NOVEMBER 16, 2020

Financial report of the Bureau of Consumer Financial Protection

Fiscal year 2020

Message from Kathleen L. Kraninger

Director

I am pleased to present the Bureau's Financial Report for Fiscal Year 2020.

As required by the Dodd-Frank Act, the Bureau prepared comparative financial statements for fiscal years 2020 and 2019. The Government Accountability Office (GAO) rendered an unmodified audit opinion on our financial statements. GAO noted no material weaknesses and cited no instances of reportable noncompliance with laws and regulations.

During the global health emergency resulting from the pandemic, I want to acknowledge the hard work and dedication of all Bureau employees over the past year to achieve the overall outcomes reflected in this report. The collective efforts of all Bureau employees help achieve our goals to serve the public, protect consumers, support responsible businesses, and help safeguard the American economy.

Sincerely,

Kathleen L. Kraninger

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1. Management's discussion and analysis

1.1 Overview of the Bureau of Consumer Financial Protection

The Bureau of Consumer Financial Protection (Bureau) was established on July 21, 2010 under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act Public Law No. 111-203 (Dodd-Frank Act). The Bureau was established as an independent Bureau within the Federal Reserve System. The Bureau is an Executive agency as defined in Section 105 of Title 5, United States Code.

The Dodd-Frank Act authorizes the Bureau to exercise its authorities to ensure that, with respect to consumer financial products and services [1]:

1. Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;
2. Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;
3. Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;
4. Federal consumer financial law is enforced consistently in order to promote fair competition; and
5. Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

The Bureau is headed by a sole Director, appointed by the President, by and with the advice and consent of the Senate, to a five-year term. Kathy Kraninger was nominated by President Trump and confirmed by the Senate on December 6, 2018.

[1] As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111 (2010), Section 1021(b).

Funding required to support the Bureau's operations is obtained primarily through transfers from the combined earnings of the Federal Reserve System. Annual transfers to the Bureau may not exceed an amount equal to 12 percent of the Federal Reserve System's total 2009 operating expenses, adjusted annually based on the percentage increase in the employment cost index by the Federal Government for total compensation for state and local government workers as specified in the Dodd-Frank Act. The transfer cap for fiscal year 2020 is $696 million.

Image 1: Washington D.C Headquarters Building

Organizational structure

To accomplish its mission, the Bureau is organized into five primary divisions:

1. **Consumer Education and External Affairs:** provides, through a variety of initiatives and methods, including offices on specific populations, information to consumers to allow them to make financial decisions that are best for them. Additionally, they hear directly from consumers about challenges they face in the marketplace through their complaints, questions, and feedback. The division also

manages the Bureau's relationships with external stakeholders and ensures that the Bureau maintains robust dialogue with interested stakeholders to promote understanding, transparency, and accountability.

2. **Supervision, Enforcement and Fair Lending:** ensures compliance with Federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.

3. **Research, Markets and Regulations:** conducts research to understand consumer financial markets and consumer behavior, evaluates whether there is a need for regulation, and determines the costs and benefits of potential or existing regulations.

4. **Legal Division:** ensures the Bureau's compliance with all applicable laws and provides advice to the Director and the Bureau's divisions.

5. **Operations:** builds and sustains the Bureau's operational infrastructure to support the entire organization.

In addition to the five primary divisions described above, the Office of the Director also includes offices focused on innovation, strategy, and equal opportunity and fairness. Fiscal year 2020 saw some organizational changes where the divisions of Consumer Education and Engagement and External Affairs were reorganized into the division of Consumer Education and External Affairs to develop a coordinated and Bureau-wide approach to engagement and communication with consumers, policymakers, academics, and other stakeholders.

The Bureau workforce is spread across the country with its headquarters in Washington, D.C. The headquarters within Washington, D.C. utilizes space pursuant to interagency agreement with the Office of the Comptroller of the Currency. The Bureau consolidated all DC-based staff into one building in early 2020. In addition to its location within Washington D.C., the Bureau also utilizes space pursuant to occupancy agreements with GSA for the regional offices in New York, Chicago, San Francisco, and Atlanta.

Additional information on the organizational structure and responsibilities of the Bureau is available on the Bureau's website at http://www.consumerfinance.gov/ along with an organization chart at https://www.consumerfinance.gov/about-us/the-bureau/bureau-structure/

The Bureau established four advisory committees to provide consultation and advice to the Director and senior leadership on a range of issues within the Bureau's authority: the Consumer Advisory Board; the Community Bank Advisory Council; the Credit Union Advisory Council; and the Academic Research Council.

Bureau Positions and Funding Levels

Since its inception, through 2017 the Bureau experienced continuous growth in the number of employees and the Bureau's funding levels. Acting Director Mulvaney instituted a hiring freeze in November 2017 and sought to align funding transfer requests with budget execution needs during his tenure in 2018 and 2019. At Director Kraninger's direction, the Bureau undertook a comprehensive planning initiative in 2019 to determine the staffing levels needed to support and execute the Bureau's priorities in fiscal year 2020. Director Kraninger approved a new Bureau-wide staffing plan on August 12, 2019, ending the hiring freeze and introducing a disciplined, mission-driven approach to identifying and hiring the staff the Bureau needs to accomplish its goals.

The charts below provide a historical depiction of the number of employees and funding levels.

FIGURE 1: BUREAU EMPLOYEES BY FISCAL YEAR (AS OF SEPTEMBER 30, 2020)

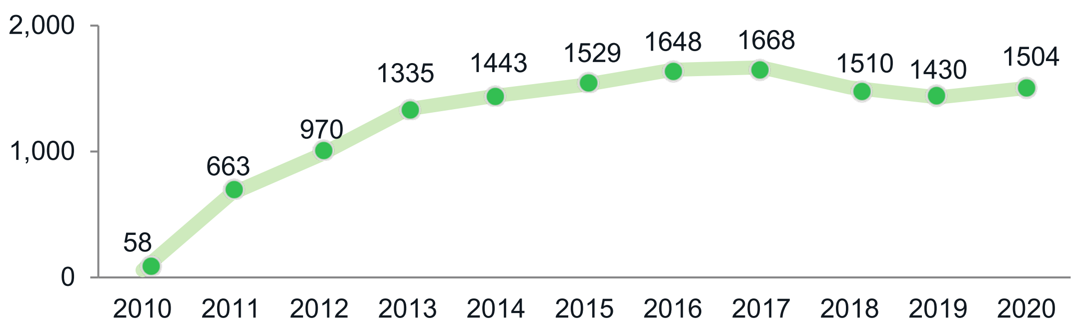
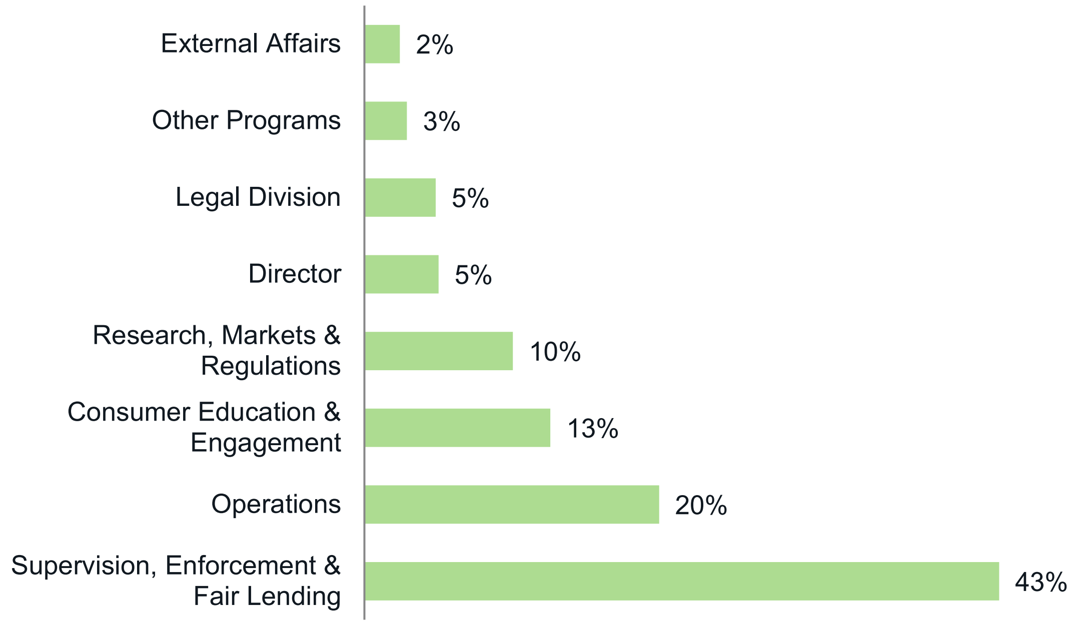
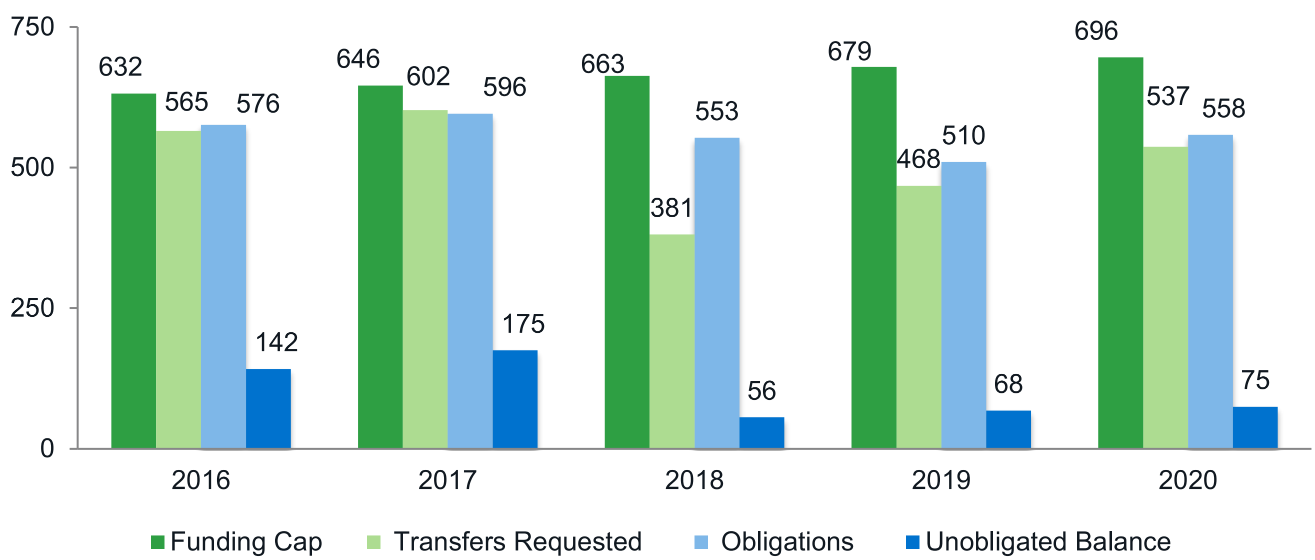


FIGURE 2: OFFICE PERCENTAGE OF TOTAL POSITIONS (AS OF SEPTEMBER 30, 2020)



All percentages provided above are rounded and may not total to 100 % due to the rounding.

FIGURE 3: BUREAU FUND FISCAL YEAR TRANSFERS REQUESTED COMPARED TO THE FUNDING CAP, OBLIGATIONS AND UNOBLIGATED BALANCE ($ MILLIONS)



Note for fiscal year 2018, in lieu of a second quarter transfer request from the Federal Reserve, former Acting Director Mulvaney chose to use $145 million of the Bureau's unobligated balance of available funds. Additional information on how the Bureau is funded can be found in Section 1.7 Financial Analysis.

Bureau Mission and Vision

Mission

To regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws and to educate and empower consumers to make better informed financial decisions. [2]

Vision

Free, innovative, competitive, and transparent consumer finance market where the rights of all parties are protected by the rule of law and where consumers are free to choose the products and services that best fit their individual needs.

How we will do our work

The Bureau will achieve its mission and vision through:

- Seeking the counsel of others and making decisions after carefully considering the evidence.
- Equally protecting the legal rights of all.
- Confidently doing what is right.
- Acting with humility and moderation.

1.2 The Bureau response to COVID-19

The Bureau approached the challenges presented by COVID-19 with the mantra – Safety First, Mission Always. The Bureau instituted several initiatives to ensure the health, safety, and well-being of the Bureau's staff during the COVID-19 pandemic, which included:

- Directing that all examination activity of Bureau-supervised institutions be conducted off-site, from examiners' home duty stations, through January 2, 2021.
- Managing the agency's operating status and posture starting with mandatory telework through the current maximum telework position, which includes providing appropriate safety conditions to support voluntary return to the office for those who seek that option. This position is in place through January 2, 2021.
- Instituting additional workplace flexibilities that will continue through January 2, 2021, which include:

[2] As set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010), Section 1011(a) and 1013(d).

    - Authorizing employees to use administrative leave if they are unable to perform work at home or at their home duty station due to (1) School or daycare closures resulting in a lapse in childcare, which requires one to provide care or (2) Other reasons one identifies as related to COVID-19 such as providing care for another family member in order to prevent exposure/spread of COVID-19, taking any required sanitation measures, etc.
    - Providing up to two weeks (80 hours) of emergency paid sick leave in accordance with the Emergency Paid Sick Leave Act.

- Providing Bureau employees with updates on prevention measures, workplace flexibilities, telework options and best practices, and notifying staff of the floor and wing location of affected staff through a variety of communication channels.

- Creating several ways to hear from our employees through NTEU engagements, a COVID-19 Bureau advisory group, a Pandemic Inquiries Inbox, leadership involvement, and through our Employee Resources Groups. Additionally, we have maintained a frequent cadence of communicating with FIRREA and other Federal agencies for situational awareness and alignment, where possible.

- The regional offices (New York, Chicago, San Francisco, and Atlanta) opened on October 2, 2020 to their staff who desire to work in the office – mirroring the policies, procedures, and posture at headquarters.

As an innovative and forward leaning Bureau with significant support and routine telework, the shift to 100% telework was relatively frictionless. While some organizations relayed a delay or slow-down in work, CFPB was well suited to support the new manner of work through increased collaboration and video streaming. Many Divisions reported minimal to no productivity impacts in fact, in some cases – the productivity increased as the Bureau embarked on its mission to protect consumers.

As COVID-19 began to spread in the U.S., it quickly became apparent that the nation was facing a national health emergency, and also an economic challenge. The Bureau ramped up its efforts to publish and promote resources to better meet consumers where they are and address this growing need. To date, the Bureau's consumer education response to COVID has resulted in the rapid expansion of tools (more than 70 blogs, web pages, and videos) available to educate and inform consumers. These materials are available in seven different languages and have been constantly updated to adapt to changing dynamics.

On the Bureau's website, consumers can find information on what scams they should be watching out for, how to protect their credit, and how to navigate their mortgage and rent options during this uncertain time. The Bureau has provided resources on the economic impact payments as well as resources for small business owners seeking assistance from the Paycheck Protection Program. The Bureau is helping students and their parents understand student loan payment suspension options. And, the Bureau has provided specific information to vulnerable populations, including older Americans and servicemembers. The Bureau believes that staying informed, engaged, and proactive will help consumers weather this crisis.

While trying to reach as many struggling consumers as possible, the Bureau saw that the pandemic was impacting the staffing and operations of financial companies that wanted to help the large influx of customers seeking relief and accommodations. In response, the Bureau took temporary and targeted actions to support consumers by allowing financial companies to focus their resources on assisting consumers. This includes providing temporary flexibility on some data collections for industry on Bureau-related rules, such as quarterly information required under the Home Mortgage Disclosure Act and Regulation C, as well as certain information related to credit card and prepaid accounts under the Truth in Lending Act, Regulation Z and Regulation E.

The Bureau acted swiftly to emphasize to firms that they must comply with the CARES Act. The Bureau provided the necessary guidance to companies on how to do so as well as how they should work with consumers to provide relief, including mortgage forbearances and other options.

Importantly, while the Bureau is willing to work with companies in a temporary and targeted manner to help them help their customers, the Bureau will not tolerate those who would exploit the current crisis and harm consumers. The Bureau is committed to vigorously enforcing consumer financial law in all markets under our jurisdiction and the pandemic does not change that. Among other efforts, this includes monitoring the marketplace in real time and coordinating on a regular basis with federal and state agencies and regulators. It's this kind of coordinated effort that makes sure we are all working efficiently on behalf of consumers.

Coordinated efforts led the Bureau to create another important online resource: a unified, interagency housing website to be the one-stop-shop for consumers who want help knowing their rent or mortgage options. HUD and FHFA partnered with the Bureau in consultation with USDA and VA to develop this for consumers at cfpb.gov/housing.

The website provides accurate, impartial information to let consumers know their options and make the best decision for their situation. And if new federal laws addressing housing and COVID take effect, the Bureau will respond with timely, accurate updates. Trusted, authoritative government sources can be critical conduits for the distribution of information to the public. The Bureau works to reach as many people as possible, including those with limited English proficiency, through our internal distribution channels and Bureau stakeholders. The education content has been amplified by consumer groups, non-profits, and companies across the nation.

The Bureau is also advising struggling borrowers to reach out to their servicers to understand what options are available to them. Companies can usually answer questions unique to a consumer's situation and more specific to the products and services they offer. Consumers can also submit a complaint to the Bureau.

In the end, the Bureau is here to stand beside consumers at their hour of need as well as show concern for the safety of the Bureau's employees. As the pandemic evolves, the Bureau will be at the ready to address shifting situations. Being nimble is key, and it is key for the Bureau to maintain our goal of protecting, promoting, and preserving the financial well-being of consumers.

1.3 The Bureau performance and results

This section provides a summary of the Bureau's key performance outcomes as well as selected accomplishments that it has achieved this past fiscal year.

The Bureau developed and issued a revised strategic plan consistent with the Government Performance and Results Act of 1993, as amended (GPRA) and the GPRA Modernization Act of 2010. (see https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_strategic-plan_fy2018-fy2022.pdf). The Bureau published its fiscal years 2018 to 2022 strategic plan in February 2018, which identified three strategic goals and eight associated performance objectives.

The revised Strategic Plan presents an opportunity to explain to the public how the Bureau intends to fulfill its statutory duties consistent with the strategic vision of its new leadership. The Strategic Plan's mission statement is drawn directly from Sections 1011 and 1013 of the Dodd-Frank Act: "to regulate the offering and provisions of consumer financial products or services under the Federal consumer financial laws" and 'to educate and empower consumers to make better informed financial decisions." The Bureau has similarly drawn the strategic plan's first two strategic goals and its five strategic objectives from Section 1021 of the Dodd-Frank Act.

In order to meet the required due date of preparing and issuing this financial report not all performance measures could be included. However, a full Performance Report will be published in early calendar year 2021 on the Bureau's website at https://www.consumerfinance.gov/about-us/budget-strategy/budget-and-performance, which will include the results of all performance objectives, along with an analysis of the Bureau's efforts to achieve its performance goals. Results reported below for the selected measures contained in this report show that the Bureau has met or exceeded four of the six measures (66.7 percent).

Image 2: Director Kraninger at the opening of the Atlanta Regional Office.

Performance goal 1.1.1: Help people build the knowledge and skills to make money decisions through direct financial education from the Bureau and through community channels providing other services

The Bureau works to provide consumers with the knowledge, tools, and capabilities they need in order to make better informed financial decisions to serve their life goals. To that end, the Bureau offers directly to consumers a variety of information, tools, and programs about major financial choices and other money decisions. For fiscal year 2020, offerings including COVID-19 related consumer education resources, “Start Small, Save Up,” “Ask,” “Owning a Home,” “Planning for Retirement,” “Paying for College,” and “Money as You Grow,” are provided on web pages focused on specific money topics, and through print materials and other frequently requested materials. The Bureau also works to make it easier for people to access financial education in their local communities and to foster a lasting local financial education infrastructure. An important way we do this is by integrating financial education into trusted and established community channels, such as libraries, workplaces, social service organizations, military services, and government agencies. Major community channel initiatives in fiscal year 2020 include: the Your Money, Your Goals Program; the educational program for military recruits, ROTC and new active duty servicemembers; classroom activities for high school and middle school teachers for building youth financial capability; the Libraries Community Education Program; organizations serving seniors; analysis of Suspicious Activity Reports (SARs) to find ways to address elder financial exploitation; and the Tax-Time Savings Program. The education offered through multiple channels covers topics that are reflected in frequent topics consumers seek on our web site as well as prevention topics like money management and savings.

Performance measures

TABLE 1: NUMBER OF PEOPLE WHO USE THE BUREAU'S EDUCATIONAL RESOURCES ON WEB AND IN PRINT (NEW MEASURE)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target				NA	8.7M	8.0M	9.0M
Actual				15.5M	9.9M	12.3M	12.1M

Progress update and future action

The Bureau continued to provide people with educational information and tools, via online, in print and through community channels. Its consumer financial education programs are designed to empower people to make better informed financial decisions to serve their own life goals. At the onset of the COVID-19 pandemic, the Bureau published a collection of consumer education resources to help consumers protect themselves financially during the pandemic.

The annual performance measures above in Table 1 are a combined total of users of our web-based financial education tools and financial education publications distributed to consumers. In fiscal year 2020:

- 7.3 million web users accessed the Bureau's educational tools throughout the year, an increase of 1 million users over 2019.
- The Bureau distributed 4.7 million publications to consumers. We saw a reduction in publication distribution due to COVID-19, specifically due to the closure of the Government Printing Office and lower demand for back to school materials.

The measure was designed to include education resources that more deeply engage consumers – our online tools and our publications. It does not reflect all consumer access to our education content. In addition to Table 1, nearly 4 million web users accessed COVID-specific resources, including blogs, videos, consumer education materials, and other regulatory clarifications. The Bureau's response to COVID-19 has resulted in the rapid expansion of information and resources for consumers and industry. This included more than 70 blogs, web pages, and videos on COVID-19 related resources and consumer education materials, in which a number of these materials are available in languages other than English. The Bureau created a landing page to organize the frequent COVID-19 related resources and updates to previously released content. Topics covered include mortgages, credit reporting, debt collection, student loans, frauds and scams, and more.

Performance goal 1.3.1: Issue rules, where appropriate, implementing Federal consumer financial laws through a timely and inclusive process.

The Bureau has prioritized establishing consumer protection regulations where appropriate, including those implementing statutory requirements, in a timely and inclusive manner. Timeliness is important because it increases certainty about the rules of the road, which allows market participants to plan for a longer term. For this reason, the Bureau believes that completion of its own regulatory proposals within nine months of the close of the final public comment period is a good measure of whether it is meeting this goal.

Performance measures

TABLE 2: PERCENTAGE OF PROPOSED RULEAMKINGS FINALIZED OR OTHERWISE RESOLVED WITHIN NINE MONTHS OF THE DUE DATE FOR RECEIPT OF FINAL PUBLIC COMMENTS

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
Target	75%	75%	75%	75%	75%	75%	75%	75%
Actual	78%	100%	86%	100%	88%	60%	100%	75%

Progress update and future action

In fiscal year 2020 the Bureau issued four final rules that were informed by public comment:

- On October 10, 2019, the Bureau amended Regulation C to adjust the threshold for reporting data about open-end lines of credit by extending to January 1, 2022, the current temporary threshold of 500 open-end lines of credit. The Bureau is also incorporating into Regulation C the interpretations and procedures from the interpretive and procedural rule that the Bureau issued on August 31, 2018, and implementing further section 104(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The notice of proposed rulemaking and request for comments was issued on May 2, 2019 and the comment period closed on June 12, 2019. The rule was finalized within nine months of the due date for receipt of public comments. The Bureau received 367 comments on the proposed rule, from lenders, industry trade associations, consumer groups, consumers, members of Congress, and others.

- On April 16, 2020, the Bureau amended Regulation C to increase the threshold for reporting data about closed-end mortgage loans, so that institutions originating fewer than 100 closed-end mortgage loans in either of the two preceding calendar years will not have to report such data effective July 1, 2020. The Bureau is also setting the threshold for reporting data about open-end lines of credit at 200 open-end lines of credit effective January 1, 2022, upon the expiration of the current temporary threshold of 500 open-end lines of credit. The notice of proposed rulemaking and request for comments was first issued on May 2, 2019 with a comment period that closed on June 12, 2019. Among the comments received were a number of letters expressing concern that the national loan level dataset for 2018 and the Bureau's annual overview of residential mortgage lending based on that data (collectively, the 2018 HMDA Data23) would not be available until after the close of the comment period for the May 2019 Proposal. Stakeholders asked to submit comments on the May 2019 Proposal that reflect consideration of the 2018 HMDA Data. To allow for the submission of such comments, on July 31, 2019 the Bureau issued a notice to reopen the comment period (Reopening Notice) on certain aspects of the proposal with a comment period that closed on October 15, 2019. With the reopening of the comment period, the rule was finalized within nine months of the due date for receipt of public comments. In total, the Bureau received over 700 comments in response to the May 2019 proposal and the July 2019 Reopening Notice from lenders, industry trade associations, consumer groups, consumers, and others.

- On May 11, 2020, the Bureau amended Regulation E and the official interpretations of Regulation E to provide tailored exceptions to address compliance challenges that insured institutions may face in certain circumstances upon the expiration of a statutory exception that allows insured institutions to disclose estimates instead of exact amounts to consumers. That exception expires on July 21, 2020. The Bureau is also increasing a safe harbor threshold related to whether a person makes remittance transfers in the normal course of its business. The Electronic Fund Transfer Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, establishes certain protections for consumers sending international money transfers, or remittance transfers. The Bureau's remittance rule in Regulation E implements these protections. The notice of proposed rulemaking and request for comments was published on December 6, 2019 and the comment period closed on

January 21, 2020. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received 106 comments on the proposed rule, including comments from consumer groups, industry, banks, credit unions, trade associations, and others.

- On July 7, 2020, the Bureau issued the Payday, Vehicle Title, and Certain High-Cost Installment Loans—Revocation Rule. Specifically, the Bureau is revoking provisions of those regulations that: provide that it is an unfair and abusive practice for a lender to make a covered short-term or longer-term balloon-payment loan, including payday and vehicle title loans, without reasonably determining that consumers have the ability to repay those loans according to their terms; prescribe mandatory underwriting requirements for making the ability-to-repay determination; exempt certain loans from the mandatory underwriting requirements; and establish related definitions, reporting, and recordkeeping requirements. The notice of proposed rulemaking and request for comments was published on February 14, 2019 and the comment period closed on May 15, 2019. The rule was not finalized within nine months of the due date for receipt of final comments. The Bureau received approximately 197,000 comments on the 2019 proposed rule. These comments included several hundred detailed comments from consumer groups, trade associations, non-depository lenders, banks, credit unions, research and advocacy organizations, members of Congress, industry service providers, fintech companies, Tribal leaders, faith leaders and coalitions of faith leaders, and State and local government officials and agencies. The Bureau also allowed into the docket and considered comments received after the comment period had closed.

- The Bureau also issued rules that were interim, procedural, or corrective and did not require notice and comment. Most of these rules consequently became effective immediately upon publication in the Federal Register or within 30 days of publication in the Federal Register and were not subject to this performance measure.

Performance goal 2.2.6: Cooperate and share information with federal and state partners as part of Supervision efforts to protect consumers and deter wrongdoers

This goal ensures that the Bureau works well with its partners at the local, state, and federal level to share information while still complying with the Bureau's regulations, policies on information sharing, and other legal restrictions, across jurisdictions and to make the best use of limited resources.

Performance measures

TABLE 3: PERCENTAGE OF EXAM REPORTS SHARED WITH OTHER REGULATORS, AS APPROPRIATE

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
Target						90%	90%	90%
Actual						100%	100%	100%

Progress update and future action

Under the Dodd-Frank Act, the Bureau is required to coordinate its supervisory work with various other regulators at both the State and the Federal level, to the extent possible. The Bureau makes it a priority to share information about its supervisory activity and coordinate its work with other regulators, when possible. In fiscal year 2020, the Bureau shared 100% of exam reports with other regulators, consistent with the Memorandum of Understanding on Supervisory Coordination.

Performance goal 2.2.7: Where the Bureau determines enforcement action is warranted, file or settle action within two years of opening its investigation

Filing enforcement actions in a timely manner is an important measure of the Bureau's effectiveness. The Bureau seeks to balance the need to effectively pursue complicated and time-consuming cases while minimizing any unnecessary delay between conduct and resolution. Timely pursuit of resolutions increases deterrence and provides consumers with greater protections of law.

Performance measures

TABLE 4: AVERAGE DURATION, IN MONTHS, TO FILE OR SETTLE INVESTIGATIONS (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
Target					NA	24	24	24
Actual					23	26	32	29

Progress update and future action

After the Bureau determines that enforcement action is warranted, Bureau staff review each matter at regular intervals to ensure that it is progressing in a timely manner. The Bureau's experience so far and the experience of other similar enforcement agencies informed the selection of the target. Four matters in this metric took over four years to investigate and resolve. This reflects an improvement over the mid-year's measurement of 33.5 months. The Bureau will continue to monitor this target to assess whether it is an appropriate way to measure the Bureau's performance going forward.

Performance goal 3.1.1: Improve comprehensive cybersecurity protection of Bureau information and resources.

Cybersecurity manages risk, protects our data and consumers, and ensures that our systems are resilient. The Bureau's Cybersecurity Safeguards and Risk Management (SRM) team uses a six-step process (Categorize, Select, Implement, Assess, Authorize and Monitor) to monitor and report a potential risk of compromise across all IT systems. In the cases where the risk has developed into a known issue, as documented by After Action Reports or Plans of Actions and Milestones (POA&Ms), the issues are prioritized for resolution by the system owner, application owner, and business owner with full support from the SRM team.

POA&Ms are categorized based on the severity or level of risk of the known issue. At the end of fiscal year 2019, the overall number of POA&Ms that remained open, regardless of category, warranted a performance measure aimed at ensuring resourcing and focus for overall cyber hygiene activities. The performance measure for fiscal year 2020 was set broadly to include reduction of all aging POA&Ms.

Performance measures

TABLE 5: NUMBER OF OVERDUE PLAN OF ACTION & MILESTONES (POA&M) (% MITIGATED) (NEW MEASURE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
Target						N/A	N/A	<30%
Actual						N/A	N/A	82.8%

Progress update and future action

In fiscal year 2019, the Bureau had not established any POA&M remediation goals other than closed within 60 days. Mid fiscal year 2019, an analysis of aging POA&Ms resulted in the identification of over 800+ open POA&Ms. In fiscal year 2020, a POA&M maturation plan was established with focus on Critical and High POA&M remediation by Q2 fiscal year 2020. The goal was also broadened to reduce overall number of aging POA&Ms.

The Bureau has made significant strides to reduce the overall number of POA&Ms. At the time the target goal of <30% was set, many of the significantly past due POA&Ms were resolved due to work already underway. The Bureau established a weekly System Owner (SO) meeting to remediate all open POA&Ms and vulnerabilities and worked to close POA&Ms that were over 3,000 days old.

Total POA&Ms were reduced by 551 during FY20, leaving remaining 506 open POA&Ms. These include:

- Configuration Management related (142 open – Oldest is 2,428 days old)
- PIV authentication related (29 open - Oldest is 694 days old)
- Automation of Splunk Log Aggregation (8 open - Oldest is 2,043 days old)

Fiscal year 2020 resulted in a reduction of a substantial amount of technical debt associated with a lack of cyber hygiene. The remaining open POA&Ms are complex and will be closed when the Bureau fully implements PIV authentication, which is a focus of fiscal year 2021, and when external vendors implement automated log collection, which is not in direct control of the system owners.

Given the overall reduction in number of overdue POA&Ms, the implementation of a process to ensure the consistent closure in a timely manner, and the overall maturation of configuration management, the emphasis in fiscal year 2021 will return to monitoring the POA&Ms that present the highest risk, those in the Critical and High categories. Future actions include engaging early with procurement to ensure the purchase of approved software capabilities to lessen new POA&Ms and monitor supply chain risks.

Performance goal 3.2.1: Maintain high-performing, diverse employees with the right skills and abilities

The Bureau assesses progress and performance on this goal by measuring management training outcomes, and employee perceptions of the technical competence of the workforce and diversity and inclusion. Strategies to improve in these areas target organizational effectiveness, talent development and diversity and inclusion initiatives.

One of the measures that the Bureau uses to assess progress on this goal is the extent to which managers are able to apply the skills they have learned from management training to their day-to-day management responsibilities. The Bureau has developed a metric that combines feedback from several training assessment surveys. This metric provides the Bureau with information that is used to evaluate and improve management training opportunities. This metric, along with 19 other data sources, is used to determine the effectiveness of current management training, assess the resources needed to promote and facilitate training, and identify the type of management training needed in the future.

Performance measures

TABLE 6: MANAGEMENT TRAINING SURVEY RATING ON APPLYING LEARNED SKILLS TO JOB RESPONSIBILITES (AGGREGATE OF THREE QUESTIONS ON 7 POINT SCALE)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY2020
Target						5.75	5.75	5.75
Actual						6.41	6.5	6.34

Progress update and future action

In fiscal year 2020 the Bureau reduced instances and canceled several offerings of planned leadership and management development courses due to COVID-19. However, the courses which have contributed to this metric for fiscal year 2020, include:

Course Name	Duration	Number of Deliveries
CFPB Supervisor Development Seminar	3 days	1
Leadership Excellence Seminars 1 & 2	2 days	1
SDS Refresher 2020	1 day	3
Level Specific Course/Executives: Leading with Executive Perspective and Presence	1 day	2

Moving forward the Bureau will continue to deliver management training solutions to meet Federal mandates through virtual deliveries while working in the COVID-19 environment. The impact of COVID-19 requires us to prioritize the Federally-mandated training topics due to the work needed to convert classroom training to virtual training. COVID-19 may continue to limit our ability to convert and offer other management training topics. New solutions and offerings which have been developed but not yet implemented, may also be delayed until post-COVID-19 status.

1.4 Civil Penalty Fund annual report

Section 1055(a) of the Dodd-Frank Act authorizes the Bureau to obtain any appropriate legal or equitable relief for violations of Federal consumer financial laws. That relief may include civil penalties. Section 1017(d) of the Dodd-Frank Act further establishes a Consumer Financial Civil Penalty Fund (Civil Penalty Fund) into which the Bureau deposits civil penalties it collects in judicial and administrative actions under Federal consumer financial laws.

Under the Act, funds in the Civil Penalty Fund may be used for payments to the victims of activities for which civil penalties have been imposed under the Federal consumer financial laws. To the extent that such victims cannot be located or such payments are otherwise not practicable, the Bureau may use funds in the Civil Penalty Fund for the purpose of consumer education and financial literacy programs.

On May 7, 2013, the Bureau published the Civil Penalty Fund rule, 12 C.F.R. part 1075, a final rule governing the Bureau's use of the funds in the Civil Penalty Fund. That rule requires the Bureau to issue regular reports on the Civil Penalty Fund. Included in this Annual Report is a summary of the Civil Penalty Fund activity since inception through September 30, 2020, a description of Civil Penalty Fund collections in fiscal year 2020, a description of Civil Penalty Fund allocations in fiscal year 2020 and the basis for those allocations, and an overview of the distribution of those funds.

Additional background information on the Civil Penalty Fund can be found at: https://www.consumerfinance.gov/about-us/payments-harmed-consumers/

As of September 30, 2020, the Civil Penalty Fund had an unallocated balance of $576.1 million in funds that have been collected and are not otherwise allocated or set aside for administrative purposes. Table 7 below summarizes significant activity of the fund from inception through September 30, 2020:

TABLE 7: CIVIL PENALTY FUND SIGNIFICANT ACTIVITY

Activity	Amount	Amount
Cash Collections:		
FY 2012-2018	$1,089,531,030	
FY 2019	131,171,664	
FY 2020	34,189,709	
Total Cash Collections		$1,254,892,403
Amounts Unallocated and Returned to the Fund:[3]		
FY 2017-2018	$31,274,021	
FY 2019	7,818,864	
FY 2020	0	
Total Returned		$39,092,885
Less Allocations:		
Victim Compensation		
FY 2013-2018	($551,814,349)	
FY 2019	(119,852,385)	
FY 2020	(11,354,672)	
Subtotal: Allocations to Victim Compensation		($683,021,406)
Consumer Education and Financial Literacy Programs		
FY 2013-2016	($28,812,809)	
Subtotal: Allocations to Consumer Education and Financial Literacy Programs		($28,812,809)
Total Allocations		($711,834,215)
Less Administrative Set-aside:		

[3] This amount includes funds that were unallocated and returned to the Fund following the completion of distributions to victims (see the Civil Penalty Fund Distributions section for more information).

Activity	Amount	Amount
FY 2013-2018		($5,573,322)
FY 2019		(500,000)
FY 2020		0
Total Unallocated Balance		$576,077,751[4]

Civil Penalty Fund collections

TABLE 8: FISCAL YEAR 2020 COLLECTIONS

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
Douglas MacKinnon, Mark Gray, Northern Resolution Group, LLC, Enhanced Acquisitions, LLC, and Delray Capital, LLC – Defendants Gray and Delray Capital	$1,000,000	$1[5]	October 7, 2019
Certified Forensic Loan Auditors, LLC; Andrew Lehman; and Michael Carrigan – Defendant Carrigan	$493,403	$5,000[6]	November 5, 2019

[4] This total includes $10,283,886 collected in fiscal year 2018 and $409,686 collected in fiscal year 2020 pursuant to 2 orders that are under appeal and are thus not yet "final orders" as defined in 12 C.F.R. § 1075.101. Those funds therefore are not available for allocation. The total also includes $2,017,192.83 that was subject to sequestration in fiscal year 2020. These funds are not available for allocation in fiscal year 2020 but anticipated to become available to the Bureau in fiscal year 2021. The total also includes $8,132,643 that was subject to sequestration in fiscal year 2019 and subsequently became available to the Bureau in fiscal year 2020.

[5] In accordance with the consent order, the defendants paid $1 of the imposed penalty, in partial satisfaction of the CMP. Full payment is suspended.

[6] In accordance with the consent order, the defendant paid $5,000 of the imposed penalty, in partial satisfaction of the CMP. Full payment is suspended.

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
Financial Credit Service, Inc., d/b/a Asset Recovery Associates	$200,000	$150,000 [7]	November 8, 2019
Edmiston Marketing, LLC, d/b/a Easy Military Travel	$1	$1	November 26, 2019
Sterling Infosystems, Inc.	$2,500,000	$2,500,000	November 27, 2019
USA Service Finance, LLC	$25,000	$25,000	December 31, 2019
Universal Debt & Payment Solutions, LLC, et al. – Defendant Bagga	$1	$1	February 5, 2020
Think Finance, LLC	$7	$7	March 11, 2020
Cottonwood Financial Ltd., d/b/a Cash Store	$1,100,000	$1,100,000	May 4, 2020 May 29, 2020 June 30, 2020
Chou Team Realty, LLC, et al. ("Monster Loans") – Defendant Monster Loans	$1	$1	May 19, 2020
Monster Loans – Defendant Chou	$350,000	$350,000	May 22, 2020 June 22, 2020 July 21, 2020
Monster Loans – Defendant Cowell	$100,000	$100,000	May 22, 2020 June 19, 2020 July 22, 2020
Specialized Loan Servicing, LLC	$250,000	$250,000	May 26, 2020
Main Street Personal Finance, Inc., ACAC, Inc. d/b/a Approved Cash	$1	$1	June 5, 2020

[7] The defendant transferred $50,000 of the $200,000 civil penalty in fiscal year 2019 Q1.

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
Advance, and Quik Lend, Inc.			
Harbour Portfolio Advisors, LLC; National Asset Advisors, LLC; and National Asset Mortgage, LLC – Defendant Harbour	$25,000	$25,000	June 25, 2020
Harbour Portfolio Advisors, LLC; National Asset Advisors, LLC; and National Asset Mortgage, LLC – Defendants National Asset Mortgage and National Asset Advisors	$10,000	$10,000	July 2, 2020
Nationwide Biweekly Administration, Inc., et al.	$7,930,000	$409,685.99 [8]	July 3, 2020
Monster Loans – Defendant Hoose	$1	$1	July 9, 2020
Prime Choice Funding, Inc.	$645,000	$645,000	July 27, 2020
Sovereign Lending Group, Inc.	$460,000	$460,000	August 5, 2020
GST Factoring, Inc., et al. – Defendant Slaughter	$1	$1	August 25, 2020
Timemark Solutions, Inc., Timothy Lenihan, Sr.,	$4	$4	August 27, 2020

[8] Funds were received in partial satisfaction of the $7,930,000 CMP imposed in a November 9, 2017 judgment. The case is currently on appeal.

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
Mark Nagler, and Casey Gassaway			
Go Direct Lenders, Inc.	$150,000	$150,000	August 27, 2020
TD Bank, N.A.	$25,000,000	$25,000,000	August 27, 2020
GST Factoring, Inc., et al. – Defendant Trimarche	$1	$1	September 2, 2020
GST Factoring, Inc., et al. – Defendant Mize	$1	$1	September 4, 2020
PHLoans.com, Inc.	$260,000	$160,000 [9]	September 4, 2020
Trans-Fast Remittance LLC	$1,600,000	$1,600,000	September 4, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendants Prime Consulting LLC and Horizon Consultants LLC	$2	$2	September 8, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant Nguyen	$1	$1	September 8, 2020
Sigue Corporation, SGS Corporation, and GroupEx Corporation	$300,000	$300,000	September 10, 2020

[9] In accordance with the consent order, the defendant was required to pay $160,000 within 10 days of the effective date of the order and the remaining $100,000 within 60 days. The $100,000 is anticipated in fiscal year 2021.

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
Accelerate Mortgage, LLC	$225,000	$225,000	September 11, 2020
ClearPath Lending, Inc.	$625,000	$625,000	September 18, 2020
Lobel Financial Corporation	$100,000	$100,000	September 22, 2020
Total	$43,348,425	$34,189,708.99	

In fiscal year 2020, the Bureau collected civil penalties from 34 entities totaling $34.2 million.

Allocations from the Civil Penalty Fund

Under the Civil Penalty Fund rule, the Civil Penalty Fund Administrator allocates funds in the Civil Penalty Fund to classes of victims of violations for which civil penalties have been imposed under the Federal consumer financial laws and, to the extent that such victims cannot be located or such payments are otherwise not practicable, to consumer education and financial literacy programs. The Fund Administrator makes these allocations according to a schedule published in accordance with the rule. That schedule established six-month periods and provides that an allocation will be made within 60 days of the end of each period. The Fund Administrator may allocate only those funds that were available as of the end of the six-month period, and may allocate funds to a class of victims only if that class had uncompensated harm as of the end of the six-month period.

Allocations in fiscal year 2020

Period 14: April 1, 2019 - September 30, 2019

On November 29, 2019, the Bureau made its fourteenth allocation from the Civil Penalty Fund. As of September 30, 2019, the Civil Penalty Fund contained an unallocated available balance of $424.2 million. [10]

TABLE 9: PERIOD 14: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant name	Date of Final Order [11]
Conduent Education Services, LLC	May 1, 2019
Servis One, Inc., d/b/a BSI Financial Services	May 29, 2019
Freedom Mortgage Corporation	June 5, 2019
Freedom Debt Relief, LLC	July 9, 2019
Equifax Inc.	July 23, 2019
Universal Debt & Payment Solutions, LLC; et al. – Khan	August 21, 2019
Douglas MacKinnon, Mark Gray, Northern Resolution Group, LLC, Enhanced Acquisitions, LLC, and Delray Capital, LLC – Gray and Delray	August 23, 2019
Douglas MacKinnon, Mark Gray, Northern Resolution Group, LLC, Enhanced Acquisitions, LLC, and Delray Capital, LLC – MacKinnon, NRG, and Enhanced	August 23, 2019
Maxitransfers Corporation	August 27, 2019
Financial Credit Service, Inc., d/b/a Asset Recovery Associates	August 28, 2019
Andrew Gamber, et al.	September 4, 2019

[10] The amount available for allocation does not include $10,283,886 that was collected in Period 11 pursuant to an order that is under appeal and is thus not yet a "final order" as defined in 12 C.F.R. § 1075.101. Those funds are therefore not available for allocation under 12 C.F.R. § 1075.105(c).

[11] The Civil Penalty Fund rule defines the term "final order" as a consent order or settlement issued by a court or by the Bureau, or an appealable order issued by a court or by the Bureau as to which the time for filing an appeal has expired and no appeals are pending.

Civil penalties were imposed in ten cases with 11 final orders from Period 14. Of those ten cases, two cases—Universal Debt & Payment Solutions, LLC; et al. and Andrew Gamber, et al.—had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. Both cases received an allocation from the Civil Penalty Fund.

In the Universal Debt & Payment Solutions, LLC; et al. case, the class of eligible victims—consumers who paid money to the entity defendants between March 1, 2011 and March 31, 2015 in connection with the defendants' unlawful debt collection scheme—had $558,674 in uncompensated harm. In the Andrew Gamber, et al. case, the class of eligible victims—consumers who entered into contracts related to their pensions that were brokered by Gamber or his companies between January 1, 2011 and December 31, 2016—had $2,700,000 in uncompensated harm. The total allocation to classes of victims was $3,258,674 to fully compensate the victim classes' uncompensated harm.

During Period 14, $0 were allocated for Consumer Education and Financial Literacy purposes.

Period 14 Allocation Summary:

Victim Compensation: $3,258,674

- Universal Debt & Payment Solutions, LLC; et al.
  - Victim Class Allocation: $558,674
- Andrew Gamber, et al.
  - Victim Class Allocation: $2,700,000

Consumer Education and Financial Literacy Programs: $0

Total Allocation: $3,258,674

Period 15: October 1, 2019 – March 31, 2020

On May 29, 2020 the Bureau made its fifteenth allocation from the Civil Penalty Fund. As of March 31, 2020, the Civil Penalty Fund contained an unallocated available balance of $542,222,043.[12]

[12] The amount available for allocation does not include $10,283,886 that was collected in Period 11 pursuant to an order that is pending appeal and is thus not yet a "final order" as defined in 12 C.F.R. § 1075.101. Those funds are therefore not available for allocation under 12 C.F.R. § 1075.105(c). The available amount also does not include $158,121 due to sequestration.

TABLE 10: PERIOD 15: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant name	Date of Final Order
Certified Forensic Loan Auditors, LLC; Andrew Lehman; and Michael Carrigan – Carrigan	October 29, 2019
Universal Debt & Payment Solutions, LLC; et al. – Bagga	November 15, 2019
Edmiston Marketing, LLC, d/b/a Easy Military Travel	November 25, 2019
USA Service Finance, LLC	November 25, 2019
Sterling Infosystems, Inc.	November 26, 2019
Think Finance, LLC	February 6, 2020

Civil penalties were imposed in six cases with final orders in Period 15. Of those six cases, four cases—Certified Forensic Loan Auditors, et al.; Edmiston Marketing, LLC, d/b/a Easy Military Travel; Universal Debt & Payment Solutions, LLC, et al.; and Think Finance, LLC—had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. One additional class of victims from a Period 14 case—Douglas MacKinnon, Mark Gray, Northern Resolution Group, LLC, Enhanced Acquisitions, LLC, and Delray Capital, LLC (Gray and Delray)—first had uncompensated harm in Period 15. Two cases received an allocation from the Civil Penalty Fund in Period 15.

In the Edmiston Marketing, LLC, d/b/a Easy Military Travel case, the class of eligible victims—consumers who between July 21, 2011 and December 31, 2016, were misled about the true cost of credit on financed airline tickets by being charged fees that were not disclosed as part of the finance charge or annual percentage rate—had $3,468,224 in uncompensated harm. In the Universal Debt & Payment Solutions, LLC; et al. case, the class of eligible victims—consumers who paid money to the entity defendants between March 1, 2011 and March 31, 2015 in connection with the defendants' unlawful debt collection scheme—had $4,627,774 in uncompensated harm.[13] These cases received allocations totaling $8,095,998 to fully compensate the victim classes' uncompensated harm.

The Fund Administrator exercised discretion and deferred allocations to classes of victims in the remaining three cases. In the Certified Forensic Loan Auditors case, the Bureau was pursuing claims against related defendants, the results of which may affect the amount of uncompensated harm to victims in the matter. In the Think Finance case, there are related

[13] The same class of victims received an allocation of $558,673 during Period 14 as a result of a final order with additional defendants.

actions which may result in compensation to eligible victims in the matter. In the MacKinnon, et al. case, the victim allocation was deferred while the Bureau pursues data and determines victim eligibility in a related matter. Each of these cases will be reviewed as part of the Period 16 allocation.

During Period 15, $0 were allocated for Consumer Education and Financial Literacy purposes.

Period 15 Allocation Summary:

Victim Compensation: $8,095,998

- Edmiston Marketing, LLC, d/b/a Easy Military Travel
  - Victim Class Allocation: $3,468,224
- Universal Debt & Payment Solutions, LLC; et al.
  - Victim Class Allocation: $4,627,774

Consumer Education and Financial Literacy Programs: $0

Total Allocation: $8,095,998

Fiscal year 2020 cases eligible for allocation in fiscal year 2021

On or before November 29, 2020, the Bureau will make its sixteenth allocation from the Civil Penalty Fund. Civil penalties were imposed in 26 final orders from Period 16. The 26 final orders relate to 21 cases from Period 16 and they will be considered for allocation along with two prior-period cases. As of September 30, 2020, the Civil Penalty Fund had an unallocated balance of $576.1 million. Of this amount, $565.4 million is available for allocation pursuant to 12 C.F.R. § 1075.105(c).

Civil Penalty Fund distributions

In fiscal year 2020, a Civil Penalty Fund distribution began for one case.

TABLE 11: CIVIL PENALTY FUND DISTRIBUTIONS INITIATED IN FISCAL YEAR 2020

Defendant	Period	Amount Allocated	Amount Distributed	Number of Checks Mailed	Year & Quarter of Initial Distribution
Siringoringo	9	$20,825,000	$758,394	197	FY20 Q4
Totals		**$20,825,000**	**$758,394**	**197**	

The table above identifies cases for which distributions of Civil Penalty Fund monies to harmed consumers began in fiscal year 2020. It reflects the period in which an allocation was made to victims in the case, the total amount allocated, the total dollar amount that has been mailed to harmed consumers, the number of consumers to whom initial checks were mailed, and when distributions began.

Distributions are expected to begin in fiscal year 2021 for the Commercial Credit Consultants, *et al.*; Prime Marketing Holdings, LLC; Federal Debt Assistance Association, LLC, et al.; Howard Law; Hydra Group; Mark Corbett; Andrew Gamber, et al.; Edmiston Marketing, LLC, d/b/a Easy Military Travel; and Universal Debt & Payment Solutions, LLC, et al. cases.

TABLE 12: CIVIL PENALTY FUND DISTRIBUTIONS CONCLUDED IN FISCAL YEAR 2020

Defendant	Amount Allocated	Amount Distributed	Number of Checks Mailed	Percent of Distributed Funds Cashed	Year & Quarter of Distribution Conclusion
College Education Services	$3,459,336	$2,420,068	2,717	80%	FY20 Q1
Orion Processing, LLC, et al.	$98,408,416	$90,212,602	20,485	88%	FY20 Q1
Totals	**$101,867,752**	**$92,632,670**	**23,202**		

The table above reflects the cases where a distribution concluded in fiscal year 2020. For each case, it displays the amount allocated from the Civil Penalty Fund, the total dollar amount that was mailed to harmed consumers, the number of consumers to whom checks were mailed, the percent of the distributed funds that were claimed, and when the distribution concluded.

1.5 Bureau-administered redress

Dodd-Frank Act Section 1055 authorizes a court in a judicial action, or the Bureau in an administrative proceeding, to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Relief that is intended to compensate victims is treated as fiduciary funds and deposited into the "Legal or Equitable Relief Fund" established at the Department of the Treasury. The Bureau refers to these collections as Bureau-Administered Redress.

TABLE 13: COLLECTIONS IN FISCAL YEAR 2020

Defendant	Amount Collected	Date of Collection
Universal Debt & Payment Solutions, LLC; et al. – Khan	$4,659	October 7, 2019 October 30, 2019
Orion Processing, LLC, et al.	$492	October 29, 2019
Fay Servicing, LLC	$150,566	November 29, 2019
Richard F. Moseley, Sr., et al. (Hydra Financial)	$3,801,589	February 18, 2020 May 19, 2020
Monster Loans – Defendant Monster Loans	$200,000	May 19, 2020
Monster Loans – Defendants Chou & TDK Enterprises, LLC	$403,750	May 20, 2020 June 22, 2020 July 21, 2020
Main Street Personal Finance, Inc., ACAC, Inc. d/b/a Approved Cash Advance, and Quik Lend, Inc.	$2,000,000	June 5, 2020
Monster Loans – Defendant Hoose	$25,000	July 9, 2020
Timemark Solutions, Inc., Timothy Lenihan, Sr., Mark Nagler, and Casey Gassaway	$22,000	August 19, 2020
GST Factoring, Inc., et al. – Defendant Ruggiero	$30,000	August 20, 2020
GST Factoring, Inc., et al. –	$5,000	August 21, 2020

Defendant	Amount Collected	Date of Collection
Defendant Slaughter		
GST Factoring, Inc., et al. – Defendant Trimarche	$25,000	September 2, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendants Nguyen and TN Accounting Inc.	126,664.45	September 2, 2020 September 9, 2020 September 14, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendants Prime Consulting LLC and Horizon Consultants LLC	$1,400,000	September 4, 2020
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant Mice and Men LLC	$4,105,430	September 22, 2020
GST Factoring, Inc., et al. – Defendant Mize	$21,568	September 30, 2020
Total	**$12,321,718**	

In fiscal year 2020, the Bureau collected approximately $12.3 million in Bureau-Administered Redress funds from sixteen entities. Funds are distributed in accordance with the terms of the final order for the case.

Bureau-administered redress distributions

In fiscal year 2020, there were no new initial distributions of Bureau Administered redress cases. Two Bureau-Administered Redress distributions concluded in fiscal year 2020. In these cases, unclaimed funds were treated in accordance with the terms of the final order for each case.

TABLE 14: BUREAU-ADMINISTERED REDRESS DISBURSEMENTS CONCLUDED IN FISCAL YEAR 2020

Defendant	Year & Quarter of Distribution Conclusion	Amount Distributed	Number of Checks Mailed	Percentage of Funds Cashed
Orion Processing, LLC, et al.	FY20 Q1	$8,271,397.04	1,975	90%
Security National Automotive Acceptance Company, LLC	FY20 Q2	$719,515.76	872	75%
Totals		**$8,990,912.80**	**2,847**	

The table above reflects the cases where a distribution concluded in fiscal year 2020. For each case, it displays when the distribution concluded, the total dollar amount that was mailed to harmed consumers, the number of consumers to whom checks were mailed, and the percent of the distributed funds that were claimed.

Image 3: Director Kraninger meeting with the Consumer Advisory Board and the Credit Union Advisory Council in Washington D.C.

1.6 Management assurances and audit results

Statement of Management Assurance

Fiscal Year 2020, November 11, 2020

The management of the Bureau of Consumer Financial Protection (the Bureau) is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). Continuous monitoring and periodic evaluations provide the basis for the annual assessment and report on management's controls, as required by FMFIA. The Bureau is leveraging the established OMB Circular A-123 and the FMFIA assessment methodologies to assist in assessing the applicable entity-wide controls, documenting the applicable processes, and identifying and testing the key controls. Based on the results of these ongoing evaluations, the Bureau can provide reasonable assurance that internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations meet the objectives of FMFIA, and no material weaknesses were found in the design or operation of the internal controls as of September 30, 2020.

Section 1017(a)(4)(D) of the Dodd-Frank Act requires the Bureau to provide a management assertion as to the effectiveness of the Bureau's internal control over financial reporting. The Bureau conducted its assessment of the effectiveness of internal control over financial reporting based on the criteria established under 31 U.S.C. Sec. 3512(c) and applicable sections of OMB Circular A-123. Based on the results of this evaluation, the Bureau can provide reasonable assurance that its internal control over financial reporting as of September 30, 2020 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

Section 1017(a)(4)(C) of the Dodd-Frank Act requires the Bureau to maintain financial management systems that comply substantially with Federal financial management systems requirements and applicable Federal accounting standards. The Bureau utilizes financial management systems that substantially comply with the requirements for Federal financial management systems and applicable Federal accounting standards.

Director
Bureau of Consumer Financial Protection

Federal Managers' Financial Integrity Act

The Bureau of Consumer Financial Protection was established as an independent bureau in the Federal Reserve System under the Dodd-Frank Act Section 1011 (a). As an independent, non-appropriated bureau, the Bureau recognizes the importance of Federal laws associated with implementing effective risk management, including the Federal Managers' Financial Integrity Act. This includes ensuring that Bureau operations and programs are effective and efficient and that internal controls are sufficient to minimize exposure to waste and mismanagement.

In fiscal year 2020, the Bureau performed an evaluation of its risks and systems of internal controls. Based on the results of those evaluations, the Bureau is able to provide a reasonable statement of assurance that the internal control over the effectiveness and efficiency of operations, and compliance with applicable laws and regulations meet the objectives of FMFIA, and no material weaknesses were found in the design or operation of the internal controls as of September 30, 2020. While there were no material weaknesses identified, the Bureau identified one (1) significant deficiency that is listed below. The Bureau is committed to continuously enhancing and improving its systems of internal control and realizing more effective and efficient ways to accomplish its mission; as well as taking appropriate steps to implement timely corrective actions.

Information Technology Controls (*Significant Deficiency*)

In fiscal year 2016, the Bureau identified a significant deficiency in the operational effectiveness of certain information technology controls. In fiscal year 2020, the Bureau continued to implement corrective actions to mitigate the risks of this deficiency. During fiscal year 2021, the Bureau will continue to implement and improve these information technology processes to enhance internal control and improve operational effectiveness.

Federal financial management systems requirements

Section 1017(a)(4)(C) of the Dodd-Frank Act requires the Bureau to implement and maintain financial management systems that substantially comply with Federal financial management systems requirements and applicable Federal accounting standards. The Bureau performs or is subject to a number of other assessments in order to further support compliance with the requirement set forth within the Dodd Frank Act requiring the Bureau to implement and maintain financial management systems that comply substantially with the federal financial management systems requirements and applicable accounting standards. Assessments include but are not limited to:

- Internal Control over Financial Reporting (ICOFR)
- Federal Information Security Management Act (FISMA)

- Improper Payments
- Federal Manager's Financial Integrity Act Reporting of 1982 (FMFIA)

Based on the results of these assessments, the Bureau provided reasonable assurance that as of September 30, 2020, the Bureau financial management systems substantially comply with the requirements for Federal financial management systems and applicable Federal accounting standards.

Additionally, as discussed in the section on Financial Management System Strategy below, the Bureau has entered into an agreement with the Bureau of the Fiscal Service, Administrative Resource Center (BFS/ARC) for the cross-servicing of the Bureau's core financial management system needs. As such, BFS/ARC has provided assurances to the Bureau that BFS/ARC's system is in compliance with the Federal Financial Management Improvement Act (FFMIA) whereby the system is substantially compliant with:

- Federal financial management system requirements,
- Applicable federal accounting standards, and
- The United States Standard General Ledger at the transaction level.

BFS/ARC has reported that its system substantially complies with these three requirements of FFMIA and recently completed a System and Organization Controls (SOC) 1 Report in accordance with Statements on Standards for Attestation Engagements No. 18, AT-C Section 320, *Report on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting*. The independent auditors opined in the SOC 1 report that BFS/ARC's controls were suitably designed and operating effectively to provide reasonable assurance that control objectives would be achieved if customer agencies applied the complementary customer agency controls. The Bureau determined that the scope of the SOC 1 report was sufficient to support its assessment of internal control over financial reporting.

The Bureau evaluated its internal controls over the processing of transactions between the Bureau and BFS/ARC. The Bureau has determined it has adequate complementary customer controls in place.

Financial statement audit and audit of internal control over financial reporting

Sections 1017(a)(4)(B) and (D) of the Dodd-Frank Act require the Bureau to prepare and submit to GAO annual financial statements and an assertion of the effectiveness of the internal control over financial reporting. Section 1017(a)(5)(A) and (B) of the Dodd-Frank Act also require GAO to audit those financial statements and report their results to the Bureau, Congress and the President. The Bureau prepared comparative financial statements for fiscal years 2020 and 2019.

GAO issued an unmodified audit opinion on the Bureau's fiscal years 2020 and 2019 financial statements. GAO opined that Bureau maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020. Also, GAO reported that its tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2020 that would be reported under U.S. generally accepted government auditing standards.

Financial management systems strategy

The Bureau recognized during its initial years of operation that it needed to leverage from other federal agencies existing financial management resources, systems and information technology platforms. The Bureau continues to maintain an agreement with the BFS/ARC for the cross-servicing of a commercial off-the-shelf core financial management system designed and configured to meet generally accepted accounting principles for Federal entities. In addition to the core financial management system, BFS/ARC provides services that include transactional processing, financial reporting, human resource services, procurement services, and travel services. The Bureau's goal is to continue providing an effective strategy that supports our financial management systems.

The Bureau recognizes the importance of financial management systems and oversight as a part of the capital planning and investment control process. Accordingly, the Bureau relies on its Investment Review Board (IRB) as the executive advisory body responsible for ensuring that all business and technology investments are aligned to the Bureau's mission, vision, strategic goals and initiatives, and utilize program management best practices to achieve the maximum return on investments. The IRB, which is chaired by the Chief Financial Officer (CFO), reviews investments over $0.75 million

Federal Information Security Management Act

The Federal Information Security Management Act (FISMA) requires Federal agencies to develop, document, and implement an agency-wide program to provide security for the information and information systems that support the operations and assets of the agency. The Bureau has developed a Cyber Security Program in accordance with FISMA that is grounded in a foundation of well-documented policies, standards and processes. The Bureau relies on the soundness of this program to conduct reviews of its third-party service organizations including other federal entities with whom we have cross servicing agreements that enable us to leverage their existing information technology and platforms. As the Bureau continues to mature and grow, the security program will adjust as well to ensure the safety and protection of the Bureau's data and assets.

Improper payments

The Payment Information Integrity Act of 2019 (PIIA) requires agencies to review their programs and activities annually to identify those susceptible to significant improper payments. While the Bureau's Bureau Fund is not subject to the Act, it was determined that the Bureau's Civil Penalty Fund is subject to the Act. The Office of the Chief Financial Officer conducted a review and risk assessment of the Civil Penalty Fund for fiscal year 2018 and determined that the program is low risk and not susceptible to significant improper payments. The Office of Management and Budget's (OMB) guidance only requires an agency to conduct a program risk assessment once every three years if a prior risk assessment determined the program to be low risk. Additionally, the Office of the Chief Financial Officer determined that the Civil Penalty Fund did not meet the reporting threshold for fiscal years 2020 and 2019.

Fraud reduction report

The Fraud Reduction and Data Analytics Act of 2015 (the Act) requires the Office of Management and Budget (OMB) to establish guidelines for federal agencies to establish financial and administrative controls to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments. These guidelines are intended to incorporate the leading practices identified in the report published by the Government Accountability Office on July 28, 2015, entitled "Framework for Managing Fraud Risks in Federal Programs."

In fiscal year 2017, the Bureau's Legal Department reviewed the requirements of the Act and determined that while the Bureau is not obligated to comply with OMB-issued circulars, memoranda, or other guidance, it would be prudent to voluntarily comply with the OMB guidance under the Act.

During fiscal year 2020, the Bureau continued to raise awareness of fraud risks and fraud risk management requirements under the Act. As part of the Bureau's fiscal year 2018 internal control assessment, the Bureau evaluated the maturity of its fraud risk management activities and to what extent fraud controls have been implemented into the Bureau's overall internal control framework. To perform the evaluation, the Bureau conducted a survey centered on the Act's requirements to include five areas related to fraud risk management: (1) Fraud Risk Governance, (2) Fraud Risk Management, (3) Fraud Control Activities, (4) Fraud Investigation and Corrective Action, and (5) Fraud Monitoring Activities to determine enhancements to the Bureau's fraud risk management activities. The results of the survey highlighted areas of focus for the Bureau as it continues its efforts to develop a framework of anti-fraud practices.

Limitations of the financial statements

The principal financial statements contained in this report have been prepared to present the financial position and results of operations of the Bureau pursuant to the requirements of the Dodd-Frank Act Section 1017(a)(4)(B). While the statements have been prepared from the books and records of the Bureau of Consumer Financial Protection, in accordance with generally accepted accounting principles for the Federal Government, and follow the general presentation guidance provided by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared using the same books and records. The financial and performance data in this report are reliable and complete. The statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity.

1.7 Financial analysis

Analysis of fiscal year 2020 Financial Condition and Results

The data provided in Table 15 below report on significant financial changes between fiscal years 2020 and 2019.

TABLE 15: SUMMARY OF FINANCIAL INFORMATION

(In Dollars)	Percentage Change	FY 2020	FY 2019
Total Assets	5%	$1,301,427,831	$1,242,558,625
Total Liabilities	36%	$418,751,718	$308,592,897
Total Net Position	-5%	$882,676,113	$933,965,728
Total Net Cost of Operations	3%	$637,706,938	$621,002,557

(In Dollars)	Percentage Change	FY 2020	FY 2019
Total Budgetary Resources	8%	$1,455,889,977	$1,349,468,530
Total New Obligations and Upward Adjustments	9%	$560,010,526	$511,669,057
Total Outlays	10%	$517,522,827	$470,962,890

Total Assets are $1,301.4 million as of September 30, 2020, an increase of $58.9 million (or 5 percent) over fiscal year 2019. The main factors contributing to the net increase was a $71.7 million increase in the Fund Balance with Treasury offset by a $22.4 million decrease in the cash held outside of Treasury as a result of pending distributions to harmed consumers from the Civil Penalty Fund.

Total Liabilities are $418.8 million as of September 30, 2020, an increase of $110.2 million (or 36 percent) over fiscal year 2019. The Bureau's liabilities generally represent the resources due to others such as benefits owed to employees and payments owed to vendors and Federal agencies for goods and services provided. Liabilities also include victim compensation amounts allocated from the Civil Penalty Fund (net of distributions to date). The increase in total liabilities is primarily associated with the net increase of $110.7 million in the Civil Penalty Fund liability as a result of anticipated future payments to harmed consumers.

Total Net Position at the end of fiscal year 2020 decreased by $51.3 million (a decrease of 5 percent) from fiscal year 2019. The decrease is primarily due to (1) a decrease in Civil Penalty Fund collections from fiscal year 2019 to fiscal year 2020 of $97.0 million and (2) an increase in Net Cost of Operations from fiscal year 2019 to fiscal year 2020 of $16.7 million. These decreases in net position are offset by an increase in transfers from the Board of Governors of the Federal Reserve System from fiscal year 2019 to fiscal year 2020 of $69.0 million.

Total Net Cost of Operations increased from $621.0 million in fiscal year 2019 to $637.7 million in fiscal year 2020 (an increase of $16.7 million or 3 percent). The net cost of operations remained fairly stable between fiscal years 2020 and 2019.

Total New Obligations and Upward Adjustments increased from $ 511.7 million in fiscal year 2019 to $560.0 million in fiscal year 2020 (an increase of $48.3 million or 9 percent). The $560.0 million of obligations and upward adjustments in fiscal year 2020 can be broken out by the two primary funds of the Bureau – the Bureau Fund had $558.5 million of new obligations and upward adjustments and the Civil Penalty Fund had $1.5 million of new obligations and upward adjustments. Further, the total new obligations and upward adjustments amount of $560.0 million, includes $13.0 million in upward adjustments to prior year obligations, and $547.0 million associated with the new obligations in fiscal year 2020.

How the Bureau is funded and other sources of revenue and collections

Bureau fund

Under the Dodd-Frank Act, the Bureau is funded principally by transfers from the Board of Governors of the Federal Reserve System up to a limit set forth in the statute. The Bureau requests transfers from the Board of Governors in amounts that are reasonably necessary to carry out its mission. Funding is capped at a pre-set percentage of the total 2009 operating expenses of the Federal Reserve System, subject to an annual adjustment. Specifically, the Bureau fund transfers are capped as follows:

- In fiscal year 2011, up to 10 percent of these Federal Reserve System expenses (or approximately $498.0 million),
- In fiscal year 2012, up to 11 percent of these expenses (or approximately $547.8 million),
- In fiscal year 2013, up to 12 percent of these expenses (or approximately $597.6 million), and
- In fiscal year 2014 and beyond, the cap remains at 12 percent but will be adjusted annually based on the percentage increase in the employment cost index for total compensation for State and local government workers published by the federal government.

The Dodd-Frank Act requires the Bureau to maintain an account with the Federal Reserve – "Bureau of Consumer Financial Protection Fund" (Bureau Fund). Funds requested from the Board of Governors are transferred into the Bureau Fund. Bureau funds determined not to be needed to meet the current needs of the Bureau are invested in Treasury securities on the open market. Earnings from the investments are also deposited into this fund. During fiscal year 2020 four transfers totaling $537.2 million were received from the Board of Governors. The amount transferred from the Board of Governors to the Bureau was $158.7 million less than the funding cap of $695.9 million for fiscal year 2020.

The Dodd-Frank Act explicitly provides that Bureau funds obtained by or transferred to the Bureau are not government funds or appropriated funds.

Civil Penalty Fund

As discussed previously in Section 1.4 of this report entitled, "Civil Penalty Fund Annual Report," the Bureau collected civil penalties from judicial or administrative actions in the amount of $34.2 million for fiscal year 2020 and $131.2 million for fiscal year 2019.

Other collections

During fiscal year 2020, the Bureau collected $98,900 in filing fees pursuant to the Interstate Land Sales Full Disclosure Act of 1968. The fees were deposited into an account maintained by the Department of the Treasury and are retained and available until expended for the purpose of covering all or part of the costs that the Bureau incurs to operate the Interstate Land Sales program.

Fiduciary activity and custodial revenue

Dodd-Frank Act section 1055 authorizes a court in a judicial action, or the Bureau in an administrative proceeding, to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Relief that is intended to compensate victims is treated as fiduciary funds and deposited into the "Legal or Equitable Relief Fund" established at the Department of the Treasury. Fiduciary assets are not assets of the Bureau and are not recognized on the balance sheet. During fiscal year 2020, the Bureau collected approximately $12.1 million in redress to be administered by the Bureau. Further information is contained in our financial statements at Note 19 entitled, "Fiduciary Activities."

Further, section 1055 of the Act provides that the Bureau may obtain the remedy of disgorgement for a violation of Federal consumer law. Disgorgement paid by the defendant is treated by the Bureau as custodial revenue and maintained in the Miscellaneous Receipts Fund of the U.S. Treasury. The Bureau reported fiscal year 2020 disgorged deposits of approximately $1.7 million and any other miscellaneous funds collected or receivable on the Statement of Custodial Activity – a statement that displays all custodial revenue for fiscal years 2020 and 2019.

TABLE 16: HAS OVERALL SUMMARY OF BUREAU RECEIPTS BY TYPE AND FISCAL YEAR

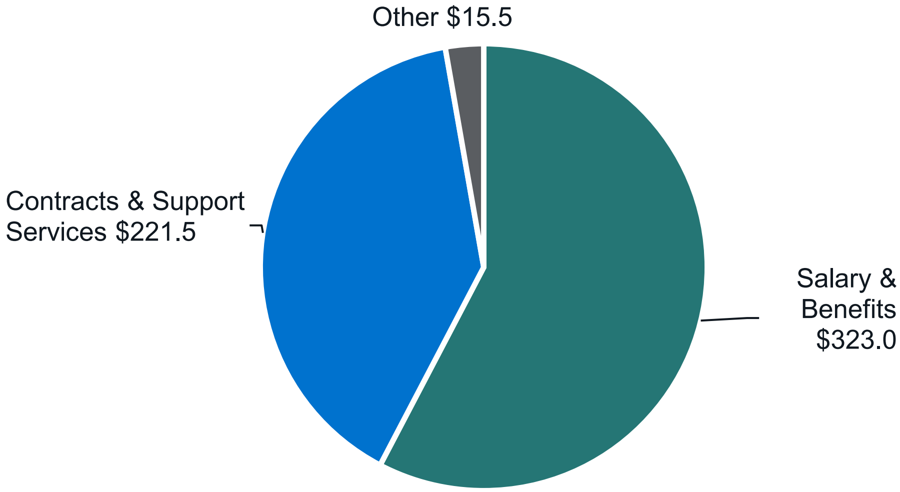
Fiscal Year	Transfers requested	Civil Penalty Fund receipts	Fiduciary receipts	Custodial receipts
2020	$537,200,000	$34,189,709	$12,117,286	$1,702,891
2019	$468,200,000	$131,171,664	$22,977,824	$2,659,808

What the Bureau has funded

The Bureau's fiscal year 2020 obligations related to resources essential to operations and activities such as personnel, information technology, mission-specific and human capital support, and other general support service activities. The Bureau incurred $560.0 million in obligations – $323.0 million in Salary & Benefits, $221.5 million in Contracts & Support Services [14], and $15.5 million in All Other.

[14] Includes $106.6 million of interagency agreements (IAA) the Bureau entered into with other Federal agencies and other Federal payments made to Federal Agencies. IAA's are not reported in USASpending.gov

FIGURE 4: FISCAL YEAR 2020 NEW OBLIGATIONS AND UPWARD ADJUSTMENTS ($ IN MILLIONS)



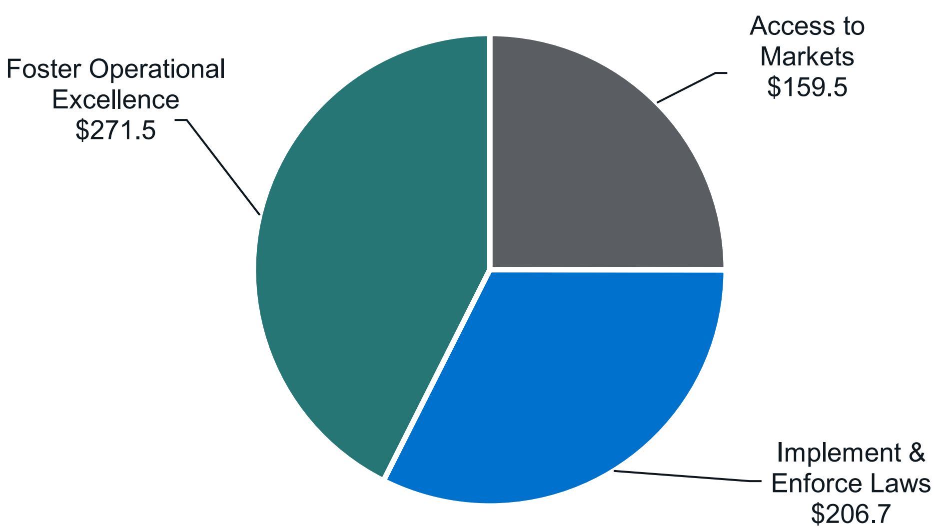
Examples of some of the larger obligations incurred for the Bureau's fiscal year 2020 activities included in the $221.5 million for contracts and support services include:

- $12.6 million to the Board of Governors of the Federal Reserve System for services provided by the Office of the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau.
- $12.4 million for Case and Customer relationship management system tools and services for stakeholder engagement, legal case and matter management, enforcement case and matter management, and supervision and examination support.
- $8.9 million to continue to fulfill the Dodd-Frank requirement to facilitate the centralized collection, monitoring and response to consumer complaints, as well as maintain a toll-free consumer hotline.
- $6.5 million for enterprise-wide cloud hosting infrastructure, system administration support and associated services.
- $6.1 million for expert witnesses to support enforcement matters, investigations, or litigations.
- $5.3 million for technology data platform technology and development and support for analytics, data science, and research use.
- $5.0 million for IT service desk and customer support services.

Net costs of the Bureau's operations

The Statement of Net Cost presents the Bureau net cost for its three strategic goals: (1) Ensure that all consumers have access to markets for consumer financial products and services; (2) Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive; and, (3) Foster operational excellence through efficient and effective processes, governance, and security of resources and information. Net program costs for fiscal year 2020 total $637.7 million and are displayed in the chart below.

FIGURE 5: FISCAL YEAR 2020 NET PROGRAM COSTS ($ IN MILLIONS)



1.8 Possible future risks and uncertainties

Possible future impact on financial services environment

It is anticipated that markets in both U.S. and foreign financial services sectors will evolve to address different and ever-changing risk factors based on their programs, unique business mixes, and organizational structures. These future external challenges must be monitored, as they will impact the work of the Bureau in protecting financial consumers and addressing a continually changing financial environment.

2. Financial statements and note disclosures

Message from Elizabeth Reilly

Chief Financial Officer of the Bureau

I am pleased to join Director Kraninger in presenting the Bureau's Financial Report for fiscal year 2020. The Financial Report is the Bureau's principal statement of accountability to the American people, the United States Congress, and the President of the United States. Our commitment to transparency and accountability is evident in the Bureau earning its tenth consecutive unmodified audit opinion on our comparative financial statements for fiscal years 2020 and 2019.

Financial Results for 2020

The Bureau continues to be a responsible steward of agency funds and remains dedicated to sound financial management practices. In 2020, the Bureau Fund obligations totaled approximately $558.5 million, which represents an increase of $48.3 million (9 percent) from 2019. Outlays totaled approximately $527.4 million. The Bureau's staffing increased from 1,430 in fiscal year 2019 to 1,504 in fiscal year 2020. Director Kraninger ended the hiring freeze on August 13, 2019 by approving a bureau-wide staffing plan resulting in the 5 percent increase seen in fiscal year 2020.

The unobligated balance held in the Bureau Fund was $74.6 million as of September 30, 2020. During 2020, the Bureau requested a total of $537.2 million from the Board of Governors to fund Bureau operations. The unobligated balance held in the Consumer Financial Civil Penalty Fund was $821.3 million as of September 30, 2020. This amount primarily represents the funding available for harmed consumers who are eligible for full or partial relief from illegal actions taken by financial institutions.

The Bureau continues to make progress in providing compensation to consumers who have been harmed by violations of federal consumer financial protection law. During fiscal year 2020, our enforcement actions resulted or will result in financial institutions, businesses, and individuals providing more than $114.0 million in monetary relief to consumers. We collected over $34.2 million in civil penalties from financial institutions, businesses, and individuals for various violations of consumer financial protection laws ordered in fiscal year 2020. Additionally, the Bureau collected approximately $1.7 million in disgorgement paid to the U.S. Department of the Treasury.

Provided herein are the Bureau's financial statements as an integral part of the fiscal year 2020 Financial Report. Our statements provide the combined financial activity of the Bureau Fund and the Civil Penalty Fund for reporting purposes. For fiscal year 2020, the Government Accountability Office rendered an unmodified audit opinion on the Bureau's financial statements and noted no material weaknesses, no significant deficiencies, and no instances of reportable non-compliance with laws and regulations.

Sincerely,

Elizabeth Reilly

2.1 U.S. Government Accountability Office auditor's report

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

Independent Auditor's Report

To the Director of the Bureau of Consumer Financial Protection

In our audits of the fiscal years 2020 and 2019 financial statements of the Bureau of Consumer Financial Protection (Bureau), we found

- the Bureau's financial statements as of and for the fiscal years ended September 30, 2020, and 2019, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- the Bureau maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020; and
- no reportable noncompliance for fiscal year 2020 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

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

Report on the Financial Statements and on Internal Control over Financial Reporting

In accordance with title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act[3] and the Full-Year Continuing Appropriations Act, 2011,[4] we have audited the Bureau's financial statements. The Bureau's financial statements comprise the balance sheets as of September 30, 2020, and 2019; the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended; and the related notes to the financial statements. We also have audited the Bureau's internal control over financial reporting as of September 30, 2020, based on criteria established under 31 U.S.C. § 3512(c), commonly known as the Federal Managers' Financial Integrity Act (FMFIA), and applicable sections of Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

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[1]The RSI consists of Management's Discussion and Analysis, which is included with the financial statements.

[2]Other information consists of information included with the financial statements, other than the RSI and the auditor's report.

[3] Pub. L. No. 111-203, title X, § 1017(a)(4)(B), (a)(5), 124 Stat. 1376, 1976-77 (2010), *classified at* 12 U.S.C. § 5497(a)(4)(B), (a)(5).

[4] Pub. L. No. 112-10, div. B, title V, § 1573(a), 125 Stat 38, 138 (2011), *classified at* 12 U.S.C. § 5496a.

Management's Responsibility

The Bureau's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; (4) maintaining effective internal control over financial reporting, including 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; (5) evaluating the effectiveness of internal control over financial reporting based on the criteria established under FMFIA and applicable sections of OMB Circular A-123; and (6) its assessment about the effectiveness of internal control over financial reporting as of September 30, 2020, included in the accompanying Management's Report on Internal Control over Financial Reporting in appendix A.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and an opinion on the Bureau's internal control over financial reporting based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether effective internal control over financial reporting was maintained in all material respects. We are also responsible for applying certain limited procedures to the RSI and other information included with the financial statements.

An audit of financial statements 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 auditor's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An audit of internal control over financial reporting involves performing procedures to obtain evidence about whether a material weakness exists.[5] The procedures selected depend on the auditor's judgment, including the assessment of the risk that a material weakness exists. An audit of internal control over financial reporting also includes obtaining an understanding of internal control over financial reporting, and evaluating and testing the design and operating effectiveness of internal control over financial reporting based on the assessed risk. Our audit of internal control also considered the Bureau's process for evaluating and reporting on internal control over financial reporting based on criteria established under FMFIA and applicable

[5]A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

sections of OMB Circular A-123. Our audits also included performing such other procedures as we considered necessary in the circumstances.

We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Our internal control testing was for the purpose of expressing an opinion on whether effective internal control over financial reporting was maintained, in all material respects. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error. We also caution that projecting any evaluation of effectiveness 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 the policies or procedures may deteriorate.

Opinion on Financial Statements

In our opinion, the Bureau's financial statements present fairly, in all material respects, the Bureau's financial position as of September 30, 2020, and 2019, and its net cost of operations, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Opinion on Internal Control over Financial Reporting

In our opinion, the Bureau maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established under FMFIA and applicable sections of OMB Circular A-123.

During our fiscal year 2020 audit, we identified deficiencies in the Bureau's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies.[6] Nonetheless, these deficiencies warrant Bureau management's attention. We

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

have communicated these matters to Bureau management and, where appropriate, will report on them separately.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

The Bureau's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on the Bureau's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

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

In connection with our audits of the Bureau's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

The Bureau's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Bureau.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to the Bureau that have a direct effect on the determination of material amounts and disclosures in the Bureau's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Bureau.

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

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2020 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Bureau. Accordingly, we do not express such an opinion.

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

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

Agency Comments

In commenting on a draft of this report, the Bureau stated that it was pleased to receive an unmodified audit opinion on its fiscal years 2020 and 2019 financial statements and on its internal control over financial reporting. In addition, the Bureau stated that it will continue to work to enhance its system of internal control and ensure the reliability of the Bureau's financial reporting.

The complete text of the Bureau's response is reprinted in appendix B.

Cheryl E. Clark

Cheryl E. Clark
Director
Financial Management and Assurance

November 11, 2020

APPENDIX A

Management's report on internal control over financial reporting

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552

November 11, 2020

Mr. Gene Dodaro
Comptroller General of the United States
441 G Street, NW Washington, DC 20548

Dear Mr. Dodaro,

As required by Section 1017 of the Dodd-Frank Act, 12 U.S.C. Section 5497(a)(4)(D), the Bureau of Consumer Financial Protection (Bureau) provides this management assertion regarding the effectiveness of internal control that apply to financial reporting by the Bureau based on criteria established in Section 3512(c) of Title 31, United States Code (commonly known as the Federal Managers' Financial Integrity Act) and applicable sections of Office of Management and Budget Circular A-123.

The Bureau's internal control over financial reporting is a process affected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority; regulations; contracts; and grant agreements, noncompliance with which could have a material effect on the financial statements.

The Bureau management is responsible for maintaining effective internal control over financial reporting, including 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. The Bureau management evaluated the effectiveness of the Bureau's internal control over financial reporting as of September 30, 2020, based on the criteria established under 31 U.S.C. 3512(c) (commonly known as the Federal Managers' Financial Integrity Act) and applicable sections of OMB Circular A-123.

Based on that evaluation, we conclude that, as of September 30, 2020 the Bureau's internal control over financial reporting was effective.

Kathleen L. Kraninger
Director
Bureau of Consumer Financial Protection

Elizabeth Reilly
Chief Financial Officer
Bureau of Consumer Financial Protection

APPENDIX B

Management's response to the auditor's report

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552

November 12, 2020

Cheryl Clark
U.S. Government Accountability Office
441 G Street, N.W., Room 5T45
Washington, DC 20548

Dear Ms. Clark:

I appreciate the opportunity to respond to the Government Accountability Office's (GAO) draft audit report titled, Financial Audit: Bureau of Consumer Financial Protection's Fiscal Year 2020 and Fiscal Year 2019 Financial Statements and want to thank you and your staff for your dedicated efforts and collaboration to meet the audit requirements.

We are pleased that GAO's auditors rendered an unmodified or "clean" audit opinion, meaning GAO found that the Bureau of Consumer Financial Protection's (Bureau) financial statements are presented fairly, in all material respects, and in conformity with U.S. generally accepted accounting principles, the Bureau maintained, in all material respects, effective internal control over financial reporting, and that there were no instances of reportable noncompliance with laws and regulations tested by GAO. Maintaining an unmodified or "clean" audit opinion on the Bureau's comparative financial statements for fiscal years 2020 and 2019 is a significant accomplishment.

The Bureau will continue to work to enhance our system of internal control and ensure the reliability of the Bureau's financial reporting. The Bureau looks forward to working with GAO in future audits and truly appreciates GAO's work over the past fiscal year.

If you have any questions relating to this response, please contact Elizabeth Reilly, Chief Financial Officer.

Kathleen L. Kraninger
Director
Bureau of Consumer Financial Protection

consumerfinance.gov

2.2 Financial statements and notes

BUREAU OF CONSUMER FINANCIAL PROTECTION
BALANCE SHEET
As of September 30, 2020 and 2019
(In Dollars)

	2020	2019
Assets:		
Intragovernmental		
Fund Balance with Treasury (Note 2)	$ 92,026,356	$ 20,344,912
Investments (Note 3)	245,483,408	237,091,482
Accounts Receivable (Note 5)	890,000	-
Advances and Prepayments (Note 7)	3,111,291	2,512,125
Total Intragovernmental	341,511,055	259,948,519
Cash, and Other Monetary Assets		
Cash in the Bureau Fund (Note 4)	322,086	336,235
Cash in the Civil Penalty Fund (Note 4)	758,382,661	780,798,332
Total Cash, and Other Monetary Assets	758,704,747	781,134,567
Accounts Receivable (Note 5)	5,812,236	6,050,359
Property, Equipment, and Software, Net (Note 6)	188,134,331	189,682,423
Advances and Prepayments (Note 7)	7,265,462	5,742,757
Total Assets	$ 1,301,427,831	$ 1,242,558,625
Liabilities:		
Intragovernmental		
Accounts Payable	$ 7,532,460	$ 7,295,647
Benefits Payable	3,075,844	2,819,119
Liability for Advances (Note 8)	3,067,307	10,085,924
Custodial Liability	5,295,199	5,295,244
Other (Note 9)	678,503	531,268
Total Intragovernmental	19,649,313	26,027,202
Accounts Payable	19,933,533	22,571,254
Employer Benefits Contributions	24,737,402	24,279,572
Accrued Funded Payroll	10,946,960	8,718,982
Civil Penalty Fund Liability (Note 10)	313,513,463	202,764,313
Unfunded Leave (Note 11)	29,922,810	24,188,350
Other (Note 9)	48,237	43,224
Total Liabilities (Note 11)	$ 418,751,718	$ 308,592,897
Commitments and Contingencies (Note 12)	-	-
Net Position:		
Cumulative Results of Operations - Funds from Dedicated Collections (consolidated totals) (Note 14)	$ 882,676,113	$ 933,965,728
Total Liabilities and Net Position	$ 1,301,427,831	$ 1,242,558,625

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

BUREAU OF CONSUMER FINANCIAL PROTECTION
STATEMENT OF NET COST
For the Fiscal Years Ended September 30, 2020 and 2019
(In Dollars)

	2020	2019
Gross Program Costs:		
Ensure that all consumers have access to markets for consumer financial products and services		
Gross Costs	$ 163,516,517	$ 161,640,516
Less: Earned Revenue	(3,970,353)	(2,510,883)
Net Ensure that all consumers have access to markets for consumer financial products and services	$ 159,546,164	$ 159,129,633
Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive		
Gross Costs	$ 206,680,279	$ 215,062,444
Less: Earned Revenue	-	(263,439)
Net Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive	$ 206,680,279	$ 214,799,005
Foster operational excellence through efficient and effective processes, governance and security of resources and information		
Gross Costs	$ 271,480,495	$ 247,454,301
Less: Earned Revenue	-	(380,382)
Net Foster operational excellence through efficient and effective processes, governance and security of resources and information	$ 271,480,495	$ 247,073,919
Total Gross Program Costs	$ 641,677,291	$ 624,157,261
Less: Total Earned Revenues	(3,970,353)	(3,154,704)
Net Cost of Operations	$ 637,706,938	$ 621,002,557

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

BUREAU OF CONSUMER FINANCIAL PROTECTION
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2020 and 2019
(In Dollars)

	2020	2019
Cumulative Results of Operations:		
Beginning Balances	$ 933,965,728	$ 892,920,044
Budgetary Financing Sources:		
Nonexchange Revenue		
Transfers from the Board of Governors of the Federal Reserve System	537,200,000	468,200,000
Civil Penalties	34,494,950	131,563,908
Interstate Land Sales Fees	98,900	115,300
Interest from Investments	3,653,640	8,182,991
Total Nonexchange Revenue	575,447,490	608,062,199
Other	24,137	10,457
Other Financing Sources:		
Imputed Financing Sources	10,945,696	10,594,160
Non-Entity Collections Transferred to the General Fund	-	(6,509)
Adjustment due to Reduction of Benefits Payable	-	43,387,934
Total Financing Sources	586,417,323	662,048,241
Net Cost of Operations	(637,706,938)	(621,002,557)
Net Change	(51,289,615)	41,045,684
Cumulative Results of Operations - Funds from Dedicated Collections (consolidated totals) (Note 14)	$ 882,676,113	$ 933,965,728
Net Position	$ 882,676,113	$ 933,965,728

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

BUREAU OF CONSUMER FINANCIAL PROTECTION
STATEMENT OF BUDGETARY RESOURCES
For the Fiscal Years Ended September 30, 2020 and 2019
(In Dollars)

	2020	2019
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Note 15)	$870,649,960	$747,301,287
Funds Available for Obligation	582,273,352	599,427,816
Spending Authority from Offsetting Collections	2,966,665	2,739,427
Total Budgetary Resources	$ 1,455,889,977	$ 1,349,468,530
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (total)	$ 560,010,526	$ 511,669,057
Unobligated Balance, End of Year:		
Exempt from Apportionment , Unexpired Accounts	895,879,451	837,799,473
Total Budgetary Resources	$ 1,455,889,977	$ 1,349,468,530
Outlays, net		
Outlays, net (total)	517,522,827	470,962,890
Agency Outlays, Net	$ 517,522,827	$ 470,962,890

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

BUREAU OF CONSUMER FINANCIAL PROTECTION
STATEMENT OF CUSTODIAL ACTIVITY
For the Fiscal Years Ended September 30, 2020 and 2019
(In Dollars)

	2020	2019
Total Custodial Revenue:		
Sources of Cash Collections:		
Disgorgement	$ 1,702,891	$ 2,658,907
Miscellaneous	414	901
Total Cash Collections	1,703,305	2,659,808
Accrual Adjustments	45	(4,999,077)
Total Custodial Revenue	1,703,350	(2,339,269)
Disposition of Collections:		
Amounts Transferred to the Department of the Treasury	1,703,305	2,659,808
Increase/(Decrease) in Amounts Yet to be Transferred	45	(4,999,077)
Total Dispositions of Collections	1,703,350	(2,339,269)
Net Custodial Activity	$ -	$ -

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

Note 1: Summary of significant accounting policies

A. Reporting entity

The Bureau of Consumer Financial Protection (Bureau) was established on July 21, 2010 under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act Public Law No. 111-203 (Dodd-Frank Act). The Bureau was established as an independent bureau within the Federal Reserve System. The Bureau is an Executive agency as defined in section 105 of Title 5, United States Code. Section 1017 of the Dodd-Frank Act provides that the Bureau financial statements are not to be consolidated with the financial statements of either the Board of Governors (BOG) of the Federal Reserve or the Federal Reserve System.

The Dodd-Frank Act authorizes the Bureau to exercise its authorities to ensure that, with respect to consumer financial products and services:

a. Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;

b. Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;

c. Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;

d. Federal consumer financial law is enforced consistently in order to promote fair competition; and

e. Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

Under the Dodd-Frank Act, on the designated transfer date, July 21, 2011, certain authorities and functions of several agencies relating to Federal consumer financial law were transferred to the Bureau in order to accomplish the above objectives. These authorities were transferred from the BOG, Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and the Department of Housing and Urban Development (HUD). In addition, the Dodd-Frank Act vested the Bureau with authority to enforce in certain circumstances the Federal Trade Commission's (FTC) Telemarketing Sales Rule and its rules under the FTC Act, although the FTC retains full authority over these rules. The Dodd-Frank

Act also provided the Bureau with certain other federal consumer financial regulatory authorities in addition to these transferred authorities.

To accomplish its mission, the Bureau is organized into five primary divisions:

1. **Consumer Education and External Affairs:** provides, through a variety of initiatives and methods, including offices on specific populations, information to consumers to allow them to make financial decisions that are best for them. Additionally, they hear directly from consumers about challenges they face in the marketplace through their complaints, questions, and feedback. The division also manages the Bureau's relationships with external stakeholders and ensures that the Bureau maintains robust dialogue with interested stakeholders to promote understanding, transparency, and accountability.

2. **Supervision, Enforcement and Fair Lending:** ensures compliance with Federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.

3. **Research, Markets and Regulations:** conducts research to understand consumer financial markets and consumer behavior, evaluates whether there is a need for regulation, and determines the costs and benefits of potential or existing regulations.

4. **Legal Division:** ensures the Bureau's compliance with all applicable laws and provides advice to the Director and the Bureau's divisions.

5. **Operations:** builds and sustains the Bureau's operational infrastructure to support the entire organization.

In addition to the five primary divisions described above, the Office of the Director also includes offices focused on innovation, strategy, and equal opportunity and fairness. Fiscal year 2020 saw some organizational changes where the divisions of Consumer Education and Engagement and External Affairs were reorganized into the division of Consumer Education and External Affairs to develop a coordinated and Bureau-wide approach to engagement and communication with consumers, policymakers, academics, and other stakeholders.

The Bureau workforce is spread across the country with its headquarters in Washington, D.C. The headquarters was in two locations within Washington, D.C., (1700 G Street, N.W. and 1990 K Street, N.W.) utilizing space pursuant to interagency agreements with the Office of the Comptroller of the Currency and the General Services Administration (GSA). During fiscal year 2020 the Bureau terminated the lease at 1990 K Street N.W. In addition to its location within Washington D.C., the Bureau also utilizes space pursuant to occupancy agreements with GSA for the regional offices in New York, Chicago, San Francisco, and Atlanta.

Additional information on the organizational structure and responsibilities of the Bureau is available on the Bureau's website at http://www.consumerfinance.gov/.

B. Basis of presentation

The Bureau's principal statements were prepared from its official financial records and general ledger in conformity with U.S. generally accepted accounting principles (GAAP) and, while not required to comply with all OMB guidance such as OMB Circular A-136, the Bureau generally tracks the general presentation guidance established by OMB Circular A-136, *Financial Reporting Requirements,* as revised. The financial statements are a requirement of the Dodd-Frank Act. The financial statements are in addition to the financial reports prepared by the Bureau, which are used to monitor and control budgetary resources. The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, the status and availability of budgetary resources, and the custodial activities of the Bureau. Financial statements are presented on a comparative basis. During fiscal year 2018, the Bureau prepared and issued a five-year strategic plan for fiscal years 2018 through 2022 that contains three strategic goals and associated performance metrics. The five-year strategic plan was designed to meet the objectives of the Government Performance and Results Act and help the Bureau measure its performance in fulfilling its responsibilities under the Dodd-Frank Act.

C. Basis of accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements and controls over the use of funds. The Statement of Custodial Activity is presented on the modified cash basis of accounting. Cash collections and amounts transferred to Treasury are reported on a cash basis. The change in receivables is reported on an accrual basis. The Bureau conforms to GAAP for federal entities as prescribed by the standards set forth by the Federal Accounting Standards Advisory Board (FASAB). FASAB is recognized by the American Institute of Certified Public Accountants as the body designated to establish GAAP for federal government entities.

Certain assets, liabilities and costs have been classified as intragovernmental throughout the financial statements and notes. Intragovernmental assets and liabilities are those due from or to other federal entities. Intragovernmental costs are payments or accruals due to other federal entities. Accounting transactions with the Federal Financial Institutions Examination Council (FFIEC) are classified as intragovernmental whereas accounting transactions with the Federal Reserve System, which includes both the BOG and the Federal Banks, are classified as non-federal.

In fiscal year 2019, the Bureau received amended guidance from OPM on how to account for post-retirement health benefits for those employees retiring under the Federal Reserve System retirement plans. These health benefits are administered by OPM. Prior to fiscal year 2019, the Bureau reported a liability to OPM for the future costs of these benefits on the Balance Sheet as Benefits Payable as these costs would be paid by the Bureau at some point in the future. During fiscal year 2019, OPM revised its guidance to the Bureau such that OPM will pay for the post-retirement health benefits for all of the Bureau's employees, including those employees retiring under the Federal Reserve System retirement plans. This process is consistent with how OPM pays for health benefits for other Federal agencies. Based on the amended guidance from OPM, the Bureau liquidated its liability with OPM for the future costs of these benefits in fiscal year 2019. The effect of the amended guidance from OPM in fiscal year 2019 was a net decrease in intragovernmental liabilities and is a net increase to Cumulative Results of Operations of $43.4 million. See Note 1.P. for more information.

The Bureau has rights and ownership of all assets, except for custodial or non-entity assets, reported in these financial statements. Custodial/Non-entity assets can result from the Bureau enforcement actions that require the defendant to pay disgorgement as well as from the collection of Freedom of Information Act (FOIA) fees. Disgorgement is an equitable remedy that a court or the Bureau can impose in a judicial or administrative action to deprive defendants of their ill-gotten gains and to deter violations of Federal consumer financial laws. In addition, as further discussed in Note 1.S. and Note 19 the Bureau also administers certain funds in a fiduciary capacity.

D. Funding sources

The Bureau's funding is obtained primarily through transfers from the BOG, interest earned on investments, and penalties and fees collected. The Dodd-Frank Act requires the Bureau to maintain an account with the Federal Reserve – the "Bureau of Consumer Financial Protection Fund" (Bureau Fund). The Director of the Bureau, or the Director's designee, requests transfers from the BOG in amounts necessary to carry out the authorities and operations of the Bureau. The BOG transfers the funds into the Bureau Fund, which is maintained at the Federal Reserve Bank of New York (FRBNY). Bureau funds determined not needed to meet the current needs of the Bureau are invested in Treasury securities on the open market. Earnings from the investments are also deposited into this fund. The Bureau requests funds on a quarterly basis. The funds maintained at the FRBNY are reported in the financial statements and related notes and represent budget authority for the Bureau.

The Bureau funding requests for the Bureau Fund are capped as follows:

The amount that shall be transferred to the Bureau in each fiscal year shall not exceed a fixed percentage of the total operating expenses ($4.98 billion) of the Federal Reserve System, subject to an annual inflation adjustment, as reported in the Annual Report, 2009, of the BOG, equal to:

- In fiscal year 2011, up to 10 percent of these Federal Reserve System expenses (or approximately $498.0 million),
- In fiscal year 2012, up to 11 percent of these expenses (or approximately $547.8 million),
- In fiscal year 2013, up to 12 percent of these expenses (or approximately $597.6 million), and
- In fiscal year 2014 and beyond, the cap remains at 12 percent but will be adjusted annually based on the percentage increase in the employment cost index for total compensation for State and local government workers published by the federal government.

The Dodd-Frank Act explicitly provides that Bureau funds obtained by or transferred to the Bureau Fund are not government funds or appropriated funds.

The Bureau also collects filing fees from developers under the Interstate Land Sales Full Disclosure Act (ILSA). ILSA protects consumers from fraud and abuse in the sale or lease of land. On July 21, 2011, the responsibility for administering ILSA was transferred to the Bureau from HUD pursuant to the Dodd-Frank Act. The Dodd-Frank Act requires land developers to register subdivisions of 100 or more non-exempt lots and to provide each purchaser with a disclosure document called a Property Report. Developers must pay a fee when they register such subdivisions. While the Bureau continues to administer the legislation with respect to the transfer of these functions under the ILSA, and collect the fees, the fees are currently being deposited into a separate subaccount. The fees collected may be retained and are available until expended for the purpose of covering all or part of the costs that the Bureau incurs for ILSA program operations.

The Bureau also collected, during calendar years 2016, 2017, and 2018, advances from the members[15] of the FFIEC and HUD for the development of the system to collect data per authority under the Home Mortgage Development Act. Through a Memoranda of Understanding (MOU) an agreement was reached on the funding needed to develop a new

[15] The FFIEC agencies with HMDA responsibilities and party to the MOU for the design and development of the new HMDA system are: Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Bureau of Consumer Financial Protection.

Home Mortgage Disclosure Act (HMDA) system. The amounts collected represent a liability for advances and prepayments. A further discussion can be found in Note 1. Q and Note 8.

Pursuant to the Dodd-Frank Act, the Bureau is also authorized to obtain civil penalties for violations of Federal consumer financial laws. The Act requires the Bureau to maintain a separate fund, known as the Consumer Financial Civil Penalty Fund (Civil Penalty Fund). Civil penalties are deposited into the Civil Penalty Fund (CPF) established and maintained at the FRBNY. The Act authorizes the Bureau to use the CPF for payment to the victims of activities for which civil penalties have been imposed and, in certain circumstances, for consumer education and financial literacy programs. Amounts in the CPF are available "without fiscal year limitation."

Beginning with fiscal year 2019, the Bureau began to sequester new collections into the CPF. The sequestered funds are not available for obligation in the year collected but may become available for obligation in the following fiscal year. The amount of funds sequestered in the CPF can be found in Table 7 of Section 1.4 of the Management Discussion and Analysis (Footnote 4) and the President's Budget which is scheduled for publication in February of each year and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*.

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 by the Bureau are recognized as imputed cost in the Bureau's Statement of Net Cost and are offset by an imputed financing source in the Bureau's Statement of Changes in Net Position. The Bureau recognizes as an imputed financing source the amount of pension and post-retirement benefit expenses for current employees that OCC and the Office of Personnel Management (OPM) has or will pay on the Bureau's behalf. Further, the Bureau recognizes earned revenue for reimbursable activity of the Bureau staff detailed to either public or non-public entities. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

E. Use of estimates

The Bureau has made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses, accruals, and the disclosure of contingent liabilities to prepare these financial statements. The estimates are based on current conditions that may change in the future. Actual results could differ from these estimates. Some of the significant transactions subject to estimates include accruals, costs regarding benefit plans for the Bureau employees that are administered by OPM, OCC and the Federal Reserve System, costs regarding payments to victims from the CPF, and cost allocations among the programs on the Statement of Net Cost.

F. Funds from dedicated collections

FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 27, as amended by SFFAS 43, contains three requirements for funds to be considered funds from dedicated collection: (1) A statute committing the federal government to use specifically identified revenues and/or other financing sources that are originally provided to the federal government by a non-federal source only for designated activities, benefits or purposes; (2) Explicit authority for the fund to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and (3) A requirement to account for and report on the receipt, use and retention of the revenues and/or other financing sources that distinguishes the fund from the federal government's general revenues.

Based on the standard's criteria, the Bureau has determined that the Bureau Fund is a fund from dedicated collections due to its meeting the three required criteria – source of funds are from a non-federal source, explicit authority to retain funds for future use, to finance designated activities, benefits, or purposes, and a requirement to account for and report on the funds receipt, use and retention separate from the federal government's general revenues. Further, the Bureau has determined based on the criteria of SFFAS 27 & 43 that the CPF is also a fund from dedicated collections and has established a separate special fund to account for its activity. These funds, which also qualify as special funds, are discussed further in Note 1.H. below. See additional disclosure in Note 14 "Funds from Dedicated Collections."

G. Entity and non-entity assets

Entity assets are assets that the Bureau may use in its operations. This includes amounts where the Bureau management has the authority to decide how funds will be used. Non-Entity Assets are those assets that an agency holds on behalf of another Federal agency or on behalf of a third party and are not available for the agency's use. The Bureau's non-entity assets include cash from disgorgement payments made by defendants and other miscellaneous fees collected and recorded in the Statement of Custodial Activity. FOIA non-entity fees collected are reported on the Statement of Changes in Net Position and the Statement of Net Cost.

H. Fund balance with Treasury

The U.S. Treasury holds funds in the Treasury General Account for the Bureau which are available to pay agency liabilities and to finance authorized purchase obligations. Treasury processes cash receipts, such as fees collected from the ILSA program, and makes disbursements on the Bureau's behalf. As discussed in Note 1.D. above, the Bureau also maintains an account with the FRBNY known as the Bureau Fund. During the year, increases to the Bureau Fund are generally comprised of fund transfers from the BOG and investment interest. These funds are available for transfer to the Bureau's Fund Balance with Treasury. Also, as discussed above in Note 1.D., the Bureau maintains an additional account at the FRBNY for the CPF. These funds are also available for transfer to the Bureau’s Fund Balance with Treasury under a separate fund symbol from the Bureau Fund. The Bureau’s Fund Balances with Treasury for all funds described above are maintained as special funds. A special fund is established where the law requires collections to be used for a specific purpose, and the law neither authorizes the fund to conduct a cycle of business-type operations (making it a revolving fund) nor designates it as a trust fund.

The Bureau also receives non-entity assets, custodial revenues and fiduciary activity that are maintained in the Miscellaneous Receipts Fund of the U.S. Treasury, and a deposit fund respectively. The Miscellaneous Receipts fund holds non-entity receipts that the Bureau cannot deposit into funds under its control. This fund includes disgorgement deposits and any other miscellaneous funds collected (e.g., FOIA fees) that will be sent to the U.S. Treasury General Fund upon collection. Enforcement activity can result in the Bureau receiving redress funds that are maintained in a deposit fund. Redress funds are held in a fiduciary capacity until the Bureau can make payment directly to the harmed individuals or entities.

I. Investments

The Bureau has the authority to invest the funds in the Bureau Fund account that are not required to meet the current needs of the Bureau. The Bureau invests solely in U.S. Treasury securities purchased at a discount on the open market, which are normally held to maturity and carried at cost. The Bureau selects investments with maturities suitable to its needs, currently three-month Treasury bills. Investments are adjusted for discounts. In accordance with GAAP, the Bureau records the value of its investments in U.S. Treasury securities at cost and amortizes the discount on a straight-line basis over the term of the respective issues. Results under the straight line method approximate results under the interest method. Interest is credited to the Bureau Fund.

J. Accounts receivable

Accounts receivable consists of amounts owed to the Bureau. An allowance for uncollectible accounts receivable from the public is established when either (1) management determines that collection is unlikely to occur after a review of outstanding accounts and the failure of all collection efforts, or (2) an account for which no allowance has been established is submitted to Treasury for collection, which generally takes place when it becomes 120 days delinquent.

K. Property, Equipment, and Software, Net

Property, Equipment, and Software is recorded at historical cost. It consists of tangible assets and software. Under the Bureau's property management policy, equipment acquisitions of $50,000 or more are capitalized and depreciated using the straight-line method (using a half year convention for the year assets are placed into service) over the estimated useful life of the asset. Similarly, internal use software, software purchased or developed to facilitate the operation of an entity's programs, is capitalized for software of $750,000 or more and depreciated using the straight-line method (using a half year convention) over the estimated useful life of the asset. Additionally, for bulk purchases of similar items, which individually do not meet the capitalization threshold, the acquisition is capitalized and depreciated if the depreciated basis of the bulk purchase is $500,000 or more. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property and equipment.

The useful life classifications for capitalized assets are as follows:

TABLE 7: TABLE OF PROPERTY, EQUIPMENT, AND SOFTWARE CATEGORY USEFUL LIVES

Property, Equipment, and Software Category	Useful Lives (years)
Laptop/Desktop Computers	3
Internal Use Software	5
Mainframe Computer System	7
Servers	7
Telecommunications Equipment	7
Furniture	8
Other Equipment	10

A leasehold (capital) improvement's useful life is equal to the remaining occupancy agreement term or the estimated useful life of the improvement, whichever is shorter. The Bureau has no real property holdings or stewardship or heritage assets. Leasehold improvements were completed at 1700 G Street, N.W., Washington, D.C. in fiscal year 2019 and these costs were moved from Leasehold (Capital) Improvements-in-Development to Leasehold Improvements and are being amortized. See Note 6. Other property items, normal repairs, and maintenance are charged to expense as incurred.

L. Advances and Prepaid Charges

Advances and prepayments may occur as a result of reimbursable agreements, subscriptions, payments to contractors and employees, and payments to entities administering benefit programs for the Bureau employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

M. Liabilities

Liabilities represent the amount of monies likely to be paid by the Bureau as a result of transactions or events that have already occurred. Liabilities may be intragovernmental (claims against the Bureau by other Federal agencies) or with the public (claims against the Bureau by an entity or person that is not a Federal agency). However, no liability can be paid if there is no funding. Liabilities for which funds are not available are classified as not covered by budgetary resources. There is no certainty that the funding will be received. Additionally, the government, acting in its sovereign capacity, can abrogate liabilities. Liabilities not covered by budgetary resources on the Balance Sheet are equivalent to amounts reported as components of Net Cost that are not part of Net Outlays on the Reconciliation of Net Cost to Net Outlays in Note 17.

CIVIL PENALTY FUND

The Bureau has determined that for the funds collected and deposited into the CPF, victims do not have ownership rights to those funds that the Federal government must uphold. Of the funds deposited into the CPF, the CPF Administrator allocates funds to classes of victims of violations for which civil penalties have been imposed under the Federal consumer financial laws and, to the extent that such victims cannot be located or such payments are otherwise not practicable, to consumer education and financial literacy programs. The amount allocated by the Fund Administrator may differ from the amount of uncompensated harm initially estimated based on the court order, settlement agreement, or documentation provided by the Office of Enforcement due to additional research and documentation obtained after the initial estimate was calculated. The measurement of the liability for consumer education and financial literacy programs is based on the services provided under the applicable contracts and any year end accruals. The measurement of the liability for potential payments to harmed consumers is based on the results of the defined allocation process and any year end accruals. The year end accruals are based on documentation from the Office of Enforcement regarding the potential uncompensated harm of closed cases as of September 30th of each year. Please see Note 12 for additional information on the amounts accrued in the financial statements for these cases.

N. Annual, Sick, and Other Leave

Annual leave, compensatory time, and credit hours earned by the Bureau's employees, but not yet used, are reported as accrued liabilities. The accrued balance is adjusted annually to current pay rates. The accrued leave, for which funding is not available, is recorded as an unfunded liability. Sick and other leave are expensed as taken.

O. Employee Benefits

The Bureau's employees may enroll in some benefit programs administered by OPM and also have the option to enroll in non-Title 5 benefit programs sponsored by the Bureau in addition to, or in lieu of, OPM programs. For those employees participating in OPM's benefit programs, the Bureau records the employer's contribution to those programs. For those employees participating in the Bureau's non-Title 5 benefit programs, the Bureau directly contracts with vendors to provide those services. The Bureau recognizes the employer's contributions for these benefits as the benefits are earned. All of these costs are reflected as expenses in the Bureau's financial statements.

P. Pension costs and other retirement benefits

The Bureau's employees are enrolled in several retirement and pension programs and post-employment benefits in accordance with the Dodd-Frank Act.

EMPLOYEES TRANSFERRED FROM THE FEDERAL RESERVE, OCC, OTS, FDIC, AND HUD

The Dodd-Frank Act allowed employees transferred from OCC, OTS, FDIC, and HUD to continue participating in the pension or retirement plans in which they were enrolled at their transferring agency or to affirmatively elect, between January 21, 2012 and January 20, 2013, to join the Federal Reserve System Retirement Plan and the Federal Reserve System Thrift Plan. Many transferee employees from these agencies are in the traditional Title 5 retirement plans (Federal Employees Retirement System (FERS), Civil Service Retirement System (CSRS), or CSRS Offset); however, a few transferees from OTS are in a non-Title 5 plan (i.e., Pentegra Defined Benefit Plan). Transferees from the Federal Reserve were allowed to remain in the Federal Reserve System retirement program or to affirmatively elect into the appropriate Title 5 retirement plan during that same timeframe. For those employees who elected to enroll in an alternative retirement plan, the enrollment became effective in January 2013.

The Bureau does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the Federal Reserve System, OCC, or OPM as the administrator of their respective plans. In all cases, the Bureau pays any employer contributions required by the plans. Refer to the chart below for information on which agency administers each of the retirement plans for the Bureau employees.

OCC, OTS, and FDIC also offered other agency-only savings plans to employees. Any transferees who participated in such plans are allowed to continue their participation as long as they remain enrolled in their current retirement plans. In such cases, the Bureau pays any employer contributions. Employees who elect to enroll in the Federal Reserve System retirement plan will not be allowed to continue their participation in either the Title 5 Thrift Savings Plan or the OCC, OTS, and FDIC agency savings plans.

The Bureau has also reimbursed the transferring agencies for administrative costs pursuant to memoranda of understanding with the transferring agencies. These costs are reflected as expenses in the Bureau's financial statements.

ALL OTHER EMPLOYEES OF BUREAU

Employees hired with prior Title 5 Federal Retirement System coverage who are not transferees under the Dodd Frank Act may remain enrolled in the appropriate retirement programs administered by OPM – CSRS, CSRS Offset, or FERS. These employees alternatively have the option to enroll in the Federal Reserve System retirement plans (FRSRP). The Bureau began providing these new employees the opportunity to enroll in the Federal Reserve retirement system plans beginning in November 2011. For those employees electing to enroll in the Federal Reserve System's retirement plans, the enrollment becomes effective at the beginning of the pay period following receipt of their written election decision. New employees with no previous coverage under a Title 5 retirement plan are automatically enrolled in the Federal Reserve System's retirement plans. The Bureau pays the employer's contribution into those plans.

TABLE 8: PENSION/RETIREMENT PLANS FOR BCFP EMPLOYEES

Name	Administering Agency
Federal Reserve System Retirement Plan (FRSRP)	Federal Reserve System
Federal Reserve System Thrift Plan	Federal Reserve System
Pension Enhancement Plan for Officers of the Board of Governors of the Federal Reserve System	Federal Reserve System
Retirement Plan for Employees of the Federal Reserve System Benefits Equalization Plan	Federal Reserve System
Retirement Plan for Employees of the Federal Reserve System Benefits Equalization Plan for Section 415 Excess Benefits	Federal Reserve System
Thrift Plan for Employees of the Federal Reserve System Benefits Equalization Plan	Federal Reserve System

Name	Administering Agency
Civil Service Retirement System (CSRS)	OPM
CSRS Offset	OPM
Federal Employees Retirement System (FERS)	OPM
Thrift Savings Plan	Federal Retirement Thrift Investment Board
FDIC Savings Plan	FDIC
OCC 401(k)	OCC
OTS 401(k)	OCC
OTS Deferred Compensation Plan	OCC
Pentegra Defined Benefit Plan (OTS)	OCC (administration is through Pentegra)

The Bureau does not have a separate pension or retirement plan distinct from the plans described above. The Bureau expenses its contributions to the retirement plans of covered employees as the expenses are incurred. The Bureau reports imputed costs (not paid by the Bureau) with respect to retirement plans (OPM-administered), health benefits and life insurance (for employees retiring under Title 5 retirement plans; OPM-administered) pursuant to guidance received from OPM. These costs are paid by OPM. Disclosure is intended to provide information regarding the full cost of the Bureau's program in conformity with GAAP.

During fiscal year 2019 the Bureau received amended guidance from OPM which resulted in the Bureau now reporting imputed costs for post-retirement health benefits for all of its employees regardless of the retirement plan. In prior fiscal years costs for post-retirement health benefits (i.e., health benefits also OPM-administered) were recorded as expenses for those employees retiring under the Federal Reserve System retirement plans. These costs were not imputed costs with OPM. The associated liabilities for these post-retirement health benefits were incorporated as part of the line item on the Balance Sheet for Benefits Payable. However, based on amended guidance from OPM in fiscal year 2019, these costs are now recorded as imputed costs with OPM. In other words, these costs will be paid by OPM on behalf of the Bureau. The effect of the amended guidance from OPM in fiscal year 2019 was a net decrease in intragovernmental liabilities and a net increase to Cumulative Results of Operations of $43.4 million. See Note 1.C. for more information.

The Bureau recognizes the employer's contributions for the retirement plans administered by the Federal Reserve. The Bureau is responsible for transferring to the Federal Reserve both the employer's contributions and the employee's contributions that the Bureau has collected from employees. Under section 1013(a)(3)(C) of the Dodd-Frank Act, the Bureau is required to pay an employer contribution to the FRSRP in an amount established by the employer contribution under the Federal Employees Retirement System – for fiscal year 2020 it was 16 percent of salary. For fiscal years 2020 and 2019 those amounts were $30.2 million and $25.9 million, respectively.

Consistent with the disclosures in the financial statements of the Board of Governors of the Federal Reserve System, the FRSRP provides retirement benefits to employees of the Board, the Federal Reserve Banks and certain employees of the Bureau. The FRBNY, on behalf of the Federal Reserve System, recognizes the net assets and costs associated with the System Plan in its financial statements. Consistent with provisions of a single-employer plan, costs associated with the System Plan are aggregated by the FRBNY on behalf of the Federal Reserve Systems and were not redistributed to individual entities (e.g., Bureau). Accordingly, the Bureau cannot report the full cost of the plan benefits applicable to the Bureau employees. Please see the Federal Reserve Banks Combined Financial Statements for the net assets and costs associated with the System Plan. (https://www.federalreserve.gov/aboutthefed/fed-financial-statements.htm)

Q. Liability for Advances

Through a MOU with the FFIEC, the FFIEC members [16] and HUD an agreement was reached on the funding needed to develop a new HMDA system. The new HMDA system design and development was a multi-year endeavor spanning over several annual financial reporting cycles – fiscal years 2016, 2017, 2018 and 2019. During the design and development of the system, the Bureau treated the receipt of payments made by FFIEC members and HUD as advances and recorded the collections as a liability for advances. With two phases of deployment planned, the first phase of the HMDA system became operational and made available for use to the FFIEC members and HUD in fiscal year 2018 and the second phase became operational and made available in fiscal year 2019. The associated portion of the Bureau's liability for advances for these two phases will be liquidated to earned exchange revenue over the useful life of the asset. See Note 8 for additional information.

[16] The FFIEC Federal agencies with HMDA responsibilities and party to the MOU for the design and development of the new HMDA system are: Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Bureau of Consumer Financial Protection.

R. Commitments and Contingencies

Examples of a commitment include purchase requisitions or unsigned contracts. All open commitments at year end are closed out and new commitments (requisitions) need to be recorded in the next fiscal year. Accordingly, no open commitments exist at year end to report in either the financial statements or notes.

A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur. Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. Contingencies are recognized on the balance sheet and statement of net cost when the future outflow or sacrifice of resources is probable and can be reasonably estimated. Contingencies are disclosed in the notes to the financial statements when there is a reasonable possibility of a loss from the outcome of future events or when there is a probable loss that cannot be reasonably estimated. See Note 12 for additional information.

S. Fiduciary activities

The Dodd-Frank Act, section 1055 authorizes the court in a judicial action or the Bureau in an administrative proceeding to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Relief that is intended to compensate victims is treated as fiduciary funds and deposited into the "Legal or Equitable Relief Fund" established at the Department of the Treasury. Fiduciary assets are not assets of the Bureau and are not recognized on the balance sheet. See Note 19, Fiduciary Activities.

T. Custodial activities

Under section 1055 of the Dodd-Frank Act, the Bureau may obtain disgorgement for violations of Federal consumer law. Disgorgement paid by the defendant is treated by the Bureau as a custodial activity. The Bureau will report those disgorged deposits and any other miscellaneous funds collected on the Statement of Custodial Activity.

U. Classified activities

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

Note 2: Fund balance with Treasury

Fund Balance with Treasury account balances as of September 30, 2020 and September 30,2019 were as follows:

	2020	2019
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 895,879,451	$ 837,799,473
Obligated Balance Not Yet Disbursed	200,279,480	199,724,384
Investments at Cost	(245,427,828)	(236,044,378)
Cash Held Outside of Treasury (See Note 4)	(758,704,747)	(781,134,567)
Total Fund Balance with Treasury	$ 92,026,356	$ 20,344,912

Unobligated Balance Available represents the amount of budget authority that can be used to enter into new obligations. This amount, or a portion thereof, may be administratively dedicated for specific purposes that have not yet been obligated. The Obligated Balance Not Yet Disbursed represents amounts designated for payment of goods and services ordered but not received or goods and services received but for which payment has not yet been made.

Note 3: Investments

As discussed further in Note 4, the Bureau invests the portion of the Bureau Fund that is not required to meet the current needs of the Bureau. The Bureau funds available are used to invest in three-month U.S. Treasury bills. The market value is determined by the secondary U.S. Treasury market and represents the value an individual investor is willing to pay for these securities, as of September 30, 2020 and September 30, 2019.

Investments as of September 30, 2020 consist of the following:

	Cost	Amortization Method	Amortized Discount	Investments Net	Market Value Disclosure
Intragovernmental Securities:					
Marketable	245,427,828	Straight-Line	55,580	245,483,408	245,482,641
Total Investments	$245,427,828		$ 55,580	$ 245,483,408	$ 245,482,641

Investments as of September 30, 2019 consist of the following:

	Cost	Amortization Method	Amortized Discount	Investments Net	Market Value Disclosure
Intragovernmental Securities:					
Marketable	236,044,378	Straight-Line	1,047,104	237,091,482	237,115,601
Total Investments	$236,044,378		$ 1,047,104	$ 237,091,482	$ 237,115,601

Note 4: Cash and other monetary assets

The Bureau has both cash and investments held outside of Treasury. When transfers are made from the BOG to the Bureau, the funds are deposited into an account held within the FRBNY referred to as the Bureau Fund. The account has a required minimum balance of $250,000 and any funds in excess of this minimum are invested in Treasury securities in increments of $100,000. The Bureau requests cash disbursement from the Bureau Fund at the FRBNY to the Bureau's Fund Balance with Treasury based on projections of future cash outlays.

Funds obtained by, transferred to, or credited to the Bureau Fund are immediately available to the Bureau and under the control of the Director, and shall remain available until expended, to pay for the expenses of the Bureau in carrying out its duties and responsibilities. Any civil penalty obtained from any person in any judicial or administrative action under Federal consumer financial laws is deposited into the CPF. Amounts in the CPF are immediately available, less sequestered funds, to the Bureau and under the control of the Director, and shall remain available until expended, for payments to victims of activities for which civil penalties have been imposed. CPF funds include $2.0 million that was subject to sequestration in fiscal year 2020. These funds are not available for allocation in fiscal year 2020 but anticipated to become available to the Bureau in fiscal year 2021. To the extent that such victims cannot be located, or such payments are otherwise not practicable, the Bureau may use funds in the CPF for the purpose of consumer education and financial literacy programs.

In enforcement actions and proceedings under Federal consumer financial laws, a court or the Bureau may order any appropriate legal or equitable relief for a violation of Federal consumer financial law. Relief provided may include certain types of monetary relief, including refunds, restitution, disgorgement, and civil penalties. The Bureau deposits civil penalties it obtains in these judicial and administrative actions into the CPF. Funds obtained by or transferred to the Bureau Fund shall not be construed to be government funds or appropriated monies. Funds in the Bureau Fund and the CPF are not subject to apportionment for purposes of chapter 15 Title 31, United States Code, or under any other authority.

Account balances as of September 30, 2020 and September 30,2019:

	2020	2019
Cash		
Cash Held in the Bureau Fund at the Federal Reserve	$ 322,086	$ 336,235
Cash Held in the Civil Penalty Fund at the Federal Reserve	758,382,661	780,798,332
Total Cash and Other Monetary Assets	$ 758,704,747	$ 781,134,567

As of September 30, 2020, and 2019 the Bureau had allocated or set-aside, but not distributed, $328.2 million and $226.6 million, respectively, for victim compensation, consumer education and financial literacy programs, and administrative set-asides. See Note 10 for a discussion regarding victim compensation allocation and Note 12 for a discussion regarding the amount available for future allocations.

Note 5: Accounts receivable

Accounts receivable represents amounts owed to the Bureau. Account balances as of September 30, 2020 and September 30, 2019:

	2020	2019
Intragovernmental		
Accounts Receivable	$ 890,000	$ -
Total Intragovernmental Accounts Receivable	**$ 890,000**	**$ -**
With the Public		
Accounts Receivable:		
Bureau Fund	$ 61,786	$ 112,881
Civil Penalty Fund	455,252	642,235
Custodial Funds	5,295,198	5,295,243
Total Public Accounts Receivable	**$ 5,812,236**	**$ 6,050,359**
Total Accounts Receivable	**$ 6,702,236**	**$ 6,050,359**

Account receivable amounts disclosed above are for Federal and Non-federal transactions. The majority of accounts receivable are amounts owed to the Bureau and subsequently will be disgorged to the Department of the Treasury (custodial funds). There were no uncollectable accounts receivable as of September 30, 2020 and 2019 respectively.

Note 6: Property, equipment and software, net

Schedule of Property, Equipment, and Software as of September 30, 2020 consists of the following:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Buildings and Improvements	$272,945	N/A	$272,945
Leasehold Improvements	174,874,362	11,279,907	163,594,455
Furniture & Equipment	31,898,718	19,644,609	12,254,109
Internal Use Software	25,506,612	14,271,008	11,235,604
Leasehold (Capital) Improvements-in-Development	777,218	N/A	777,218
Total Property, Equipment and Software	$ 233,329,855	$45,195,524	$188,134,331

Schedule of Property, Equipment, and Software as of September 30, 2019 consist of the following:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	$162,608,674	$5,243,661	$157,365,013
Furniture & Equipment	31,666,152	15,808,280	15,857,872
Internal Use Software	22,191,130	10,002,148	12,188,982
Leasehold (Capital) Improvements-in-Development	2,245,216	N/A	2,245,216
Internal Use Software-in-Development	2,025,340	N/A	2,025,340
Total Property, Equipment and Software	$ 220,736,512	$31,054,089	$189,682,423

Leasehold Improvements in fiscal year 2020 primarily represent costs incurred for the completed building renovations at the Bureau's headquarters at 1700 G Street N.W., Washington D.C. and the Southeast regional office in Atlanta, GA. Buildings and Improvements in fiscal year 2020 represent reconfigurations of space within the Bureau's headquarters to accommodate the staff relocating from 1990 K Street, N.W. See Note 1.K. for useful life and depreciation method.

Note 7: Advances & prepayments

Advances and Prepayment balances as of September 30, 2020 and September 30,2019 were as follows:

	2020	2019
Intragovernmental		
Advances and Prepayments	$ 3,111,291	$ 2,512,125
Total Intragovernmental Other Assets	$ 3,111,291	$ 2,512,125
With the Public		
Advances and Prepayments	$ 7,265,462	$ 5,742,757
Total Public Other Assets	$ 7,265,462	$ 5,742,757

In fiscal years 2020 and 2019 the intragovernmental advances and prepayments are primarily composed of the payments to the Federal Housing Finance Agency for the maintenance of the National Mortgage Database and to the U.S. Government Publishing Office for printing services. In fiscal years 2020 and 2019 the public advances and prepayments are primarily a result of the Bureau's payments to the BOG to help fund the Office of Inspector General. Other advances and prepayments include subscriptions, licenses and other miscellaneous items.

Note 8: Liability for advances

The Bureau has treated the receipt of all payments collected from the FFIEC (via payments made by FFIEC members and HUD) for the development phase of the new HMDA system as a liability for advances. With two phases of deployment planned, the first phase of the HMDA system became operational and made available for use to the FFIEC members and HUD in fiscal year 2018, and the second phase became operational and made available in fiscal year 2019. The associated portion of the Bureau's liability for advances for these two phases are being liquidated to earned exchange revenue over the useful life of the software asset of five years.

In fiscal year 2020 it was determined that an amount of the funds previously provided by FFIEC members and HUD for the development of the HMDA system was not used for development costs and; therefore, was refunded to FFIEC members in fiscal year 2020 and will be refunded to HUD in fiscal year 2021. This refund resulted in a corresponding decrease of $4.1 million in the Liability for Advances.

Liability for Advances as of September 30, 2020 and September 30, 2019 consist of the following:

	2020	2019
Intragovernmental Liabilities		
Liability for Advances	$ 3,067,307	$ 10,085,924
Total Liability for Advances	$ 3,067,307	$ 10,085,924

Note 9: Other liabilities

Other liabilities as of September 30, 2020 and September 30,2019 consist of the following:

		2020		2019
Intragovernmental Liabilities				
FECA Liability	$	14,000	$	10,595
Payroll Taxes Payable		664,503		520,673
Total Intragovernmental Liabilities	$	678,503	$	531,268
With the Public				
Employee Withholdings	$	31,212	$	31,328
Other		17,025		11,896
Total Public Liabilities	$	48,237	$	43,224

Other liabilities are comprised of several items, the largest being payroll taxes payable. All other liabilities are considered current liabilities.

Note 10: Civil penalty fund liability

The CPF Liability account is the cumulative balance of activity comprised of the beginning balance, plus new allocations to victims, less distributions made to victims and other adjustments. Consistent with the CPF rule, the CPF Administrator made two allocations of money to victims during fiscal year 2020.

The ending balance of the CPF Liability as of September 30, 2020 and September 30, 2019 is calculated as the following:

		2020		2019
Civil Penalty Fund Allocation:				
Beginning Balance	$	202,764,313	$	85,727,771
Plus: New Allocations to Victims		11,354,672		119,852,385
Year End Accrual for Potential Allocations		109,388,549		-
Less: Reversal of Prior Year End Accrual for Potential Allocations		-		(1,022,298)
Less: Distributions and Other Adjustments		(9,994,071)		(1,793,545)
Total Civil Penalty Fund Liability	$	313,513,463	$	202,764,313

Note 11: Liabilities not covered by budgetary resources

Liabilities not covered by budgetary resources as of September 30, 2020 and September 30, 2019 consist of the following:

	2020	2019
Intragovernmental		
FECA	$ 14,000	$ 10,595
Benefits Payable	-	2,156
With the Public		
Unfunded Leave	29,922,810	24,188,350
Actuarial FECA	68,648	45,145
Total Liabilities Not Covered by Budgetary Resources	$ 30,005,458	$ 24,246,246
Total Liabilities Covered by Budgetary Resources	383,458,807	279,059,154
Total Liabilities Not Requiring Budgetary Resources	5,287,453	5,287,497
Total Liabilities	$ 418,751,718	$ 308,592,897

Note 12: Commitments and contingencies

The Bureau's General Counsel has determined there is one pending legal case that is deemed to be reasonably possible that an unfavorable outcome may occur, and therefore, is required to be disclosed. The Bureau General Counsel has estimated the range of the reasonably possible loss to be between $50,000 and $300,000. However, no accrued liability was recorded as of September 30, 2020 because the likelihood of loss is less than probable. This case was also disclosed last year as reasonably possible that an unfavorable outcome may occur with the same estimated range of the reasonably possible loss. However, no accrued liability was recorded as of September 30, 2019 because the likelihood of loss was less than probable.

The CPF Administrator made two allocations from the CPF in fiscal year 2020, the fourteenth allocation on November 29, 2019 and the fifteenth allocation on May 29, 2020. The Fund Administrator will make the sixteenth allocation from the CPF on or before November 29, 2020. At that time, there will be 23 cases considered for allocation and the total amount available for allocation is $565.4 million. As of September 30, 2020, $109.4 million was accrued in the financial statements for a portion of these cases where the likelihood of payment to harmed consumers was probable and the amounts were measurable (See note 10, Civil Penalty Fund Liability).

Note 13: Rental payments for space

For all Interagency Agreements the Bureau enters into with another Federal Agency, the Bureau records the rental payments based on the stated monthly amount due in the occupancy agreement.

DESCRIPTION OF AGREEMENT

A. Occupancy Agreement (OA) with the OCC for space to accommodate the Bureau staff assigned to its headquarters at 1700 G Street, N.W., Washington, D.C. The OA with OCC covers use of the premises through February 17, 2032 with two optional five (5) year renewal periods, upon which the Bureau can exercise with one year's notice, expiring February 17, 2037 and 2042 respectively. The annual rent shall escalate two percent each year.

Future Payments Due:

Fiscal Year		Buildings
2021	$	13,790,806
2022		14,066,622
2023		14,347,954
2024		14,634,913
2025 through February 17, 2032		117,609,305
Total Future Payments	$	174,449,600

DESCRIPTION OF AGREEMENT

B. OA between the Bureau and the General Services Administration for supplies, services and the use of space at 401 West Peachtree Street, NW Atlanta, GA. The OA is for a period through June 30, 2030. The rent is to be adjusted annually for operating cost and real estate taxes.

Future Payments Due:

Fiscal Year		Buildings
2021	$	284,375
2022		286,569
2023		288,809
2024		291,095
2025 through June 30,2030		1,720,502
Total Future Payments	$	2,871,350

DESCRIPTION OF AGREEMENT

C. OA between the Bureau and the General Services Administration for supplies, services and the use of space at 140 East 45th Street, New York, NY. The OA is for a period through September 28, 2023. The rent is to be adjusted annually for operating cost and real estate taxes.

Future Payments Due:

Fiscal Year		Buildings
2021	$	1,282,162
2022		1,293,200
2023 through September 28, 2023		1,304,569
Total Future Payments	$	3,879,931

DESCRIPTION OF AGREEMENT

D. OA between the Bureau and the General Services Administration for supplies, services and the use of space at 301 Howard Street, San Francisco, CA. The OA is for a period through December 16, 2027. The rent is to be adjusted annually for operating cost and real estate taxes.

Future Payments Due:

Fiscal Year		Buildings
2021	$	1,416,613
2022		1,421,654
2023		1,535,310
2024		1,576,770
2025 through December 16, 2027		5,162,198
Total Future Payments	$	11,112,545

DESCRIPTION OF AGREEMENT

E. OA between the Bureau and the General Services Administration for supplies, services and the use of space at 230 S. Dearborn Street, Chicago, IL. The OA was modified for a period through June 30, 2029. The rent is to be adjusted annually for operating cost.

Future Payments Due:

Fiscal Year		Buildings
2021	$	353,420
2022		355,335
2023		357,290
2024		359,285
2025 through June 30, 2029		1,735,018
Total Future Payments	$	3,160,348

Note 14: Funds from dedicated collections

Provided below is summary consolidated component entity information for the Bureau's two primary funds from dedicated collections -- the Bureau Fund and the CPF. Custodial collections (disgorgement paid and other fees collected) reside in non-budgetary FBWT accounts and are excluded from this presentation.

	Bureau Fund	Civil Penalty Fund	FY 2020
A. Fund Balances & Status of Funds:			
Fund Balances:			
Special Fund	$ 25,074,425	$ 66,951,931	$ 92,026,356
Total	$ 25,074,425	$ 66,951,931	$ 92,026,356
Status of Fund Balance with Treasury:			
Unobligated Balance			
Available	$ 74,551,427	$ 821,328,024	$ 895,879,451
Obligated Balance Not Yet Disbursed	198,456,350	4,006,568	202,462,918
Uncollected Federal Payments	(2,183,438)	-	(2,183,438)
Investments at Cost	(245,427,828)	-	(245,427,828)
Cash Held Outside of Treasury	(322,086)	(758,382,661)	(758,704,747)
Total	$ 25,074,425	$ 66,951,931	$ 92,026,356
B. Summary Assets, Liabilities, and Net Position:			
Assets:			
Total Intragovernmental	$ 274,559,124	$ 66,951,931	$ 341,511,055
Cash and Other Monetary Assets	322,086	758,382,661	758,704,747
Property, Equipment, and Software, Net	188,134,331	-	188,134,331
Other	12,622,446	455,252	13,077,698
Total Summary Assets	$ 475,637,987	$ 825,789,844	$1,301,427,831
Liabilities and Net Position:			
Total Liabilities	$ 104,893,622	$ 313,858,096	$ 418,751,718
Cumulative Results of Operations	370,744,365	511,931,748	882,676,113
Total Liabilities & Net Position	$ 475,637,987	$ 825,789,844	$1,301,427,831
C. Summary Statement of Net Cost:			
Total Gross Program Costs	$ 540,038,610	$ 101,638,681	$ 641,677,291
Less: Total Earned Revenues	(3,970,353)	-	(3,970,353)
Net Cost of Operations	$ 536,068,257	$ 101,638,681	$ 637,706,938
D. Summary Statement of Changes in Net Position:			
Net Position Beginning of Period	$ 354,890,248	$ 579,075,480	$ 933,965,728
Total Financing Sources	551,922,374	34,494,949	586,417,323
Net Cost of Operations	(536,068,257)	(101,638,681)	(637,706,938)
Change in Net Position	15,854,117	(67,143,732)	(51,289,615)
Net Position End of Period	$ 370,744,365	$ 511,931,748	$ 882,676,113

	Bureau Fund	Civil Penalty Fund	FY 2019
A. Fund Balances & Status of Funds:			
Fund Balances:			
Special Fund	$ 19,883,997	$ 460,915	$ 20,344,912
Total	$ 19,883,997	$ 460,915	$ 20,344,912
Status of Fund Balance with Treasury:			
Unobligated Balance			
Available	$ 67,505,931	$ 770,293,542	$ 837,799,473
Obligated Balance Not Yet Disbursed	190,104,618	10,965,705	201,070,323
Uncollected Federal Payments	(1,345,939)	-	(1,345,939)
Investments at Cost	(236,044,378)	-	(236,044,378)
Cash Held Outside of Treasury	(336,235)	(780,798,332)	(781,134,567)
Total	$ 19,883,997	$ 460,915	$ 20,344,912
B. Summary Assets, Liabilities, and Net Position:			
Assets:			
Total Intragovernmental	$ 259,487,604	$ 460,915	$ 259,948,519
Cash and Other Monetary Assets	336,235	780,798,332	781,134,567
Property, Equipment, and Software, Net	189,682,423	-	189,682,423
Other	11,150,881	642,235	11,793,116
Total Summary Assets	$ 460,657,143	$ 781,901,482	$ 1,242,558,625
Liabilities and Net Position:			
Total Liabilities	$ 105,766,896	$ 202,826,001	$ 308,592,897
Cumulative Results of Operations	354,890,247	579,075,481	933,965,728
Total Liabilities & Net Position	$ 460,657,143	$ 781,901,482	$ 1,242,558,625
C. Summary Statement of Net Cost:			
Total Gross Program Costs	$ 516,128,723	$ 108,028,538	$ 624,157,261
Less: Total Earned Revenues	(3,154,704)	-	(3,154,704)
Net Cost of Operations	$ 512,974,019	$ 108,028,538	$ 621,002,557
D. Summary Statement of Changes in Net Position:			
Net Position Beginning of Period	$ 337,379,933	$ 555,540,111	$ 892,920,044
Total Financing Sources	530,484,333	131,563,908	662,048,241
Net Cost of Operations	(512,974,019)	(108,028,538)	(621,002,557)
Change in Net Position	17,510,314	23,535,370	41,045,684
Net Position End of Period	$ 354,890,247	$ 579,075,481	$ 933,965,728

Note 15: Net adjustments to unobligated balance, brought forward, October 1

During the years ending September 30, 2020 and 2019, transactions are recorded that adjust the unobligated balance brought forward from the prior fiscal year. The adjustments during the years ended September 30, 2020 and 2019 are presented below:

	2020	2019
Unobligated Balance Brought Forward, October 1	$ 837,799,473	$ 694,337,721
Adjustment to budgetary resources made during current year		
Downward adjustments of prior year undelivered orders	9,519,829	28,872,661
Downward adjustments of prior year delivered orders	23,330,658	24,090,905
Unobligated Balance From Prior Year Budget Authority, Net	$ 870,649,960	$ 747,301,287

Note 16: Undelivered orders at the end of the period

SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. The Bureau's Undelivered Orders represent obligated amounts designated for future payment of goods and services ordered but not received.

Undelivered Orders as of September 30, 2020 were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 3,111,291	$ 7,265,462	$ 10,376,753
Unpaid Undelivered Orders	43,723,724	89,853,877	133,577,601
Total Undelivered Orders	$ 46,835,015	$ 97,119,339	$ 143,954,354

Undelivered Orders as of September 30, 2019 were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 2,512,126	$ 5,742,757	$ 8,254,883
Unpaid Undelivered Orders	43,934,020	82,803,997	126,738,017
Total Undelivered Orders	$ 46,446,146	$ 88,546,754	$ 134,992,900

Note 17: Reconciliation of net cost to net outlays

The Bureau has reconciled its net costs to its net outlays for the period ended September 30, 2020. The reconciliation of net cost, presented on an accrual basis, to net outlays, presented on a budgetary basis, provides an explanation of the relationship between financial and budgetary information. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

BUREAU OF CONSUMER FINANCIAL PROTECTION
RECONCILIATION OF NET COST TO NET OUTLAYS
For the Fiscal Year Ended September 30, 2020
(In Dollars)

	Intragovernmental	With the Public	Total
Net Cost of Operations	**$85,530,192**	**$552,176,746**	**$637,706,938**
Components of Net Cost of Operations Not Part of Budgetary Outlays			
Property, Equipment and Software Depreciation		(17,347,080)	(17,347,080)
Property, Equipment and Software Disposal & Reevaluation	-	(5,084,071)	(5,084,071)
Increase/(Decrease) in Assets Not Affecting Budget Outlays:			
Accounts receivable	890,000	(51,139)	838,861
Advances and Prepayments	599,166	1,522,704	2,121,870
(Increase)/Decrease in Liabilities Not Affecting Budget Outlays:			
Accounts payable	6,781,804	2,637,721	9,419,525
Salaries and Benefits	(402,712)	(2,662,188)	(3,064,900)
CPF Liability Allocation	-	(110,749,150)	(110,749,150)
Unfunded Leave		(5,734,460)	(5,734,460)
Other Liabilities	(1,249)	(28,632)	(29,881)
Other Financing Sources:			
Imputed Federal Employee Retirement Benefit Costs	(10,945,696)		(10,945,696)
Total Components of Net Cost of Operations Not Part of Budget Outlays	**($3,078,687)**	**($137,496,295)**	**($140,574,982)**
Components of Budget Outlays That Are Not Part of Net Cost of Operations			
Acquisition of Capital Assets	18,397,283	2,485,776	20,883,059
Total Components of Budget Outlays That Are Not Part of Net Cost of Operations	**$18,397,283**	**$2,485,776**	**$20,883,059**
Other Temporary Timing Differences			
Other	45	(492,233)	(492,188)
Outlays, Net (total)	**$100,848,833**	**$416,673,994**	**$517,522,827**

Reconciliation of Net Cost to Net Outlays as of September 30, 2019:

BUREAU OF CONSUMER FINANCIAL PROTECTION
RECONCILIATION OF NET COST TO NET OUTLAYS
For the Fiscal Year Ended September 30, 2019
(In Dollars)

	Intragovernmental	With the Public	Total
Net Cost of Operations	**$ 86,740,039**	**$ 534,262,518**	**$ 621,002,557**
Components of Net Cost of Operations Not Part of Budgetary Outlays			
Property, Equipment and Software Depreciation	-	(13,766,353)	(13,766,353)
Property, Equipment and Software Disposal & Reevaluation	-	(3,404)	(3,404)
Increase/(Decrease) in Assets Not Affecting Budget Outlays:			
Accounts receivable	-	(9,435,991)	(9,435,991)
Advances and Prepayments	(340,917)	(46,524)	(387,441)
(Increase)/Decrease in Liabilities Not Affecting Budget Outlays:			
Accounts payable	5,861,926	(4,150,124)	1,711,802
Salaries and Benefits	211,029	(6,353,179)	(6,142,150)
CPF Liability Allocation	-	(117,036,542)	(117,036,542)
Unfunded Leave	-	178,918	178,918
Other Liabilities	(6,302)	39,454	33,152
Other Financing Sources:			
Imputed Federal Employee Retirement Benefit Costs	(10,594,160)		(10,594,160)
Total Components of Net Cost of Operations Not Part of Budget Outlays	**$ (4,868,424)**	**$ (150,573,745)**	**$ (155,442,169)**
Components of Budget Outlays That Are Not Part of Net Cost of Operations			
Acquisition of Capital Assets	(723,510)	6,112,890	5,389,380
Total Components of Budget Outlays That Are Not Part of Net Cost of Operations	**$ (723,510)**	**$ 6,112,890**	**$ 5,389,380**
Other Temporary Timing Differences			
Other	13,122	-	13,122
Outlays, Net (total)	**$ 81,161,227**	**$ 389,801,663**	**$ 470,962,890**

Note 18: President's Budget

SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires explanations of material differences between amounts reported in the Statement of Budgetary Resources and the actual balances published in the Budget of the United States Government (President's Budget). However, the President's Budget that will include fiscal year 2020 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2021 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2021 Budget of the United States Government, with the "Actual" column completed for 2019 has been reconciled to the 2019 Statement of Budgetary Resources and there were no material differences.

	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays
Combined Statement of Budgetary Resources	$ 1,349,468,530	$ 511,669,057	$470,962,890
Rounding Difference	(1,468,530)	330,943	1,037,110
Budget of U.S. Government	1,348,000,000	512,000,000	472,000,000
Total Unreconciled Difference	$ -	$ -	$ -

Note 19: Fiduciary activities

Section 1055 of the Dodd-Frank Act authorizes the court in a judicial action, or the Bureau in an administrative proceeding, to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Funds paid as relief that is intended to compensate victims of violations are treated as fiduciary funds and deposited into the "Legal or Equitable Relief Fund" established at the Department of the Treasury. Fiduciary assets are not assets of the Bureau. The victims have an ownership interest in the cash or other assets held by the Bureau under provision of law, regulation, or other fiduciary arrangement. Significant changes in activity for fiscal year 2020 include a 47.3 percent decrease in fiduciary revenues collected, or $10.9 million, as compared to fiscal year 2019. Amounts reported for fiscal years 2020 and 2019 for "Disbursements to and on behalf of beneficiaries" are shown as an inflow due to the return of funds from third party vendors exceeding disbursements to harmed consumers. Funds are returned from third party vendors as the vendors complete their efforts to distribute monies to harmed consumers.

During fiscal years 2020 and 2019, the Bureau had the following fiduciary activity:

BUREAU OF CONSUMER FINANCIAL PROTECTION
SCHEDULE OF FIDUCIARY ACTIVITY
For the Fiscal Years Ended September 30, 2020 and 2019
(In Dollars)

	2020	2019
	Consumer Financial Legal or Equitable Relief Fund	**Consumer Financial Legal or Equitable Relief Fund**
Fiduciary Net Assets, Beginning of Year	$ 29,315,655	$ 5,636,515
Fiduciary Revenues Collected	12,117,286	22,977,824
Fiduciary Revenues Receivables	353,838	205,364
Administrative Expenses	(27,365)	(129,211)
Disbursements to and on behalf of beneficiaries	888,295	625,163
Increase/(Decrease) in Fiduciary Net Assets	13,332,054	23,679,140
Fiduciary Net Assets, End of Year	$ 42,647,709	$ 29,315,655

BUREAU OF CONSUMER FINANCIAL PROTECTION
FIDUCIARY NET ASSETS
As of September 30, 2020 and 2019
(In Dollars)

	2020	2019
	Consumer Financial Legal or Equitable Relief Fund	**Consumer Financial Legal or Equitable Relief Fund**
Fiduciary Assets:		
Cash	$ 42,293,871	$ 29,110,291
Accounts Receivable	353,838	205,364
Total Fiduciary Net Assets	$ 42,647,709	$ 29,315,655

Note 20: Subsequent events

On October 1, 2020 the Bureau made a distribution from the Legal or Equitable Relief Fund (fiduciary activity) to harmed consumers in the amount of $20.0 million in relation to the Freedom Debt Relief, LLC case.

3. Other Information

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996 and further amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, directs Federal agencies to adjust for inflation the civil penalty amounts within their jurisdiction each year. The table below describes, for each type of penalty within the Bureau's jurisdiction, the statutory authority, a description of the penalty, the year the statute was enacted, the latest year of penalty adjustment, the date of the current adjustment, the current penalty amount, and the location for additional details on the penalty update.

TABLE 17: FEDERAL CIVIL PENALTIES INFLATION ADJUSTMENT

Authority (Statute)	Penalty Description	Year Enacted	Latest Year of Adjustment	Date of Current Adjustment	Current Penalty Amount	Location for Penalty Update Details
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(A)	Tier 1 penalty	2010	2020	January 15, 2020	$5,883	12 CFR Part 1083
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(B)	Tier 2 penalty	2010	2020	January 15, 2020	$29,416	12 CFR Part 1083
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(C)	Tier 3 penalty	2010	2020	January 15, 2020	$1,176,638	12 CFR Part 1083
Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1717a(a)(2)	Per violation	1968	2020	January 15, 2020	$2,050	12 CFR Part 1083

Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1717a(a)(2)	**Annual cap**	**1968**	**2020**	**January 15, 2020**	**$2,048,915**	**12 CFR Part 1083**
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(1)	Per failure	1974	2020	January 15, 2020	$96	12 CFR Part 1083
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(1)	Annual cap	1974	2020	January 15, 2020	$192,768	12 CFR Part 1083
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(2)(A)	Per failure, where intentional	1974	2020	January 15, 2020	$193	12 CFR Part 1083
SAFE Act, 12 U.S.C. 5113(d)(2)	Per violation	2008	2020	January 15, 2020	$29,707	12 CFR Part 1083
Truth in Lending Act, 15 U.S.C. 1639e(k)(1)	First violation	2010	2020	January 15, 2020	$11,767	12 CFR Part 1083
Truth in Lending Act, 15 U.S.C. 1639e(k)(2)	Subsequent violations	2010	2020	January 15, 2020	$23,533	12 CFR Part 1083