NOVEMBER 15, 2021

Financial report of the Consumer Financial Protection Bureau

Fiscal year 2021

Consumer Financial Protection Bureau

Message from Rohit Chopra

Director

I am pleased to present the Consumer Financial Protection Bureau's (Bureau's) Financial Report for Fiscal Year 2021. It is an honor for me to return to the Bureau as its Director. There is a lot of work ahead of us, but I will be leading a cadre of talented public servants to address and find solutions to mitigate the financial impact the events over the past year and a half had on so many consumers.

America today is far different than the America of just one year ago. The COVID-19 pandemic has had a significant impact to all of America. Every week, hundreds of thousands lost their jobs. Local businesses shuttered. And more than 700,000 lives were lost.

While there are some hopeful signs that the tide is turning, we must not forget that the financial lives of millions of Americans are in ruin. Experts expect distress across a number of consumer credit markets, including an avalanche of loan defaults and auto repossessions.

Other persistent pain points for consumers are particularly acute today, making it harder for families to get back on their feet. Consumers continue to discover serious errors on their credit reports or feel forced to make payments to debt collectors on bills they already paid or never owed to begin with, including for medical treatment related to COVID-19. Many of these longstanding, pervasive problems will make it more difficult for our country to sustain a full recovery.

This is especially true when it comes to the housing market. For most of us, much of this last year has been spent at home. Our homes are more than physical structures: they have served as offices, schools, and much more, providing safety and refuge during a deadly pandemic.

But due to the economic devastation stemming from COVID-19, millions face the prospect of losing their home, with communities of color particularly at risk. Many have seen their jobs disappear and will not be able to easily resume their rent and mortgage payments.

We face an important test to ensure that troubles in the housing market do not sabotage the recovery of our local economies. In the mortgage market, fair and effective oversight can promote a resilient and competitive financial sector, and address the systemic inequities faced by families of color. Perhaps most importantly, administration of consumer protection laws can help families navigate their options to save their homes.

As required by the Dodd-Frank Act, the Bureau prepared comparative financial statements for fiscal years 2021 and 2020. GAO issued an unmodified audit opinion on the Bureau's fiscal years 2021 and 2020 financial statements. GAO opined that the Bureau maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021. 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 2021 that would be reported under U.S. generally accepted government auditing standards.

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,

Rohit Chopra

Rohit Chopra

Table of contents

1. Management's discussion and analysis

1.1 Overview of the Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau (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. Rohit Chopra was nominated by President Biden and confirmed by the Senate on September 30, 2021.

[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 2021 is $717.5 million.

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. Under the prior administration, 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 former 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. As a result, a new Bureau-wide staffing plan was implemented on August 12, 2019, ending the hiring freeze. In fiscal year 2021 Bureau staffing levels increase from 1,504 to 1,591 or a 6 percent increase.

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, 2021)

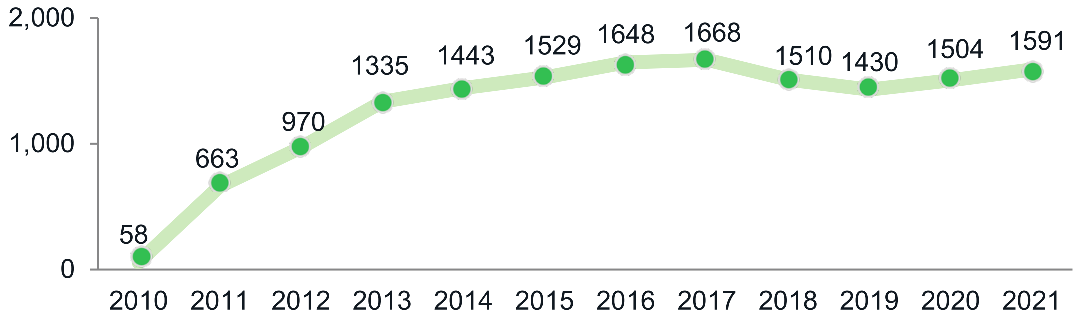
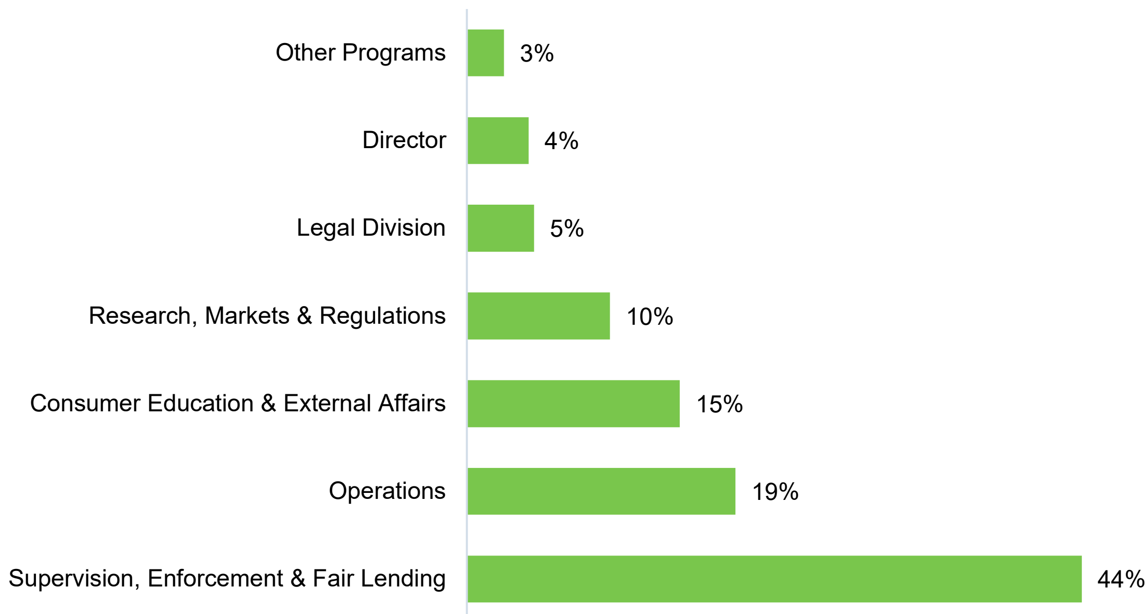
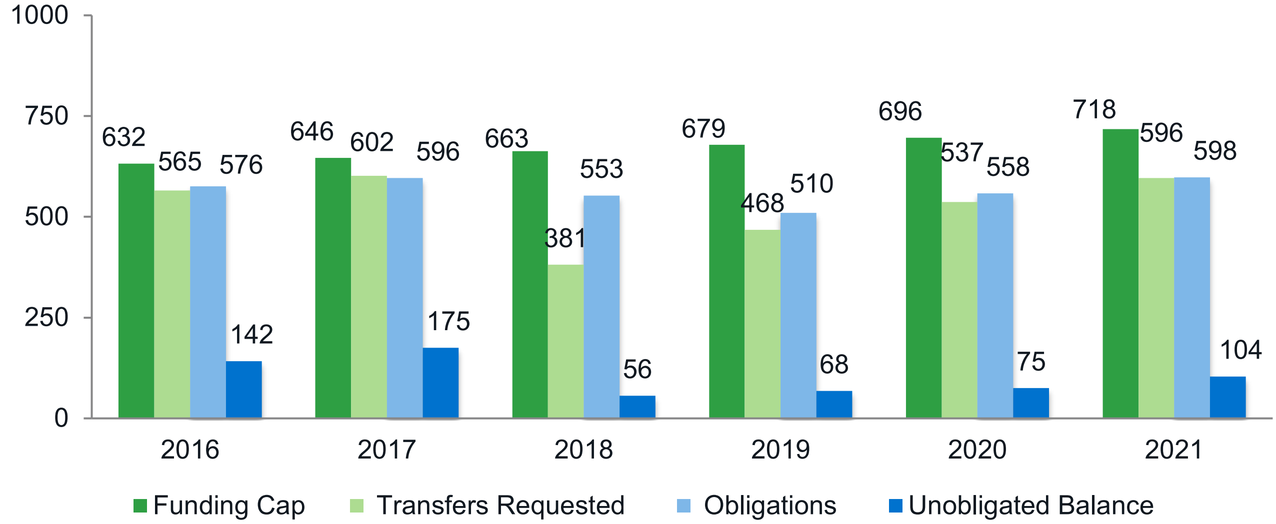


FIGURE 2: OFFICE PERCENTAGE OF TOTAL POSITIONS (AS OF SEPTEMBER 30, 2021)



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

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. [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.

[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).

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 numerous workplace flexibilities to ensure the health, safety, and well-being of the Bureau's staff during the COVID-19 pandemic. They included:

- Quickly instituting mandatory telework for all staff and directing all examination activities of Bureau-supervised institutions be conducted off-site from examiners' home duty stations. Further evolving the operating posture to maximum telework based on the evolving nature of the pandemic, which is in place through January 15, 2022.
- Instituting additional workplace flexibilities, such as:
    - Authorizing the use of administrative leave for employees that are unable to perform work due to school or daycare closures resulting in a lapse in childcare or 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
    - Allowing staff to earn credit hours beyond the standard cap
    - Providing up to 80 hours of emergency paid sick leave in accordance with the Emergency Paid Sick Leave Act, which expired on December 31, 2020
- Standing up a pandemic response team responsible for monitoring the external environment, implementing the evolving government guidance, and holding daily leadership briefings to remain agile in the Bureau's response to the pandemic. We have also maintained a frequent cadence of communicating with the Financial Institutions Reform, Recovery and Enforcement Act and other Federal agencies for situational awareness and alignment, where possible.
- Developing and implementing a robust pandemic management plan, such as cleaning safety and protocols throughout all Bureau facilities, contact tracing, and phased re-entry plans to support voluntary return to the office for those who seek that option.
- Providing ongoing communications to Bureau employees with updates on prevention measures, workplace flexibilities, telework options and best practices.

- Engaging directly and frequently with the Bureau's National Treasury Employees Union to collectively manage the employee impact on the pandemic
- Creating numerous ways to gather employee feedback and sentiments, including engagement with the Bureau's pandemic advisory group and employee resource groups as well as managing a pandemic inbox for employees to direct questions or concerns
- Opening the regional offices (New York, Chicago, San Francisco, and Atlanta) on October 2, 2020 to their staff who desire to work in the office – mirroring the policies, procedures, and posture at headquarters.
- Implementing the executive orders and related Workplace Safety Principles and Guidance issued by President Biden's Safer Federal Workforce Task Force that mandate all federal employees be fully vaccinated for COVID-19 by November 22, 2021 no matter where one performs the work.

As an innovative and forward leaning Bureau with flexible telework practices and supporting tools, the shift to 100% telework was relatively smooth. While some organizations experienced slow-downs in work, CFPB was well positioned for the new ways of working through increased collaboration and enhanced technology capabilities. Many Divisions reported minimal to no productivity impacts. To the contrary, many reported increased 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-19 has resulted in the rapid expansion of tools (more than 100 blogs and videos) available to educate and inform consumers and community partners. Many of these materials are available in seven different languages, resulting in close to 300 translated resources. As conditions, protections, and other issues evolved, the Bureau's resources have been updated in print and on the web reflect the most accurate and trustworthy information available.

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.

Coordinated efforts led the Bureau to create another important online resource: a unified, interagency housing website to be the one-stop-shop to provide information and resources for homeowners, renters, and landlords to navigate housing insecurity challenges brought on by COVID-19. The United States (US) Department of Agriculture, the US Department of Housing and Urban Development, the US Department of the Treasury, the US Department of Veterans Affairs, and the Federal Housing Finance Agency partnered with the Bureau to develop this for consumers at cfpb.gov/housing. To-date, the interagency housing portal has provided assistance to over 5.5 million consumers since its launch in May 2020.

The housing website provides accurate, impartial information to let consumers know their options, connect to assistance available in their communities, and make the best decision for their situations. As new federal policies addressing housing insecurity and COVID-19 have taken effect, the Bureau and its federal partners have responded 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, particularly among the communities hardest hit by the financial impacts of COVID-19 – including communities of color, low-income renters and homeowners, those with limited English proficiency, and rural consumers – through our internal distribution channels and Bureau stakeholders. The education content has been amplified by consumer groups, non-profits, and companies across the nation. Beginning in June 2021, the Bureau also began a Public Service Announcement initiative in selected markets, aimed at connecting homeowners and renters to the resources available to help them navigate COVID-19 related hardships and housing insecurity.

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. The Bureau continues to be ready to address shifting situations and is using the lessons learned, along with feedback from its employees, to redesign how and where we work in the future; define the employee value proposition; and optimize the way we do our work. 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 2022 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 5 of the 6 measures (83.3 percent).

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 continues to offer consumers a variety of information, tools, and programs to assist consumers with financial choices and other money decisions. For fiscal year 2021, offerings on the web and in print focus on specific money topics, including "Ask CFPB," "Buying a House," "Planning for Retirement," "Paying for College," "Money as You Grow," Disasters and emergencies," and "Find out your financial well-being." The Bureau publishes resources and materials in multiple languages to support consumers in languages they are most comfortable.

The Bureau created and disseminated content to aid consumers affected by the COVID-19 pandemic; the performance and results of those efforts are described in further detail, below.

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 partners, such as workplaces, social service organizations, military services, and government agencies. Major community partnerships in fiscal year 2021 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 Elder Fraud Prevention and Response Networks program; *Money Smart for Older Adults*; and the Tax-Time Savings Program. The education offered through these partners covers topics consumers frequently 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

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Target				NA	8.7M	8.0M	9.0M	10.0M
Actual				15.5M	9.9M	12.3M	16.1M [3]	19.1M [3]

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. As the COVID-19 pandemic continued, the Bureau rapidly expanded information and resources for consumers and industry. Of the over 22 million total unique web users of ConsumerFinance.gov in fiscal year 2021:

[3] Measure updated to incorporate web users of COVID response resources into total count of web users accessing consumer educational resources. In fiscal year 2020 report, the web users accessing COVID response resources were reported separately.

- 7 million additional web users accessed resources and webpages created specifically to address coronavirus related financial concerns, including 4.6 million web users accessing the Bureau's housing portal.
- 8 million web users accessed the Bureau's existing educational tools and resources, an increase of 700,000 users over 2020.
- 4 million publications were distributed to consumers, continuing the trend from fiscal year 2020 of a reduction in demand and materials distribution, likely due to COVID-19 public health protocols.

The Bureau published more than 100 consumer education resources to help consumers protect themselves financially during the pandemic. Resources were published in various formats, including blogs, web pages, reports, emails, physical and printable flyers, and videos. Topics covered included mortgage assistance, rental assistance, resources for landlords, accessing government benefits, information on credit reporting, debt collection, student loans, frauds and scams, and more. The Bureau's COVID-19 portal received regular enhancements as legal protections changed, key deadlines shifted, and user research highlighted ways CFPB could improve its offerings to consumers in need, ultimately creating ConsumerFinance.gov's most visited material.

The COVID Housing Insecurity Campaign represents one of the Bureau's most complex, sustained efforts to engage and educate consumers on a single, consistent priority. During fiscal year 2021, the Bureau's housing insecurity efforts expanded into a comprehensive, cross-federal campaign aimed at connecting homeowners and renters facing housing insecurity due to the COVID-19 pandemic with the resources available to help them stay in their homes. Through the Bureau's housing portal, homeowners and renters accessed COVID-related housing information, including information on how to engage with servicers and various federal assistance programs. Many of the supporting materials are available in six languages other than English, including Spanish, Traditional Chinese, Vietnamese, Korean, Tagalog, and Arabic. As consumer protections changed due to the actions of federal, state, and local regulators, nearly 350 original translations and updates to translated content were made to ensure those with limited English proficiency had equal access to valuable information.

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 RULEMAKINGS 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	FY 2020	FY 2021
Target	75%	75%	75%	75%	75%	75%	75%	75%	75%
Actual	78%	100%	86%	100%	88%	60%	100%	75%	100%

Progress update and future action

In fiscal year 2021 the Bureau issued the following final rules that were informed by public comment:

- On October 20, 2020, the Bureau amended Regulation Z to replace the January 10, 2021 sunset date of the Temporary Government-Sponsored Enterprises (GSE) Qualified Mortgage QM loan definition with a provision stating that the Temporary GSE QM loan definition will be available only for covered transactions for which the creditor receives the consumer's application before the mandatory compliance date of final amendments to the General QM loan definition in Regulation Z. The Bureau released a proposed rule on June 22, 2020 and the proposal was published in the Federal Register on July 10, 2020. The comment period closed on August 10, 2020. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received 29 comments on the proposal from industry, consumer advocates, and others.

  On December 10, 2020, the Bureau issued a final rule to create a new category of QMs (Seasoned QMs). The Bureau's primary objective with the final rule is to ensure access to responsible, affordable mortgage credit by adding a Seasoned QM definition to the existing QM definitions. The Bureau released a proposed rule on August 18, 2020 and the proposal was published in the Federal Register on August 28, 2020. On September 24, 2020, the Bureau extended the comment period for the proposal until October 1, 2020. The rule was finalized within nine months of the due date for receipt of final comments. In response to the proposal, the Bureau received around 40 comments from consumer advocate groups, industry participants, industry trade associations, other nonprofit organizations, a member of Congress, and others.

  On December 10, 2020, the Bureau also finalized a rule to amend the General QM loan definition in Regulation Z. Among other things, the final rule removes the General QM loan definition's 43 percent debt-to-income limit and replaces it with price-based thresholds. The

Bureau released a proposed rule on June 22, 2020 and the proposal was published in the Federal Register on June 29, 2020. The comment period closed on September 8, 2020. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received approximately 75 comments in response to the proposal from industry, consumer advocates, and others.

- In fiscal year 2021, the Bureau issued two final rules related to debt collection. On October 30, 2020, the Bureau revised Regulation F, 12 CFR part 1006, which implements the Fair Debt Collection Practices Act (FDCPA), to prescribe Federal rules governing the activities of debt collectors, as that term is defined in the FDCPA. The final rule addresses, among other things, communications in connection with debt collection and prohibitions on harassment or abuse, false or misleading representations, and unfair practices in debt collection. Then on December 18, 2020, the Bureau issued a final rule that clarifies the information that a debt collector must provide to a consumer at the outset of debt collection communications and provides a model notice containing such information, prohibits debt collectors from bringing or threatening to bring a legal action against a consumer to collect a time-barred debt, and requires debt collectors to take certain actions before furnishing information about a consumer's debt to a consumer reporting agency.

  The Bureau released a proposal on May 7, 2019; an extension of the comment period on August 2, 2019; a supplemental proposal and extension of the comment period on March 3, 2020; and an additional extension of the comment period on May 21, 2020. The last comment period closed on August 4, 2020. The rules were finalized within nine months of the due date for receipt of comments. Across the proposals, the Bureau received over 14,000 comments from consumers, consumer groups, members of Congress, other government agencies, creditors, debt collectors, industry trade associations, and others.

  As issued, the final rules mentioned above have an effective date of November 30, 2021. On April 7, 2021, the Bureau issued a proposal to delay that effective date by sixty days, until January 29, 2022. The Bureau withdrew that proposal on September 1, 2021. The Debt Collection Final Rules will take effect on November 30, 2021. The comment period for the proposal closed on May 19, 2021. The rule was resolved within nine months of the due date for receipt of comments. The Bureau received 20 comments in total, from industry trade associations, consumer advocates, and others.

- On January 19, 2021, the Bureau issued a final rule to amend Regulation Z, which implements the Truth in Lending Act, as mandated by section 108 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The amendments exempt certain insured depository institutions and insured credit unions from the requirement to establish escrow accounts for certain higher-priced mortgage loans. The Bureau released a proposed rule on July 2, 2020 and the proposal was published in the Federal Register on July 22, 2020. The comment period closed on September 21, 2020. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received 20 comments on the proposal from individual banks and credit unions, as well as State, regional and national trade associations representing banks and credit unions, and others. There were also two anonymous comments.

- On April 27, 2021, the Bureau issued a final rule to delay until October 1, 2022 the mandatory compliance date for the final rule titled Qualified Mortgage Definition under the Truth in Lending Act (Regulation Z): General QM Loan Definition (General QM Final Rule). The Bureau took this action to help ensure access to responsible, affordable mortgage credit and to preserve flexibility for consumers affected by the COVID-19 pandemic and its economic effects. On March 3, 2021, the Bureau released a proposal for public comment. The comment period closed on April 5, 2021. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received 31 comments on the proposal from industry, consumer advocates, trade associations, and consumer groups, and others.

- On June 28, 2021, the Bureau issued a final rule to amend Regulation X to assist mortgage borrowers affected by the COVID-19 emergency. The final rule establishes temporarily procedural safeguards to help ensure that borrowers have a meaningful opportunity to be reviewed for loss mitigation before the servicer can make the first notice or filing required for foreclosure on certain mortgages. In addition, the final rule would temporarily permit mortgage servicers to offer certain loan modifications made available to borrowers experiencing a COVID-19-related hardship based on the evaluation of an incomplete application. The Bureau has also finalized certain temporary amendments to the early intervention and reasonable diligence obligations that Regulation X imposes on mortgage servicers. On April 5, 2021, the Bureau issued a proposed rule for public comment. The comment period closed on May 10, 2021. The rule was finalized within nine months of the due date for receipt of final comments. The Bureau received 220 comments in response to the proposal from individual consumers, consumer advocate commenters, State Attorneys General, industry, and others.

- 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 2.2.8: Successfully resolve the enforcement cases the Bureau files in court and administrative adjudicative proceedings whether by litigation, settlement, issuance of a default judgment, or other means.

This measure ensures that the Bureau successfully resolves as many actions as possible while pursuing complex and challenging actions when appropriate, even when success is not assured.

Performance measures

TABLE 3: PERCENTAGE OF ALL CASES, INCLUDING FAIR LENDING, CONCLUDED BY THE BUREAU'S ENFORCEMENT PERSONNEL THAT WERE SUCCESSFULLY RESOLVED THROUGH LITIGATION, A SETTLEMENT, OR ISSUANCE OF A DEFAULT JUDGMENT

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Target					NA	75%	75%	75%
Actual					88%	100%	100%	100%

Progress update and future action

During FY 2021, the Bureau concluded over 30 public enforcement actions through litigation, a settlement, or issuance of a default judgment. The Bureau successfully resolved 100% of these actions.

Performance goal 2.2.2: Issue examination reports or letters within the Bureau's established time periods following the close of examinations

Effective supervision of financial institutions to foster compliance with federal consumer financial laws requires prompt notice to institutions of matters requiring their attention and action to avoid further violations or consumer harm. A thorough report development and review process ensures high-quality reports that appropriately explain what the examination team found and why corrective actions, if any, are expected.

Performance measures

TABLE 4: ISSUE EXAMINATION REPORTS OR LETTERS WITHIN THE BUREAU'S ESTABLISHED TIME PERIODS FOLLOWING THE FINALIZATION OF EXAM ANALYSIS

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Target	60%	60%	60%	60%	70%	70%	70%	70%
Actual	28%	70%	71%	45%	71%	92%	92%	94%

Progress update and future action

The Bureau will continue to focus on issuing high-quality examination reports and supervisory letters in a timely manner. Supervision will monitor and assess the quality and the timeliness of examination reports and supervisory letters issued.

The Bureau will review and analyze its processes to determine methods of improvement and increased effectiveness and efficiency. The Bureau intends to remain transparent about the goals of its supervision program and the steps being taken to achieve those goals, while protecting the confidentiality of the underlying financial institution-specific information.

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 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 Cybersecurity team.

POA&Ms are categorized based on the severity or level of risk of the known issue. The performance measure for fiscal year 2021 was aimed at what percentage of the POA&Ms in the two most severe categories – "critical" and "high" – were remediated within deadlines set by the Bureau's Cybersecurity team.

Performance measures

TABLE 5: NUMBER OF CRITICAL OR HIGH OVERDUE POAMS (NEW MEASURE)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Target								<10%
Actual								48%

Progress update and future action

In fiscal year 2021, the Bureau continues to make significant strides to reduce the overall number of POA&Ms. Established weekly System Owner meetings continue to be a driving force for overall vulnerability reductions.

Total High or Critical POA&Ms were reduced by 118 during FY21, leaving 97 open POA&Ms. These include:

- Configuration Management related (13 open – Oldest is 2,742 days old)
- Data Encryption related (25 open - Oldest is 2,305 days old)
- Automation of Splunk Log Aggregation (25 open - Oldest is 1,211 days old)

Fiscal year 2021 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 for fiscal year 2022. T&I will also continue to push the full adoption of data encryption at rest and in transit to the maximum extent possible consistent with Federal records laws and work with external vendors to implement automated log collection, which is not in direct control of the system owners.

Further, in fiscal year 2022, Cybersecurity will partner with other members of T&I to achieve the continued maturation of configuration management, monitoring and prevention of configuration drift – which will close the majority of POA&Ms that present the highest risk - those in the Critical and High categories. Future actions include better supply chain risk management through engaging early in the procurement process to monitor the supply chain risks related to purchasing secure hardware, service, and software capabilities that will proactively prevent new POA&Ms.

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 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Target					5.75	5.75	5.75	5.0
Actual					6.41	6.5	6.34	6.26

Progress update and future action

The Bureau offered the following courses which have contributed to this metric for fiscal year 2021:

Course Name	Duration	Number of Deliveries
CFPB Supervisor Development Seminar	3 days	4
CFPB Supervisor Development Seminar Refresher	1 day	4
Leadership Excellence Seminars 1 & 2	2 days	2
Leadership Excellence Seminars 3 & 4	2 days	2
Leadership Excellence Seminars 5	2 days	2

The Bureau continues to prioritize the delivery of management training solutions to meet Federal mandates through virtual deliveries while working in the maximum telework environment in response to COVID-19. The impact of COVID-19 has required us to prioritize the Federally mandated training topics due to the work needed to convert classroom training to virtual training. New solutions and offerings which have been developed, but not yet implemented have been delayed until fiscal year 2022.

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, 2021, a description of Civil Penalty Fund collections in fiscal year 2021, a description of Civil Penalty Fund allocations in fiscal year 2021 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, 2021, the Civil Penalty Fund had an unallocated balance of $476.0 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, 2021:

TABLE 7: CIVIL PENALTY FUND SIGNIFICANT ACTIVITY

Activity	Amount	Total
Cash Collections:		
FY 2012-2019	$1,220,702,694	
FY 2020	34,189,709	
FY 2021	61,411,211	
Total Cash Collections		$1,316,303,614

Activity	Amount	Total
Amounts Unallocated and Returned to the Fund:[4]		
FY 2017-2019	$39,092,885	
FY 2020	0	
FY 2021	49,641,249	
Total Returned		$88,734,134
Less Allocations:		
Victim Compensation		
FY 2013-2019	($671,666,734)	
FY 2020	(11,354,672)	
FY 2021	(207,089,843)	
Subtotal: Allocations to Victim Compensation		($890,111,249)
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		($918,924,058)
Less Administrative Set-aside:		
FY 2013-2019		($6,073,322)
FY 2020		(0)
FY 2021		(4,000,000)

[4] This amount includes funds that were unallocated and returned to the Fund following the completion of distributions to victims or in situations where the allocation to a victim class was reduced.

Activity	Amount	Total
Total Unallocated Balance		$476,040,368[5]

Civil Penalty Fund collections

TABLE 8: FISCAL YEAR 2021 COLLECTIONS

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
Hypotec, Inc.	$50,000	$50,000	October 19, 2020 October 29, 2020 November 27, 2020
PHLoans.com, Inc.	$260,000	$100,000[6]	October 22, 2020
Nissan Motor Acceptance Corporation	$4,000,000	$4,000,000	October 23, 2020
Encore Capital Group, Inc., et al.	$15,000,000	$15,000,000	October 23, 2020
Low VA Rates, LLC	$1,800,000	$1,800,000	November 3, 2020
Washington Federal Bank, N.A.	$200,000	$200,000	November 10, 2020
SMART Payment Plan, LLC	$1	$1	November 12, 2020
Afni, Inc.	$500,000	$500,000	November 16, 2020

[5] 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 thus are 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 $3,500,439.03 that was subject to sequestration in fiscal year 2021. These funds were not available for allocation in fiscal year 2021 but will be available to the Bureau in fiscal year 2022. The total also includes $2,017,192.83 that was subject to sequestration in fiscal year 2020 and subsequently became available to the Bureau in fiscal year 2021.

[6] In accordance with the consent order, the defendant was required to pay $160,000 within 10 days of the effective date of the order, which occurred in fiscal year 2020, and the remaining $100,000 within 60 days, which occurred in fiscal year 2021.

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
U.S. Equity Advantage, Inc. and Robert M. Steenbergh	$1	$1	December 2, 2020
Nationstar Mortgage LLC d/b/a Mr. Cooper	$1,500,000	$1,500,000	December 14, 2020
RAB Performance Recoveries, LLC	$204,000	$204,000	December 17, 2020
Service 1st Mortgage, Inc.	$230,000	$230,000	December 17, 2020
Universal Debt & Payment Solutions, LLC; et al. – Tasha Pratcher	$1	$1	December 28, 2020
Discover Bank, The Student Loan Corporation, and Discover Products, Inc.	$25,000,000	$25,000,000	December 29, 2020
Envios de Valores la Nacional Corp.	$750,000	$750,000	December 30, 2020
Santander Consumer USA Inc.	$4,750,000	$4,750,000	December 30, 2020
Seterus, Inc.	$500,000	$500,000	December 31, 2020
Omni Financial of Nevada, Inc.	$2,175,000	$2,175,000	January 5, 2021
GST Factoring, Inc.; et al. – Daniel Ruggiero	$1	$1	January 19, 2021
LendUp Loans, LLC	$950,000	$950,000	January 27, 2021
GST Factoring, Inc., et al. – Champion Marketing	$2	$2	March 26, 2021

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
Solutions, LLC and Scott Freda			
Yorba Capital Management, LLC and Daniel Portilla, Jr.	$2,200	$2,200	April 15, 2021
Nationwide Equities Corporation	$140,000	$140,000	May 5, 2021
Chou Team Realty, LLC, et al. – Lend Tech Loans, Inc.	$1	$1	May 20, 2021
Chou Team Realty, LLC, et al. – Docs Done Right, Inc., Docs Done Right, LP, and Eduardo Martinez	$125,000	$125,000	May 24, 2021 June 24, 2021
Chou Team Realty, LLC, et al. – David Sklar	$1	$1	May 26, 2021
DMB Financial, LLC	$1	$1	May 27, 2021
Chou Team Realty, LLC, et al. – Frank Anthony Sebreros	$1	$1	May 28, 2021
3rd Generation, Inc., dba California Auto Finance	$50,000	$50,000	June 9, 2021
Burlington Financial Group, LLC; Richard W. Burnham; Sang Yi; and Katherine Ray Burnham	$150,001	$135,001[7]	July 2, 2021 July 7, 2021

[7] The total amount owed to the Bureau was reduced by $15,000 upon Defendant Burlington Financial Group, LLC, paying that amount as a civil penalty to the State of Georgia.

Defendant name	Civil Penalty Imposed	Civil Penalty Collected	Collection date
SettleIt, Inc.	$750,000	$750,000	July 16, 2021
GreenSky, LLC	$2,500,000	$2,500,000	July 19, 2021
Total	$61,586,211	$61,411,211	

In fiscal year 2021, the Bureau collected civil penalties totaling $61.4 million pursuant to 32 orders.

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 2021

Period 16: April 1, 2020 – September 30, 2020

On November 27, 2020, the Bureau made its sixteenth allocation from the Civil Penalty Fund. As of September 30, 2020, the Civil Penalty Fund contained an unallocated balance of $565,384,178.[8] The Fund Administrator set aside $2,000,000 to cover administrative expenses associated with distributing funds to harmed consumers, reducing the amount available for allocation to $563,384,178.

[8] The unallocated balance does not include $10,693,571 in funds that were collected pursuant to two orders that were pending appeal and were thus not yet "final orders" as defined in 12 C.F.R. § 1075.101. Those funds were therefore not available for allocation under 12 C.F.R. § 1075.105(c). The amount includes $2,017,193 that was sequestered during fiscal year 2020. The sequestration amount was not available for allocation during fiscal year 2020 but was available to the Bureau in fiscal year 2021.

TABLE 9: PERIOD 16: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant name	Date of Final Order[9]
Cottonwood Financial Ltd., d/b/a Cash Store	April 1, 2020
Specialized Loan Servicing, LLC	May 11, 2020
Chou Team Realty, LLC, et al. – Chou Team Realty, LLC; Thomas Chou; Sean Cowell; Cre8Labs, Inc.; and TDK Enterprises, LLC	May 14, 2020
Main Street Personal Finance, Inc., ACAC, Inc. d/b/a Approved Cash Advance, and Quik Lend, Inc.	June 2, 2020
Harbour Portfolio Advisors, LLC; National Asset Advisors, LLC; and National Asset Mortgage, LLC	June 23, 2020
Chou Team Realty, LLC, et al. – Robert Hoose	July 7, 2020
Certified Forensic Loan Auditors, LLC; Andrew Lehman; and Michael Carrigan – Certified Forensic Loan Auditors, LLC (CA), Certified Forensic Loan Auditors (TX), and Andrew P. Lehman	July 20, 2020
Prime Choice Funding, Inc.	July 24, 2020
Sovereign Lending Group, Inc.	July 24, 2020
Timemark Solutions, Inc., et al.	August 12, 2020
GST Factoring, Inc., et al. – Gregory Trimarche	August 17, 2020
GST Factoring, Inc., et al. – Jacob Slaughter	August 17, 2020
GST Factoring, Inc., et al. – David Mize	August 17, 2020
GST Factoring, Inc., et al. – Daniel Ruggiero	August 17, 2020
TD Bank, N.A.	August 20, 2020
Go Direct Lenders, Inc.	August 21, 2020
PHLoans.com, Inc.	August 24, 2020
Consumer Advocacy Center, Inc. d/b/a Premier Student Loan Center, et al. – Prime Consulting LLC and Horizon Consultants LLC	August 26, 2020

[9] 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.

Defendant name	Date of Final Order[9]
Consumer Advocacy Center, Inc. d/b/a Premier Student Loan Center, et al. – Tuong Nguyen and TN Accounting Inc.	August 28, 2020
Trans-Fast Remittance LLC	August 31, 2020
Sigue Corporation, SGS Corporation, and GroupEx Corporation	August 31, 2020
Hypotec, Inc.	September 1, 2020
Service 1st Mortgage, Inc.	September 1, 2020
Accelerate Mortgage, LLC	September 2, 2020
ClearPath Lending, Inc.	September 10, 2020
Lobel Financial Corporation	September 21, 2020

Civil penalties were imposed in 21 cases with 26 final orders from Period 16. Of those 21 cases, six had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. Five of those six cases— Main Street Personal Finance, Inc., et al.; Certified Forensic Loan Auditors, LLC, et al.; Timemark Solutions, Inc., et al., GST Factoring, Inc., et al.; and Premier Student Loan Center, et al.—received an allocation from the Civil Penalty Fund. The remaining case, Chou Team Realty, LLC, et al., did not receive an allocation this period.

The allocations for each case are as follows:

- The Main Street Personal Finance, Inc., et al., case received an allocation of $1,540,517 from the Civil Penalty Fund. The class of victims who have received an allocation are certain Mississippi based consumers who, from October 1, 2016 to June 2, 2020, received deceptive finance charge disclosures.
- The Certified Forensic Loan Auditors, LLC, et al., case received an allocation of $3,000,000 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers who, between July 1, 2014 and July 20, 2020, purchased mortgage assistance relief services from defendants. This allocation fully compensates the uncompensated harm in this case, including the final order from Period 15 for which an allocation was deferred pending resolution with additional defendants.
- The Timemark Solutions, et al., case received an allocation of $3,762,360 from the Civil Penalty Fund. The class of victims who have received an allocation are

consumers who, between 2016 and October 2019 paid the defendant for debt-relief services.

- The GST Factoring, Inc., et al., case received an allocation of $11,718,432.41 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers who, between 2015 and 2020, paid unlawful advance fees for debt relief services to the defendants.
- The Premier Student Loan Center, et al., case received an allocation of $89,366,096 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers who, between November 2, 2015, and October 23, 2019, paid the defendants (or their representatives) for debt-relief services.

The Fund Administrator exercised discretion and deferred allocations to classes of consumers in one Period 16 matter, Chou Team Realty, et al., and two prior period matters, Think Finance, LLC, and Northern Resolution Group (Gray). In the Chou Team Realty, et al. case the Bureau is pursuing claims against related defendants, the results of which may affect the amount of uncompensated harm related to victims in this matter. In the Think Finance case, there are related actions which may result in compensation to eligible victims in this matter. In the Northern Resolution Group (Gray) case, the victim allocation is deferred while the Bureau pursues data and determines victim eligibility in a related matter. Each of these cases was reviewed as part of the Period 17 allocation.

As of the time of this allocation, aside from the Think Finance and Northern Resolution Group (Gray) cases which have been addressed above, there were no prior period victim classes with uncompensated harm that is compensable from the Civil Penalty Fund.

During Period 16, $0 were allocated for Consumer Education and Financial Literacy purposes.

TABLE 10: THE TOTAL ALLOCATION FOR PERIOD 16 WAS $109,387,406.

Period 16 Allocation Summary:

Case Name	Allocation Amount
Main Street Personal Finance, Inc.	$1,540,517
Certified Forensic Loan Auditors, LLC; et al.	$3,000,000
Timemark Solutions, Inc., et al.	$3,762,360
GST Factoring, Inc., et al.	$11,718,432
Premier Student Loan Center, et al.	$89,366,096
Total	**$109,387,406**

Period 17: October 1, 2020 – March 31, 2021

On May 28, 2021 the Bureau made its seventeenth allocation from the Civil Penalty Fund. As of March 31, 2021, the Civil Penalty Fund contained an unallocated balance of $558,057,614.[10] The Fund Administrator set aside $2,000,000 to cover administrative expenses associated with distributing funds to harmed consumers, reducing the amount available for allocation to $556,057,614.

TABLE 11: PERIOD 17: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant name	Date of Final Order
Nissan Motor Acceptance Corporation	October 13, 2020
Encore Capital Group, Inc., et al.	October 16, 2020

[10] The unallocated balance does not include $10,693,571 in funds that were collected pursuant to two orders that were pending appeal and were thus not yet "final orders" as defined in 12 C.F.R. § 1075.101. Those funds were therefore not available for allocation under 12 C.F.R. § 1075.105(c). The amount also does not include $3,289,413 that was subject to sequestration during fiscal year 2021.

Defendant name	Date of Final Order
Low VA Rates, LLC	October 26, 2020
Washington Federal Bank, N.A.	October 27, 2020
SMART Payment Plan, LLC	November 2, 2020
Afni, Inc.	November 12, 2020
Katharine Snyder, Performance Arbitrage Company, Inc., and Life Funding Options, Inc.	November 12, 2020
U.S. Equity Advantage, Inc. and Robert M. Steenbergh	November 20, 2020
Nationstar Mortgage LLC	December 8, 2020
RAB Performance Recoveries, LLC	December 8, 2020
GST Factoring, Inc., et al. – Champion Marketing Solutions, LLC and Scott Freda	December 15, 2020
Universal Debt & Payment Solutions, LLC; et al. – Tasha Pratcher	December 16, 2020
Seterus, Inc.	December 18, 2020
Envios de Valores la Nacional Corp.	December 21, 2020
Santander Consumer USA Inc.	December 22, 2020
Discover Bank, The Student Loan Corporation, and Discover Products, Inc.	December 22, 2020
Omni Financial of Nevada, Inc.	December 30, 2020
LendUp Loans, LLC	January 20, 2021
GST Factoring, Inc., et al. – GST Factoring, Inc. and Rick Graff	February 3, 2021
GST Factoring, Inc., et al. – Amanda Johanson	February 15, 2021
Consumer Advocacy Center, Inc. d/b/a Premier Student Loan Center, et al. – First Priority LLC and True Count Staffing Inc.	February 15, 2021

Civil penalties were imposed in 19 cases with 21 final orders in Period 17. Of those 19 cases, five had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. Each of those cases received an allocation during Period 17.

The allocations for each case are as follows:

- The SMART Payment Plan LLC case received an allocation of $6,000,000 from the Civil Penalty Fund. The class of victims who have received an allocation are certain consumers who, from January 1, 2012 to March 15, 2015, enrolled in the defendant's plan and paid the full enrollment fee on an interest-bearing loan.
- The Katharine Snyder, et al., case received an allocation of $3,864,000 from the Civil Penalty Fund. The class of victims who have received an allocation are certain consumers who entered into contracts related to their pension or disability income stream that were brokered by the defendant or her companies.
- The U.S. Equity Advantage case received an allocation of $8,400,000 from the Civil Penalty Fund. The class of victims who have received an allocation are certain consumers who, from July 21, 2011 to November 20, 2020, paid the full program enrollment fee on an interest-bearing loan to the defendants.
- The Nationstar Mortgage LLC case received an allocation of $1,210.57 from the Civil Penalty Fund. The class of victims who have received an allocation are consumers from whom, between January 1, 2011 and December 31, 2011, the Defendant collected escrow shortages that were not legally due.
- The Omni Financial of Nevada case received an allocation of $79,437,227 from the Civil Penalty Fund. The class of victims were active service members who from October 3, 2016 to December 30, 2020, took out loans from Omni and were required to repay by allotment.

The Fund Administrator exercised discretion and deferred allocations to classes of consumers in three prior matters, Chou Team Realty, et al., Think Finance, LLC, and Northern Resolution Group (Gray). In the Chou Team Realty, et al., case the Bureau was pursuing claims against related defendants, the results of which may affect the amount of uncompensated harm related to victims in this matter. In the Think Finance case, there are related actions which may result in compensation to eligible victims in this matter. In the Northern Resolution Group (Gray) case, the victim allocation is 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 18 allocation.

As of the time of this allocation, aside from the Chou Team Realty, et al., Think Finance and Northern Resolution Group (Gray) cases which have been addressed above, there were no prior period victim classes with uncompensated harm that is compensable from the Civil Penalty Fund.

During Period 17, $0 were allocated for Consumer Education and Financial Literacy purposes.

TABLE 12: THE TOTAL ALLOCATION FOR PERIOD 17 WAS $97,702,437.

Period 17 Allocation Summary:

Case Name	Allocation Amount
SMART Payment Plan, LLC	$6,000,000
Katharine Snyder, et al.	$3,864,000
U.S. Equity Advantage	$8,400,000
Nationstar Mortgage LLC	$1,210
Omni Financial of Nevada, Inc.	$79,437,227
Total	**$97,702,437**

Fiscal year 2021 cases eligible for allocation in fiscal year 2022

On or before November 29, 2021, the Bureau will make its eighteenth allocation from the Civil Penalty Fund. Civil penalties were imposed in 18 final orders from Period 18. The 18 final orders relate to 13 cases from Period 18 and they will be considered for allocation along with three prior-period cases, for a total of 16 cases. As of September 30, 2021, the Civil Penalty Fund had an unallocated balance of $476.0 million. Of this amount, $465.3 million is available for allocation pursuant to 12 C.F.R. § 1075.105(c) (see Table 7 above for more information).

Civil Penalty Fund distributions

In fiscal year 2021, Civil Penalty Fund distributions began for four cases.

TABLE 13: CIVIL PENALTY FUND DISTRIBUTIONS INITIATED IN FISCAL YEAR 2021

Defendant	Period	Amount Allocated	Amount Distributed	Number of Checks Mailed	Year & Quarter of Initial Distribution
Hydra Group	12	$69,623,528	$65,821,532	173,066	FY21 Q1
Federal Debt Assistance Association, LLC, et al.	12	$4,972,389	$4,182,348	618	FY21 Q3
Commercial Credit Consultants, et al.	10, 11	$30,650,002	$15,241,879	37,313	FY21 Q3
Prime Marketing Holdings, LLC	10, 11	$20,600,441	$13,635,816	32,125	FY21 Q3
Totals		**$125,846,360**	**$98,881,575**	**243,122**	

The table above identifies cases for which distributions of Civil Penalty Fund monies to harmed consumers began in fiscal year 2021. It reflects the period(s) 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. More information about active distributions is available at https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/.

Distributions are expected to begin in fiscal year 2022 for the Howard Law; Mark Corbett; Andrew Gamber, et al.; Edmiston Marketing, LLC, d/b/a Easy Military Travel; Universal Debt & Payment Solutions, LLC, et al.; Main Street Personal Finance, Inc., et al.; Certified Forensic Loan Auditors, LLC, et al.; Timemark Solutions, Inc., et al.; GST Factoring, Inc., et al.; Premier Student Loan Center, et al.; SMART Payment Plan, LLC; Katharine Snyder, et al.; U.S. Equity Advantage, Inc.; Nationstar Mortgage LLC; and Omni Financial of Nevada, Inc. cases.

TABLE 14: CIVIL PENALTY FUND DISTRIBUTIONS CONCLUDED IN FISCAL YEAR 2021

Defendant	Amount Allocated	Amount Distributed	Number of Checks Mailed	Percent of Distributed Funds Cashed	Year & Quarter of Distribution Conclusion
Triton Management Group, Inc.	$1,022,298	$1,022,298	873	69%	FY21 Q1
The Mortgage Law Group	$18,331,737	$18,331,734	5,394	78%	FY21 Q1
Totals	**$19,354,035**	**$19,354,032**	**6,267**		

The table above reflects the cases where a distribution concluded in fiscal year 2021. 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.

In fiscal year 2021 the Bureau distributed $28,229 in direct payments to consumers in the Global Client Solutions case. The distribution by the Bureau's third-party administrator in the Global Client Solutions case concluded in fiscal year 2019. Unclaimed funds were returned to the Bureau and a portion of those funds remain allocated to the case. The Bureau subsequently made direct payments to victims who requested reissued payments.

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 15: COLLECTIONS IN FISCAL YEAR 2021

Defendant	Amount Collected	Date of Collection
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Tuong Nguyen	$4,727	October 14, 2020
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Hold the Door, Corp	$53,696	October 14, 2020
Chou Team Realty, LLC, et al. – Relief Defendants Kenneth Lawson and XO Media, LLC	$200,000	October 21, 2020
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Mice and Men LLC	$1,143	October 26, 2020
USA Service Finance, LLC	$32,227	October 27, 2020
SMART Payment Plan, LLC	$1,500,000	November 12, 2020 December 17, 2020
U.S. Equity Advantage, Inc. and Robert M. Steenbergh	$660,000[11]	November 30, 2020 December 17, 2020 January 15, 2021 February 12, 2021 March 15, 2021 April 15, 2021 May 15, 2021 June 15, 2021 July 15, 2021 August 13, 2021 September 15, 2021
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – True Count and First Priority	$3,077,150	December 23, 2020
Universal Debt & Payment Solutions, LLC; et al. – Tasha Pratcher	$2,500	December 28, 2020
GST Factoring Inc., et al. – Champion Marketing Solutions, LLC and Scott Freda	$5,000	December 28, 2020

[11] Full payment of the $9,300,000 judgment for redress will be suspended upon Respondents' payment of $900,000 in 15 monthly installments of $60,000 each, with the final payment due on or before January 15, 2022

Defendant	Amount Collected	Date of Collection
Candy Kern, Howard Sutter III, and Upstate Law Group LLC	$725,000	January 28, 2021
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Horizon Consultants LLC	$999,980	March 4, 2021
Chou Team Realty, LLC, et al. – David Sklar	$3,000	May 11, 2021
Chou Team Realty, LLC, et al. – Frank Anthony Sebreros	$35,000	May 28, 2021 July 30, 2021
DMB Financial, LLC	$1,499,398	June 14, 2021 June 28, 2021 September 17, 2021
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Relief Defendant Judy Dai	$3,088,382	June 23, 2021 July 27, 2021
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Relief Defendant Infinite Management Corp.	$40,628	July 8, 2021
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Relief Defendant 1st Generation Holdings, LLC	$4,047,758	July 12, 2021 August 13, 2021 August 25, 2021
Total	**$15,975,589**	

In fiscal year 2021, the Bureau collected approximately $16 million in Bureau-Administered Redress funds from eighteen entities. Funds are distributed in accordance with the terms of the final order for the case.

Bureau-administered redress distributions

In fiscal year 2021, distributions of Bureau-Administered redress began for two cases.

TABLE 16: BUREAU-ADMINISTERED REDRESS DISBURSEMENTS INITIATED IN FISCAL YEAR 2021

Defendant	Year & Quarter of Initial Distribution	Amount Distributed	Number of Checks Mailed
Freedom Debt Relief	FY21 Q1	$19,999,968	13,131

Defendant	Year & Quarter of Initial Distribution	Amount Distributed	Number of Checks Mailed
Hydra Group	FY21 Q1	$3,801,481	12,746
Totals		**$23,801,449**	**25,877**

The table above reflects matters for which redress funds were collected, the time period when distributions began, the total dollar amount that has been mailed to harmed consumers, and the number of consumers to whom checks were mailed. More information about active distributions is available at https://www.consumerfinance.gov/enforcement/payments-harmed-consumers/.

Two Bureau-Administered Redress distributions concluded in fiscal year 2021. In these cases, unclaimed funds were treated in accordance with the terms of the final order for each case.

TABLE 17: BUREAU-ADMINISTERED REDRESS DISBURSEMENTS CONCLUDED IN FISCAL YEAR 2021

Defendant	Year & Quarter of Distribution Conclusion	Amount Distributed	Number of Checks Mailed	Percentage of Funds Cashed
Triton Management Group, Inc.	FY21 Q1	$500,000	424	71%
Green Tree Servicing, LLC	FY21 Q1	$47,144,103	482,213	88%
Totals		**$47,644,103**	**482,637**	

The table above reflects the cases where a distribution concluded in fiscal year 2021. 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.

In fiscal year 2021 the Bureau distributed $26,746 in direct payments to consumers in the Amerisave, World Law, Student Financial Aid Services, and SNAAC cases. The distributions to consumers by the Bureau's third-party administrators in these cases concluded in prior fiscal years and unclaimed funds were returned to the Bureau. The Bureau subsequently made direct payments to victims who requested reissued payments.

1.6 Management assurances and audit results

Statement of Management Assurance

Fiscal Year 2021, November 9, 2021

The management of the Consumer Financial Protection Bureau (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, 2021.

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, 2021 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.

Rohit Chopra

Director
Consumer Financial Protection Bureau

Federal Managers' Financial Integrity Act

The Consumer Financial Protection Bureau 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 2021, 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, 2021. 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 2021, the Bureau continued to implement corrective actions to mitigate the risks of this deficiency. During fiscal year 2022, 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 Managers' Financial Integrity Act of 1982 (FMFIA)

Based on the results of these assessments, the Bureau provided reasonable assurance that as of September 30, 2021, 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 2021 and 2020.

GAO issued an unmodified audit opinion on the Bureau's fiscal years 2021 and 2020 financial statements. GAO opined that the Bureau maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021. 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 2021 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 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 2021 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 2021 and 2020.

Fraud reduction report

The PIIA 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." While the Bureau is not obligated to comply with the OMB-issued guidance, the Bureau views the guidance as a best practice.

During fiscal year 2021, the Bureau continued to raise awareness of fraud risks and fraud risk management requirements under the Act. As part of the Bureau's annual 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. This was a multi-year endeavor. 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 Consumer Financial Protection Bureau, 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 2021 Financial Condition and Results

The data provided in Table 18 below report on significant financial changes between fiscal years 2021 and 2020.

TABLE 18: SUMMARY OF FINANCIAL INFORMATION

(In Dollars)	Percentage Change	FY 2021	FY 2020
Total Assets	-2%	$1,281,834,970	$1,301,427,831
Total Liabilities	4%	$437,043,123	$418,751,718
Total Net Position	-4%	$844,791,847	$882,676,113
Total Net Cost of Operations	11%	$708,094,414	$637,706,938
Total Budgetary Resources	9%	$1,588,234,175	$1,455,889,977
Total New Obligations and Upward Adjustments	25%	$699,617,210	$560,010,526

(In Dollars)	Percentage Change	FY 2021	FY 2020
Total Outlays	27%	$658,998,331	$517,522,827

Total Assets are $1,281.8 million as of September 30, 2021, a decrease of $19.6 million (or -2 percent) over fiscal year 2020. The main factors contributing to the net decrease was a $68.6 million decrease in the Fund Balance with Treasury and a $12.8 million decrease in Property, Equipment, and Software due to depreciation offset by a $37.1 million increase in Investments and a $30.1 increase in cash held outside of Treasury from Civil Penalty Fund collections.

Total Liabilities are $437.0 million as of September 30, 2021, an increase of $18.3 million (or4 percent) over fiscal year 2020. 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 $35.4 million in the Civil Penalty Fund liability for anticipated future payments to harmed consumers offset by a $14.1 million decrease in amounts owed for Employer Benefits Contributions.

Total Net Position at the end of fiscal year 2021 decreased by $37.9 million (or -4 percent) from fiscal year 2020. This decline is primarily due to (1) a decrease in the beginning balance of Cumulative Results of Operations of $51.3 million from fiscal year 2020 to fiscal year 2021 and (2) an increase in Net Cost of Operations of $70.4 million over the same period. These decreases in Net Position are offset by increases in transfers from the Board of Governors of the Federal Reserve System of $58.7 million and Civil Penalty Fund collections of $27.2 million from fiscal year 2020 to fiscal year 2021.

Total Net Cost of Operations increased from $637.7 million in fiscal year 2020 to $708.1 million in fiscal year 2021 (an increase of $70.4 million or 11 percent). The increase is due to a net increase of $29.1 million resulting from distributions made to compensate harmed consumers offset by decreases in net Civil Penalty Fund allocations from fiscal year 2020 to fiscal year 2021. In addition, salary and benefit costs rose by $36.4 million due to an increase in staffing levels from 2020 to 2021.

Total New Obligations and Upward Adjustments increased from $560.0 million in fiscal year 2020 to $699.6 million in fiscal year 2021 (an increase of $139.6 million or 25 percent). The $699.6 million of obligations and upward adjustments in fiscal year 2021 can be broken out by the two primary funds of the Bureau – the Bureau Fund had $598.0 million of new obligations and upward adjustments and the Civil Penalty Fund had $101.6 million of new obligations and upward adjustments. Further, the total new obligations and upward adjustments amount of $699.6 million, includes $4.1 million in upward adjustments to prior year obligations, and $695.5 million associated with the new obligations in fiscal year 2021.

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 – "Consumer Financial Protection Bureau 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 2021 four transfers totaling $595.9 million were received from the Board of Governors. The amount transferred from the Board of Governors to the Bureau was $121.6 million less than the funding cap of $717.5 million for fiscal year 2021.

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 $61.4 million for fiscal year 2021 and $34.2 million for fiscal year 2020.

Other collections

During fiscal year 2021, the Bureau collected $95,100 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 2021, the Bureau collected approximately $15.6 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 2021 disgorged deposits of approximately $13.4 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 2021 and 2020.

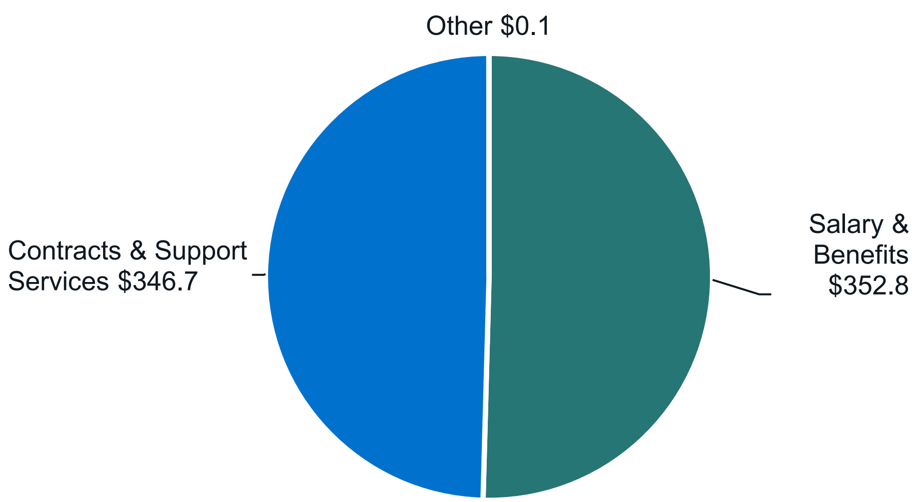
TABLE 19: OVERALL SUMMARY OF BUREAU RECEIPTS BY TYPE AND FISCAL YEAR

Fiscal Year	Transfers requested	Civil Penalty Fund receipts	Fiduciary receipts	Custodial receipts
2021	$595,900,000	$61,411,211	$15,621,752	$13,412,373
2020	$537,200,000	$34,189,709	$12,117,286	$1,702,891

What the Bureau has funded

The Bureau's fiscal year 2021 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 $699.6 million in obligations – $352.8 million in Salary & Benefits, $346.7 million in Contracts & Support Services[12], and $0.1 million in All Other.

FIGURE 4: FISCAL YEAR 2021 NEW OBLIGATIONS AND UPWARD ADJUSTMENTS ($ IN MILLIONS)



Examples of some of the larger obligations incurred for the Bureau's fiscal year 2021 activities included in the $346.7 million for contracts and support services include:

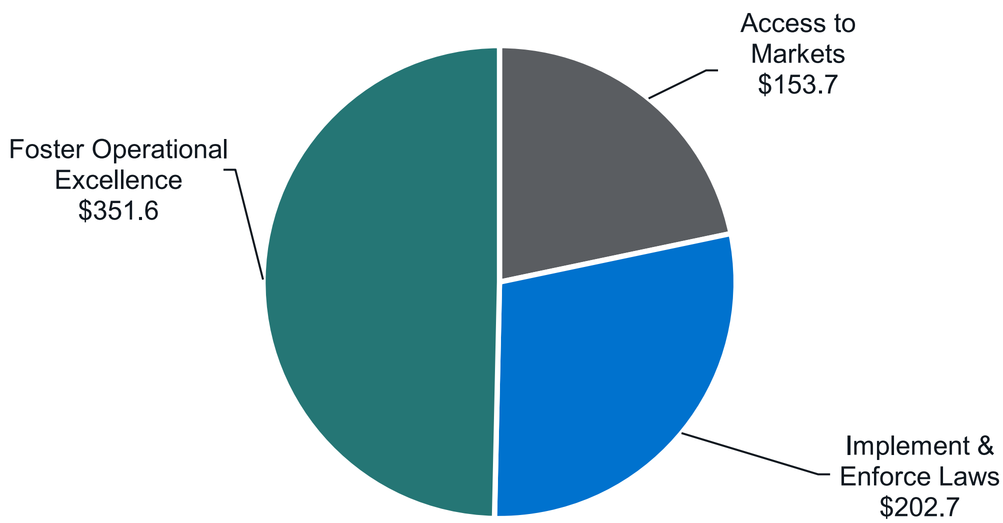
[12] Includes $89.5 million of interagency agreements (IAA) the Bureau entered into with other Federal agencies and other Federal payments made to Federal Agencies. IAA's are not reported in USASpending.gov

- $13.6 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.
- $12.5 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.
- $11.7 million for enterprise-wide cloud hosting infrastructure, system administration support and associated services.
- $9.9 million for public service announcements related to consumer financial awareness and education.
- $9.7 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.
- $9.4 million for expert witnesses to support enforcement matters, investigations, or litigations.
- $6.0 million for technology data platform technology and development and support for analytics, data science, and research use.
- $5.1 million for identity, credential and technology access management services and software licenses.
- $5.1 million for IT service desk and customer support services.
- $5.0 million for IT portfolio and project management 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 2021 total $708.0 million and are displayed in the chart below.

FIGURE 5: FISCAL YEAR 2021 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 Dana James

Acting Chief Financial Officer of the Bureau

I am pleased to join Director Chopra in presenting the Bureau's Financial Report for fiscal year 2021. 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 eleventh consecutive unmodified audit opinion on our comparative financial statements for fiscal years 2021 and 2020.

Financial Results for 2021

The Bureau continues to be a responsible steward of agency funds and remains dedicated to sound financial management practices. In 2021, the Bureau Fund obligations totaled approximately $598.0 million, which represents an increase of $39.5 million (7 percent) from 2020. Outlays totaled approximately $563.4 million. The Bureau's staffing increased from 1,504 in fiscal year 2020 to 1,591 in fiscal year 2021.

The unobligated balance held in the Bureau Fund was $104.4 million as of September 30, 2021. During 2021, the Bureau requested a total of $595.9 million from the Board of Governors to fund Bureau operations. The unobligated balance held in the Consumer Financial Civil Penalty Fund was $784.2 million as of September 30, 2021. 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 2021, our enforcement actions resulted or will result in financial institutions, businesses, and individuals providing more than $450.9 million in monetary relief to consumers. We collected over $61.4 million in civil penalties from financial institutions, businesses, and individuals for various violations of consumer financial protection laws ordered in fiscal year 2021. Additionally, the Bureau collected approximately $13.4 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 2021 Financial Report. Our statements provide the combined financial activity of the Bureau

Fund and the Civil Penalty Fund for reporting purposes. For fiscal year 2021, GAO issued an unmodified audit opinion on the Bureau's fiscal years 2021 and 2020 financial statements. GAO opined that the Bureau maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021. 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 2021 that would be reported under U.S. generally accepted government auditing standards.

Sincerely,

Dana M. James

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

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

Independent Auditor's Report

To the Director of the Consumer Financial Protection Bureau

In our audits of the fiscal years 2021 and 2020 financial statements of the Consumer Financial Protection Bureau (CFPB),[1] we found

- CFPB's financial statements as of and for the fiscal years ended September 30, 2021, and 2020, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- CFPB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021; and
- no reportable noncompliance for fiscal year 2021 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 required supplementary information (RSI)[2] and other information included with the financial statements;[3] (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[4] and the Full-Year Continuing Appropriations Act, 2011,[5] we have audited CFPB's financial statements. CFPB's financial statements comprise the balance sheets as of September 30, 2021, and 2020; 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 CFPB's internal control over financial reporting as of September 30, 2021, 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*.

---

[1]The Consumer Financial Protection Act of 2010 established the Bureau of Consumer Financial Protection, also known as the Consumer Financial Protection Bureau. See Pub. L. No. 111-203, tit. X, subtit. A, § 1011, 124 Stat. at 1964, classified at 12 U.S.C. § 5491.

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

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

[4]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).

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

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.

Management's Responsibility

CFPB 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, 2021, included in the accompanying Management's Report on Internal Control over Financial Reporting in appendix I.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and an opinion on CFPB'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.[6] 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

[6]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.

effectiveness of internal control over financial reporting based on the assessed risk. Our audit of internal control also considered CFPB's process for evaluating and reporting on internal control over financial reporting based on criteria established under FMFIA and applicable 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, CFPB's financial statements present fairly, in all material respects, CFPB's financial position as of September 30, 2021, and 2020, 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, CFPB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on criteria established under FMFIA and applicable sections of OMB Circular A-123.

During our fiscal year 2021 audit, we identified deficiencies in CFPB's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies.[7] Nonetheless, these deficiencies warrant CFPB management's attention. We have

---

[7]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.

communicated these matters to CFPB 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

CFPB'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 CFPB'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 CFPB'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

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

Auditor's Responsibility

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

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 2021 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 CFPB. 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, CFPB stated that it was pleased to receive an unmodified audit opinion on its fiscal years 2021 and 2020 financial statements and on its internal control over financial reporting. In addition, CFPB stated that it will continue to work to enhance its system of internal control and ensure the reliability of its financial reporting.

The complete text of CFPB's response is reprinted in appendix II.

James R. Dalkin
Director
Financial Management and Assurance

November 9, 2021

APPENDIX I

Management's report on internal control over financial reporting

Consumer Financial Protection Bureau

1700 G Street NW, Washington, D.C. 20552

November 9, 2021

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 Consumer Financial Protection Bureau (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 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.

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, 2021, 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, 2021, the Bureau's internal control over financial reporting was effective.

Sincerely,

Rohit Chopra

Rohit Chopra, Director
Consumer Financial Protection Bureau

Dana M James

Dana M. James, Acting Chief Financial Officer
Consumer Financial Protection Bureau

APPENDIX II

Management's response to the auditor's report

Consumer Financial
Protection Bureau

1700 G Street NW, Washington, D.C. 20552

November 9, 2021

Mr. James Dalkin
Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, N.W., Room 5Q24
Washington, DC 20548

Dear Mr. Dalkin:

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 2021 and Fiscal Year 2020 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 Consumer Financial Protection Bureau'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 2021 and 2020 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 Dana James, Acting Chief Financial Officer at Dana.James@cfpb.gov.

Rohit Chopra

Rohit Chopra
Director
Consumer Financial Protection Bureau

consumerfinance.gov

2.2 Financial statements and notes

CONSUMER FINANCIAL PROTECTION BUREAU
BALANCE SHEET
As of September 30, 2021 and 2020
(In Dollars)

	2021	2020
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	$ 23,421,716	$ 92,026,356
Investments, Net (Note 3)	282,593,672	245,483,408
Accounts Receivable, Net (Note 5)	583,667	890,000
Advances and Prepayments (Note 7)	3,256,635	3,111,291
Total Intragovernmental	309,855,690	341,511,055
With the Public		
Cash and Other Monetary Assets		
Cash in the Bureau Fund (Note 4)	335,275	322,086
Cash in the Civil Penalty Fund (Note 4)	788,495,281	758,382,661
Total Cash and Other Monetary Assets	788,830,556	758,704,747
Accounts Receivable, Net (Note 5)	775,190	5,812,236
Property, Equipment, and Software, Net (Note 6)	175,370,820	188,134,331
Advances and Prepayments (Note 7)	7,002,714	7,265,462
Total With the Public	971,979,280	959,916,776
Total Assets	$ 1,281,834,970	$ 1,301,427,831
Liabilities (Note 11):		
Intragovernmental:		
Benefits Payable	$ 3,234,492	$ 3,075,844
Accounts Payable	4,737,162	7,532,460
Liability for Advances (Note 8)	1,979,570	3,067,307
Other (Note 9)	761,844	678,503
Custodial Liability	8,412	5,295,199
Total Intragovernmental	10,721,480	19,649,313
With the Public:		
Accounts Payable	20,112,473	19,933,533
Employer Benefits Contributions	10,640,790	24,737,402
Unfunded Leave (Note 11)	33,763,338	29,922,810
Accrued Funded Payroll	12,878,730	10,946,960
Civil Penalty Fund Liability (Note 10)	348,878,297	313,513,463
Other (Note 9)	48,015	48,237
Total With the Public	426,321,643	399,102,405
Total Liabilities	$ 437,043,123	$ 418,751,718
Commitments and Contingencies (Note 12)	-	-
Net Position:		
Cumulative Results of Operations - Funds from Dedicated Collections (consolidated) (Note 14)	844,791,847	882,676,113
Total Liabilities and Net Position	$ 1,281,834,970	$ 1,301,427,831

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF NET COST
For the Fiscal Years Ended September 30, 2021 and 2020
(In Dollars)

	2021	2020
Gross Program Costs:		
Ensure that all consumers have access to markets for consumer financial products and services		
Gross Costs	$ 157,411,133	$ 163,516,517
Less: Earned Revenue	(3,673,534)	(3,970,353)
Net Ensure that all consumers have access to markets for consumer financial products and services	$ 153,737,599	$ 159,546,164
Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive		
Gross Costs	202,747,071	206,680,279
Less: Earned Revenue	-	-
Net Implement and enforce the law consistently to ensure that markets for consumer financial products and services are fair, transparent, and competitive	$ 202,747,071	$ 206,680,279
Foster operational excellence through efficient and effective processes, governance and security of resources and information		
Gross Costs	351,609,744	271,480,495
Less: Earned Revenue	-	-
Net Foster operational excellence through efficient and effective processes, governance and security of resources and information	$ 351,609,744	$ 271,480,495
Total Gross Program Costs	711,767,948	641,677,291
Less: Total Earned Revenues	(3,673,534)	(3,970,353)
Net Cost of Operations	$ 708,094,414	$ 637,706,938

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2021 and 2020
(In Dollars)

	2021	2020
Cumulative Results of Operations:		
Beginning Balances	$ 882,676,113	$ 933,965,728
Nonexchange Revenue		
Transfers from the Board of Governors of the Federal Reserve System	595,900,000	537,200,000
Civil Penalties	61,631,710	34,494,950
Interstate Land Sales Fees	95,100	98,900
Interest from Investments	218,530	3,653,640
Total Nonexchange Revenue	657,845,340	575,447,490
Imputed Financing	12,359,886	10,945,696
Other	4,922	24,137
Net Cost of Operations	(708,094,414)	(637,706,938)
Net Change in Cumulative Results of Operations	(37,884,266)	(51,289,615)
Cumulative Results of Operations: Ending - Funds from Dedicated Collections (consolidated totals) (Note 14)	$ 844,791,847	$ 882,676,113
Net Position	$ 844,791,847	$ 882,676,113

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF BUDGETARY RESOURCES
For the Fiscal Years Ended September 30, 2021 and 2020
(In Dollars)

	2021	2020
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Note 15)	$ 929,337,058	$ 870,649,960
Funds Available for Obligation	656,176,559	582,273,352
Spending Authority from Offsetting Collections	2,720,558	2,966,665
Total Budgetary Resources	$ 1,588,234,175	$ 1,455,889,977
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (total)	$ 699,617,210	$ 560,010,526
Unobligated Balance, End of Year:		
Exempt from Apportionment , Unexpired Accounts	888,616,965	895,879,451
Total Budgetary Resources	$ 1,588,234,175	$ 1,455,889,977
Outlays, net		
Outlays, net (total)	658,998,331	517,522,827
Agency Outlays, Net	$ 658,998,331	$ 517,522,827

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF CUSTODIAL ACTIVITY
For the Fiscal Years Ended September 30, 2021 and 2020
(In Dollars)

	2021	2020
Total Custodial Revenue:		
Sources of Cash Collections:		
Disgorgement	$ 13,412,373	$ 1,702,891
Miscellaneous	151	414
Total Cash Collections	13,412,524	1,703,305
Accrual Adjustments	(5,286,786)	45
Total Custodial Revenue	8,125,738	1,703,350
Disposition of Collections:		
Amounts Transferred to the Department of the Treasury	13,412,524	1,703,305
Increase/(Decrease) in Amounts Yet to be Transferred	(5,286,786)	45
Total Disposition of Collections	8,125,738	1,703,350
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 Consumer Financial Protection Bureau (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, *Financial Reporting Requirements,* the Bureau generally tracks the general presentation guidance established by OMB Circular A-136, 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 with the public.

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 "Consumer Financial Protection Bureau 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 FFIEC[13] member agencies and HUD for the development of the system to collect data per authority under the Home Mortgage Development Act (HMDA). Through a Memoranda of Understanding (MOU) an agreement was reached on the funding needed to develop a new 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

[13] The FFIEC member 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 Consumer Financial Protection Bureau.

(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 intragovernmental or 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 accounts receivable and cash from disgorgement payments made by defendants and other miscellaneous fees collected and recorded in the Statement of Custodial Activity (See Note 5 "Accounts receivable, net"). 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 20: 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
Leasehold (Capital) Improvement	See Note[14]

The Bureau has no real property holdings or stewardship or heritage assets. Other property items, normal repairs, and maintenance are charged to expense as incurred.

L. Advances and Prepaid Charges

Advances and prepayments may occur because 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 because 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

[14] 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.

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 10 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 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 21: PENSION/RETIREMENT PLANS FOR CFPB 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
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 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.

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 2021 it was 17.3 percent of salary. For fiscal years 2021 and 2020 those amounts were $35.8 million and $30.2 million, respectively.

Consistent with the disclosures in the financial statements of the BOG, 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[15] and HUD an agreement was reached on the funding needed to develop a new HMDA system. 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. Once the system became operational and made available, the associated portion of the Bureau's liability for advances started is being liquidated to earned exchange revenue over the useful life of the asset. On an annual basis, the FFIEC members and HUD contribute to the ongoing operations and maintenance costs of the system. HUD pays their portion up-front for the full year. The

[15] The FFIEC member 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 Consumer Financial Protection Bureau.

collection of HUD's payment is also recorded as a liability for advances and liquidated over the calendar year. See Note 8 for additional information.

R. Commitments and Contingencies

Commitments reflect binding agreements that may result in the future expenditure of financial resources that are not recognized or not fully recognized on the Balance Sheet. See Note 13, "Rental payments for space" and see Note 16, "Undelivered orders at the end of the period".

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, 2021 and September 30, 2020 were as follows:

	2021	2020
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 888,616,965	$ 895,879,451
Obligated Balance Not Yet Disbursed	206,203,440	200,279,480
Investments at Cost	(282,568,133)	(245,427,828)
Cash Held Outside of Treasury (See Note 4)	(788,830,556)	(758,704,747)
Total Fund Balance with Treasury	$ 23,421,716	$ 92,026,356

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, 2021 and September 30, 2020.

Investments as September 30, 2021 consist of the following:

	Cost	Amortization Method	Amortized Discount	Investments Net	Market Value Disclosure
Intragovernmental Securities:					
Marketable	282,568,133	Straight-Line	25,539	282,593,672	282,593,068
Total Investments	$ 282,568,133		$ 25,539	$ 282,593,672	$ 282,593,068

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

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. 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. 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. CPF funds include $3.5 million that was subject to sequestration in fiscal year 2021. These funds are not available for allocation in fiscal year 2021 but will be available to the Bureau in fiscal year 2022. In fiscal year 2020, $2.0 million was sequestered and was unavailable for allocation in fiscal year 2020 but became available for allocation in fiscal year 2021.

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. Any civil penalty obtained from any person in any judicial or administrative action under Federal consumer financial laws is deposited 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, 2021 and September 30, 2020:

	2021	2020
Cash		
Cash Held in the Bureau Fund at the Federal Reserve	335,275	322,086
Cash Held in the Civil Penalty Fund at the Federal Reserve	788,495,281	758,382,661
Total Cash and Other Monetary Assets	$ 788,830,556	$ 758,704,747

As of September 30, 2021, and 2020 the Bureau had allocated or set-aside, but not distributed, $370.0 million and $348.4 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 for a discussion regarding the amount available for future allocations.

Note 5: Accounts receivable, net

Accounts receivable represents amounts owed to the Bureau. Account balances as of September 30, 2021 and September 30, 2020:

	2021	2020
Intragovernmental		
Accounts Receivable	$ 583,667	$ 890,000
Total Intragovernmental Accounts Receivable	$ 583,667	$ 890,000
With the Public		
Accounts Receivable:		
Bureau Fund	$ 91,027	$ 61,786
Civil Penalty Fund	675,751	455,252
Custodial Funds	8,412	5,295,198
Total Public Accounts Receivable	$ 775,190	$ 5,812,236
Total Accounts Receivable	$ 1,358,857	$ 6,702,236

Account receivable amounts disclosed above are for Federal and Non-federal transactions. As of September 30, 2021, the majority of accounts receivable represent anticipated collections of Civil Monetary Penalties (with the Public) and amounts due from the FFIEC for HMDA O&M costs (Intragovernmental). In fiscal year 2020, the majority of accounts receivable with the public were amounts owed to the Bureau for custodial activity. These amounts were collected in fiscal year 2021 and will be disgorged to the Department of the Treasury. There were no uncollectable accounts receivable as of September 30, 2021 and 2020, respectively.

Note 6: Property, equipment and software, net

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

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	$ 178,802,366	$ 18,932,266	$ 159,870,100
Furniture & Equipment	31,545,706	22,781,559	8,764,147
Internal Use Software	25,506,613	18,770,040	6,736,573
Total Property, Equipment and Software	$ 235,854,685	$ 60,483,865	$ 175,370,820

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

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	$ 175,147,307	$ 11,279,907	$ 163,867,400
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

Leasehold Improvements primarily represent costs incurred for the completed building renovations at the Bureau's headquarters at 1700 G Street N.W., Washington D.C. Leasehold Improvements also includes $3.4 million for the ongoing reconfiguration of space within the Bureau's headquarters that have not yet been placed into service. See Note 1.K. for useful life and depreciation method.

Note 7: Advances & prepayments

Advances and Prepayment balances as of September 30, 2021 and September 30, 2020 were as follows:

	2021	2020
Intragovernmental		
Advances and Prepayments	$ 3,256,635	$ 3,111,291
Total Intragovernmental Other Assets	$ 3,256,635	$ 3,111,291
With the Public		
Advances and Prepayments	$ 7,002,714	$ 7,265,462
Total Public Other Assets	$ 7,002,714	$ 7,265,462

In fiscal years 2021 and 2020 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 2021 and 2020 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 HMDA system as a liability for advances. The associated portion of the Bureau's liability for advances are being liquidated to earned exchange revenue over the useful life of the software asset of five years. On an annual basis, the FFIEC members and HUD contribute to the ongoing operations and maintenance costs of the system. HUD pays their portion up-front for the full year. The collection of HUD's payment is also recorded as a liability for advances and liquidated over the calendar year.

Liability for Advances as of September 30, 2021 and September 30, 2020 consist of the following:

	2021	2020
Intragovernmental Liabilities		
Liability for Advances	$ 1,979,570	$ 3,067,307
Total Liability for Advances	$ 1,979,570	$ 3,067,307

Note 9: Other liabilities

Other liabilities as of September 30, 2021 and September 30, 2020 consist of the following:

	2021	2020
Intragovernmental Liabilities		
Payroll Taxes Payable	$ 761,844	$ 664,503
FECA Liability	-	14,000
Total Intragovernmental Liabilities	$ 761,844	$ 678,503
With the Public		
Employee Withholdings	$ 31,430	$ 31,212
Other Liabilities w/Related Budgetary Obligations	16,585	17,025
Total Public Liabilities	$ 48,015	$ 48,237

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 2021.

The ending balance of the CPF Liability as of September 30, 2021 and September 30, 2020 is calculated as the following:

	2021	2020
Civil Penalty Fund Liability:		
Beginning Balance	$ 313,513,463	$ 202,764,313
Plus: New Allocations to Victims	207,089,843	11,354,672
Year End Accrual for Probable Allocations	54,889,000	109,388,549
Less: Reversal of Prior Year End Accrual for Probable Allocations	(109,388,549)	-
Less: Distributions	(98,934,238)	(758,394)
Less: Other Adjustments	(18,291,222)	(9,235,677)
Total Civil Penalty Fund Liability	$ 348,878,297	$ 313,513,463

The CPF Administrator made two allocations from the CPF in fiscal year 2021, the sixteenth allocation on November 27, 2020 and the seventeenth allocation on May 28, 2021. The Fund Administrator will make the eighteenth allocation on or before November 29, 2021. At that time, there will be 16 cases considered for allocation and the total amount available for allocation is $465.3 million. As of September 30, 2021, $54.9 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. In fiscal years 2021 and 2020, Distributions represent reductions of the liability due to funds being released to harmed consumers. Other Adjustments represent reductions of the liability due to case closures or the determination that fewer harmed consumers will be compensated because of other redress efforts or other factors.

Note 11: Liabilities not covered by budgetary resources

Liabilities not covered by budgetary resources as of September 30, 2021 and September 30, 2020 consist of the following:

	2021	2020
Intragovernmental		
FECA	$ 319,646	$ 14,000
Benefits Payable	11,368	-
With the Public		
Unfunded Leave	33,763,338	29,922,810
Actuarial FECA	90,070	68,648
Total Liabilities Not Covered by Budgetary Resources	$ 34,184,422	$ 30,005,458
Total Liabilities Covered by Budgetary Resources	402,850,289	383,458,807
Total Liabilities Not Requiring Budgetary Resources	8,412	5,287,453
Total Liabilities	$ 437,043,123	$ 418,751,718

Note 12: Commitments and contingencies

Commitments

Commitments reflect binding agreements that may result in the future expenditure of financial resources that are not recognized or not fully recognized on the Balance Sheet. See Note 13, "Rental payments for space" and see Note 16, "Undelivered orders at the end of the period".

Legal Contingencies

The Bureau's General Counsel has determined there is one pending legal case that is deemed to be probable that an unfavorable outcome may occur and, therefore, is required to be disclosed. This case relates to a personal injury claim for which the Bureau's General Counsel has estimated the range of potential loss to be between $100,000 and $650,000. However, no liability is accrued because management has determined the potential loss is not material.

The Bureau's General Counsel has determined there are three pending legal cases that are deemed to be reasonably possible that an unfavorable outcome may occur and, therefore, are required to be disclosed. For the first case, regarding a labor dispute, the Bureau's General Counsel has estimated the range of potential loss to be between $50,000 and $300,000. However, no accrued liability was recorded as of September 30, 2021 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 potential loss. However, no accrued liability was recorded as of September 30, 2020 because the likelihood of loss was less than probable. This was the only case disclosed last year.

For the second case, regarding a labor dispute, the Bureau's General Counsel has estimated the range of potential loss to be between $5.0 million and $12.0 million. However, no accrued liability was recorded as of September 30, 2021 because the likelihood of loss is less than probable.

For the third case, regarding a labor dispute, the Bureau's General Counsel has estimated the range of potential loss to be between $100,000 and $450,000. However, no accrued liability was recorded as of September 30, 2021 because the likelihood of loss is less than probable.

The Bureau's General Counsel has determined there is one unasserted claim, regarding a civil penalty assessment, that is deemed to be reasonably possible that an unfavorable outcome may occur and, therefore, is required to be disclosed. The Bureau's General Counsel has estimated the range of potential loss to be between $0 and $1.6 million. However, no accrued liability was recorded as of September 30, 2021 because the likelihood of loss is less than probable.

Civil Penalty Fund Contingencies

The Bureau may continue to make payments from the CPF to harmed consumers after its third party administrator has concluded administering the payments. Unclaimed funds were returned to the Bureau and a portion of those funds remain allocated to the case. Subsequently, if a harmed consumer reaches out to the Bureau with a claim related to the respective case, the Bureau may make a direct payment to the harmed consumer. There were no such outstanding claims from harmed consumers as of September 30, 2021.

The Bureau recorded a contingent liability for the Period 18 CPF Allocation (see Note 10).

Note 13: Rental payments for space

For all Interagency Agreements the Bureau enters 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. This OA may not be canceled by the Bureau, but the OCC may cancel pursuant to the terms of the OA.

Future Payments Due:

Fiscal Year		Buildings
2022	$	14,066,622
2023		14,347,954
2024		14,634,913
2025		14,927,612
2026 through February 17, 2032		102,681,693
Total Future Payments	$	160,658,794

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. This OA may be canceled pursuant to the terms of the OA.

Future Payments Due:

Fiscal Year		Buildings
2022	$	366,810
2023		369,085
2024		371,408
2025		354,140
2026 through June 30, 2030		1,436,107
Total Future Payments	$	2,897,550

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. This OA may be canceled pursuant to the terms of the OA.

Future Payments Due:

Fiscal Year		Buildings
2022	$	1,293,200
2023 through September 28, 2023		1,304,569
Total Future Payments	$	2,597,769

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. This OA may be canceled pursuant to the terms of the OA.

Future Payments Due:

Fiscal Year		Buildings
2022	$	1,421,654
2023		1,535,310
2024		1,576,770
2025		1,582,199
2026 through December 16, 2027		3,579,999
Total Future Payments	$	9,695,932

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. This OA may be canceled pursuant to the terms of the OA.

Future Payments Due:

Fiscal Year		Buildings
2022	$	355,335
2023		357,290
2024		359,285
2025		361,323
2026 through June 30, 2029		1,373,694
Total Future Payments	$	2,806,927

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 2021
A. Fund Balances & Status of Funds:			
Fund Balances:			
Special Fund	$ 20,817,207	$ 2,604,509	$ 23,421,716
Total	$ 20,817,207	$ 2,604,509	$ 23,421,716
Status of Fund Balance with Treasury:			
Unobligated Balance			
Available	$ 104,398,499	$ 784,218,466	$ 888,616,965
Obligated Balance Not Yet Disbursed	201,189,556	6,881,324	208,070,880
Uncollected Federal Payments	(1,867,440)	-	(1,867,440)
Investments at Cost	(282,568,133)	-	(282,568,133)
Cash Held Outside of Treasury	(335,275)	(788,495,281)	(788,830,556)
Total	$ 20,817,207	$ 2,604,509	$ 23,421,716
B. Summary Assets, Liabilities, and Net Position:			
Assets:			
Total Intragovernmental	$ 307,251,181	$ 2,604,509	$ 309,855,690
Cash and Other Monetary Assets	335,275	788,495,281	788,830,556
Property, Equipment, and Software, Net	175,370,820	-	175,370,820
Other	7,102,153	675,751	7,777,904
Total Summary Assets	$ 490,059,429	$ 791,775,541	$ 1,281,834,970
Liabilities and Net Position:			
Total Liabilities	$ 88,156,525	$ 348,886,598	$ 437,043,123
Cumulative Results of Operations	401,902,904	442,888,943	844,791,847
Total Liabilities & Net Position	$ 490,059,429	$ 791,775,541	$ 1,281,834,970
C. Summary Statement of Net Cost:			
Total Gross Program Costs	$ 581,093,432	$ 130,674,516	$ 711,767,948
Less: Total Earned Revenues	(3,673,534)	-	(3,673,534)
Net Cost of Operations	$ 577,419,898	$ 130,674,516	$ 708,094,414
D. Summary Statement of Changes in Net Position:			
Net Position Beginning of Period	$ 370,744,364	$ 511,931,749	$ 882,676,113
Total Financing Sources	608,578,438	61,631,710	670,210,148
Net Cost of Operations	(577,419,898)	(130,674,516)	(708,094,414)
Change in Net Position	31,158,540	(69,042,806)	(37,884,266)
Net Position End of Period	$ 401,902,904	$ 442,888,943	$ 844,791,847

	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

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

During the years ending September 30, 2021 and 2020, transactions are recorded that adjust the unobligated balance brought forward from the prior fiscal year. The adjustments during the years ended September 30, 2021 and 2020 are presented below:

	2021	2020
Unobligated Balance Brought Forward, October 1	$ 895,879,451	$ 837,799,473
Adjustment to budgetary resources made during current year		
Downward adjustments of prior year undelivered orders	26,907,967	9,519,829
Downward adjustments of prior year delivered orders	6,549,640	23,330,658
Unobligated Balance From Prior Year Budget Authority, Net	$ 929,337,058	$ 870,649,960

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, 2021 were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 3,256,635	$ 7,002,714	$ 10,259,349
Unpaid Undelivered Orders	32,334,685	120,245,611	152,580,296
Total Undelivered Orders	$ 35,591,320	$ 127,248,325	$ 162,839,645

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

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, 2021. 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.

CONSUMER FINANCIAL PROTECTION BUREAU
RECONCILIATION OF NET COST TO NET OUTLAYS
For the Fiscal Year Ended September 30, 2021
(In Dollars)

	Intragovernmental	With the Public	Total
Net Cost of Operations	**$ 93,033,317**	**$ 615,061,097**	**$ 708,094,414**
Components of Net Cost of Operations Not Part of Budgetary Outlays			
Property, Equipment and Software Depreciation		(15,663,824)	(15,663,824)
Property, Equipment and Software Disposal & Reevaluation	-	(652,218)	(652,218)
Increase/(Decrease) in Assets Not Affecting Budget Outlays:			
Accounts receivable	(306,333)	29,778	(276,555)
Advances and Prepayments	145,344	(262,747)	(117,403)
(Increase)/Decrease in Liabilities Not Affecting Budget Outlays:			
Accounts payable	3,883,036	(178,939)	3,704,097
Salaries and Benefits	75,024	12,186,045	12,261,069
CPF Liability Allocation	-	(35,364,834)	(35,364,834)
Unfunded Leave		(3,840,527)	(3,840,527)
Other Liabilities	(317,013)	(20,981)	(337,994)
Other Financing Sources:			
Imputed Federal Employee Retirement Benefit Costs	(12,359,886)		(12,359,886)
Total Components of Net Cost of Operations Not Part of Budget Outlays	**$ (8,879,828)**	**$ (43,768,247)**	**$ (52,648,075)**
Components of the Budget Outlays That Are Not Part of Net Cost of Operations			
Acquisition of Capital Assets	2,877,843	674,688	3,552,531
Total Components of the Budget Outlays That Are Not Part of Net Cost of Operations	**$ 2,877,843**	**$ 674,688**	**$ 3,552,531**
Other Temporary Timing Differences			
Other	(539)		(539)
Outlays, Net (total)	**$ 87,030,793**	**$ 571,967,538**	**$ 658,998,331**

Reconciliation of Net Cost to Net Outlays as of September 30, 2020:

CONSUMER FINANCIAL PROTECTION BUREAU
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)**	**$(140,574,982)**
Components of the Budget Outlays That Are Not Part of Net Cost of Operations			
Acquisition of Capital Assets	18,397,283	2,485,776	20,883,059
Total Components of the Budget Outlays That Are Not Part of Net Cost of Operations	**$ 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**

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 2021 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2022 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2022 Budget of the United States Government, with the "Actual" column completed for 2020 has been reconciled to the 2020 Statement of Budgetary Resources and there were no material differences.

	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays
Combined Statement of Budgetary Resources	$ 1,455,889,977	$ 560,010,526	$ 517,522,827
Rounding Difference	(889,977)	(10,526)	(522,827)
Budget of U.S. Government	1,455,000,000	560,000,000	517,000,000
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. The Bureau uses a third-party administrator to make disbursements to harmed consumers. Funds unclaimed by harmed consumers are returned to the Bureau. The $0.9 million reported for fiscal year 2020 for "Disbursements to and on behalf of beneficiaries" is shown as a net negative disbursement due to the return of funds from third party vendors exceeding disbursements paid to harmed consumers. The $23.6 million reported for fiscal year 2021 for "Disbursements to and on behalf of beneficiaries" is shown as a net disbursement as amounts paid to harmed consumers exceeded the return of funds from third party vendors.

During fiscal years 2021 and 2020, the Bureau had the following fiduciary activity:

CONSUMER FINANCIAL PROTECTION BUREAU
SCHEDULE OF FIDUCIARY ACTIVITY
For the Fiscal Years Ended September 30, 2021 and 2020
(In Dollars)

	2021	2020
	Legal or Equitable Relief Fund	**Legal or Equitable Relief Fund**
Fiduciary Net Assets, Beginning of Year	$ 42,647,709	$ 29,315,655
Fiduciary Revenues Collected	15,621,752	12,117,286
Fiduciary Revenues Receivables	3,684,730	353,838
Administrative Expenses	(54,094)	(27,365)
Disbursements [+/(-)] to and on behalf of beneficiaries	(23,605,841)	888,295
Increase/(Decrease) in Fiduciary Net Assets	(4,353,453)	13,332,054
Fiduciary Net Assets, End of Year	$ 38,294,256	$ 42,647,709

CONSUMER FINANCIAL PROTECTION BUREAU
FIDUCIARY NET ASSETS
As of September 30, 2021 and 2020
(In Dollars)

	2021	2020
	Legal or Equitable Relief Fund	**Legal or Equitable Relief Fund**
Fiduciary Assets:		
Cash	$ 34,609,526	$ 42,293,871
Accounts Receivable	3,684,730	353,838
Total Fiduciary Net Assets	$ 38,294,256	$ 42,647,709

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 22: 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	2021	January 15, 2021	$5,953	12 CFR Part 1083
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(B)	Tier 2 penalty	2010	2021	January 15, 2021	$29,764	12 CFR Part 1083
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(C)	Tier 3 penalty	2010	2021	January 15, 2021	$1,190,546	12 CFR Part 1083
Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1717a(a)(2)	Per violation	1968	2021	January 15, 2021	$2,074	12 CFR Part 1083

Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1717a(a)(2)	**Annual cap**	**1968**	**2021**	**January 15, 2021**	**$2,073,133**	**12 CFR Part 1083**
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(1)	Per failure	1974	2021	January 15, 2021	$97	12 CFR Part 1083
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(1)	Annual cap	1974	2021	January 15, 2021	$195,047	12 CFR Part 1083
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(2)(A)	Per failure, where intentional	1974	2021	January 15, 2021	$195	12 CFR Part 1083
SAFE Act, 12 U.S.C. 5113(d)(2)	Per violation	2008	2021	January 15, 2021	$30,058	12 CFR Part 1083
Truth in Lending Act, 15 U.S.C. 1639e(k)(1)	First violation	2010	2021	January 15, 2021	$11,906	12 CFR Part 1083
Truth in Lending Act, 15 U.S.C. 1639e(k)(2)	Subsequent violations	2010	2021	January 15, 2021	$23,811	12 CFR Part 1083