acquire assets. Other (i.e., non-budgetary) financing resources are also utilized by the Conference in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all of the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for Conference employees that will be funded by OPM. Changes in budgetary resources obligated for goods, services, and benefits ordered, but not yet provided, represents the difference between the beginning and ending balances of undelivered orders. (Note that goods and services received during the year based on obligations incurred in the prior year represent a cost of operations not funded from budgetary resources). Resources that finance the acquisition of assets, are budgetary resources used to finance assets, and not cost of operations (e.g., increases in accounts receivable or capitalized assets). Financing sources yet to be provided represents financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Finally, components not requiring or generating resources, are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

A reconciliation between budgetary resources obligated, and net cost of operations (i.e. providing an explanation between budgetary and financial (proprietary) accounting) is as follows: (Please note that in prior years, this information was presented as a separate financial statement (the Statement of Financing)):

	FY 2011
Budgetary Resources Obligated	\$ 3,623,303
Spending Authority from Recoveries and Offsetting Collections	(459,141)
Imputed Financing from Costs Absorbed by Others	81,967
Changes in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(26,728)
Resources that Finance the Acquisition of Assets	2,651
Financing Sources Yet to be Provided	72,846
Components Not Requiring or Generating Resources	67,180
Net Cost of Operations	\$ 3,362,078

## **NOTE 12 – SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 25, 2011, which is the date the financial statements were available to be issued.

APPENDIX A -  
ADMINISTRATIVE CONFERENCE OF THE UNITED STATES COMMENTS ON  
DRAFT AUDIT REPORT



ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

November 22, 2011

Regis Associates, PC  
Peter Regis, CPA  
1400 Eye Street, NW; Suite 425  
Washington, DC 20005

Dear Mr. Regis:

We have reviewed the draft audit report provided to us relating to your audit of the Administrative Conference of the United States for the fiscal year ended September 30, 2011. We concur with the facts and conclusions in the draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "M. McCarthy", written over a horizontal line.

Michael T. McCarthy  
Executive Director

A handwritten signature in black ink, appearing to read "H. Seidman", written over a horizontal line.

Harry M. Seidman  
Administrative Director