U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

Accessible Version

November 15, 2023

Congressional Committees

Financial Audit: Consumer Financial Protection Bureau's FY 2023 and FY 2022 Financial Statements

This report transmits the GAO auditor's report on the results of our audits of the fiscal years 2023 and 2022 financial statements of the Consumer Financial Protection Bureau (CFPB),[1] which is incorporated in the enclosed *Financial Report of the Consumer Financial Protection Bureau for Fiscal Year 2023*.

As discussed more fully in the auditor's report that begins on page 55 of the enclosed agency financial report, we found

- CFPB's financial statements as of and for the fiscal years ended September 30, 2023 and 2022, 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, 2023; and
- no reportable noncompliance for fiscal year 2023 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Full-Year Continuing Appropriations Act, 2011, both require CFPB to annually prepare financial statements and require GAO to audit the agency's financial statements.[2] This report responds to these requirements.

We are sending copies of this report to the Director of the Consumer Financial Protection Bureau, the Chair of the Federal Reserve, the Inspector General of the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, the Director of the Office of Management and Budget, interested congressional committees and members, and other interested parties. In addition, the report is available at no charge at the GAO website at https://www.gao.gov.

[1] The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Bureau of Consumer Financial Protection, also known as the Consumer Financial Protection Bureau. Pub. L. No. 111-203, title X, § 1011, 124 Stat. 1955, 1964 (2010), *classified at* 12 U.S.C. § 5491.

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

If you or your staff have any questions concerning this report, please contact me at (202) 512-3133 or dalkinj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

James R. Dalkin
Director
Financial Management and Assurance

Enclosure

List of Committees

The Honorable Sherrod Brown
Chairman

The Honorable Tim Scott
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Chris Van Hollen
Chairman

The Honorable Bill Hagerty
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
United States Senate

The Honorable Patrick McHenry
Chairman

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

The Honorable Steve Womack
Chairman

The Honorable Steny Hoyer
Ranking Member
Subcommittee on Financial Services and General Government
Committee on Appropriations
House of Representatives

NOVEMBER 15, 2023

Financial report of the Consumer Financial Protection Bureau

Fiscal year 2023

Consumer Financial Protection Bureau

Message from Rohit Chopra

Director

I am pleased to present the Consumer Financial Protection Bureau's (CFPB's) Financial Report for Fiscal Year 2023.

As required by the Dodd-Frank Act, the CFPB prepared comparative financial statements for fiscal years 2023 and 2022. The Government Accountability Office (GAO) rendered an unmodified audit opinion on our financial statements. GAO found that CFPB maintained in all material respects, effective internal control over financial reporting as of September 30, 2023. Also, GAO reported that its test for compliance with provisions of applicable laws, regulations, contracts and grant agreements disclosed no instances of noncompliance for fiscal year 2023.

I want to acknowledge the hard work and dedication of all CFPB staff over the past year to accomplish the overall outcomes reflected in this report. The collective efforts of all CFPB staff help achieve our mandate to monitor market conditions to spot risks, ensure compliance with existing law, and promote competition to protect families and honest businesses.

Sincerely,

Rohit Chopra

Rohit Chopra

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1. Management's discussion and analysis

1.1 Overview of the Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau (CFPB or 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 CFPB was established as an independent bureau within the Federal Reserve System. The CFPB is an Executive agency as defined in Section 105 of Title 5, United States Code.

The Dodd-Frank Act authorizes the CFPB 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 CFPB 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 CFPB's operations is obtained primarily through transfers from the combined earnings of the Federal Reserve System. Annual transfers to the CFPB 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 for total compensation for state and local government workers as specified in the Dodd-Frank Act. The transfer cap for fiscal year 2023 is $750.9 million.

CFPB Mission

To regulate the offering and provision of consumer financial laws and to educate and empower consumers to make better informed financial decsions.[2]

Organizational structure

To accomplish its mission, the CFPB 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 CFPB's relationships with external stakeholders and ensures that the CFPB 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, Monitoring 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:** ensures the CFPB's compliance with all applicable laws and provides advice to the Director and the CFPB's divisions.

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

[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).

In addition to the five primary divisions described above, the Office of the Director also includes offices focused on strategy, equal opportunity, civil rights and fairness.

The CFPB workforce is spread across the country with its headquarters in Washington, D.C. The headquarters within Washington, D.C., utilizes space pursuant to an interagency agreement with the Office of the Comptroller of the Currency. In addition to its location within Washington D.C., the CFPB also utilizes space pursuant to occupancy agreements with the General Services Administration (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 CFPB's website at http://www.consumerfinance.gov/.

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

CFPB Positions and Funding Levels

Since its inception through fiscal year 2017, the CFPB experienced continuous growth in its number of employees and funding levels. In fiscal year 2018 staffing and funding levels began to decline, rising again in fiscal year 2020. In fiscal year 2023 CFPB staffing levels increased from 1,632 to 1,677 or 2.7 percent.

The charts below provide a historical depiction of the number of employees and funding levels over the past five fiscal years. The numbers provided below are as of the last pay period of each fiscal year – Pay Period 19.

FIGURE 1: CFPB EMPLOYEES BY FISCAL YEAR

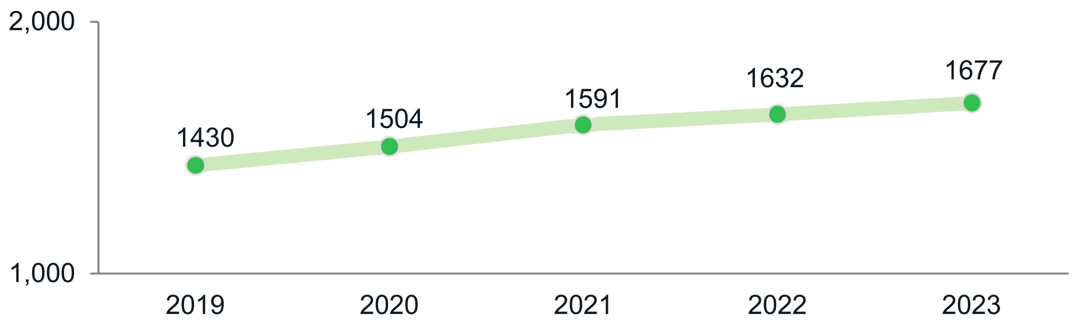
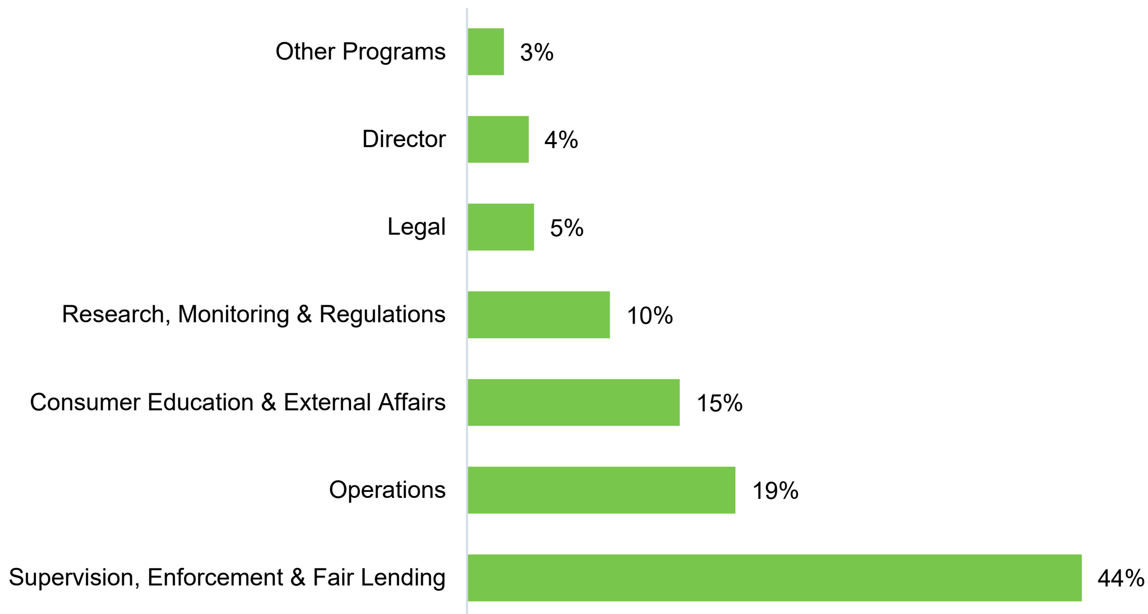
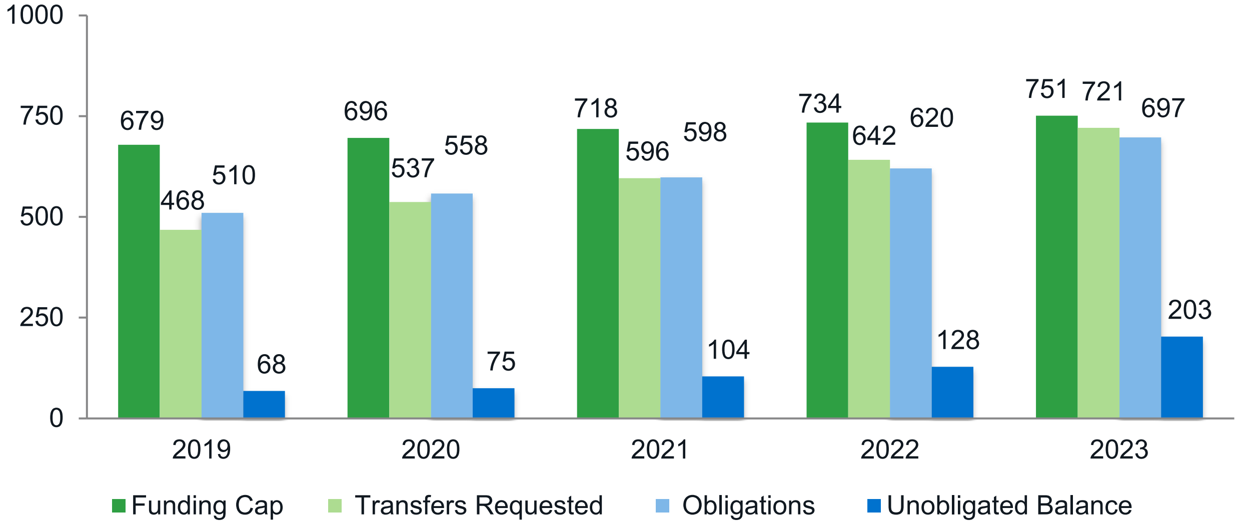


FIGURE 2: OFFICE PERCENTAGE OF TOTAL POSITIONS (AS OF SEPTEMBER 30, 2023)



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)



Additional information on how the CFPB is funded can be found in Section 1.6 Financial Analysis.

1.2 The CFPB performance and results

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

The CFPB developed and issued a strategic plan consistent with the Government Performance and Results Act of 1993, as amended (GPRA) and the GPRA Modernization Act of 2010. (See https://files.consumerfinance.gov/f/documents/cfpb_strategic-plan_fy2022-fy2026.pdf.) The CFPB published its most recent strategic plan for fiscal years 2022 to 2026 late in fiscal year 2022, which identified four strategic goals and eleven associated performance objectives.

The Strategic Plan presents an opportunity to explain to the public how the CFPB intends to fulfill its statutory duties consistent with the strategic vision of its 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.

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 2024 on the CFPB's website. That report will include the results of all performance objectives, along with an analysis of the CFPB's efforts to achieve its performance goals. Results reported below for the selected measures contained in this report show that the CFPB has met or exceeded 6 of the 7 measures (86 percent).

Goal 1: Implement and enforce the law to ensure consumers have access to fair, transparent, and competitive markets that serve consumers' needs and protect consumers from unfair, deceptive, and abusive practices, and from discrimination.

Objective 1.2: Supervise institutions to ensure compliance with Federal consumer financial laws

Effective supervision of financial institutions to foster compliance with federal consumer financial laws require 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 1: PERCENT OF EXAMINATION REPORTS OR LETTERS ISSUED WITHIN THE CFPB'S ESTABLISHED TIME PERIODS FOLLOWING THE FINALIZATION OF EXAM ANALYSIS

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Target	70%	70%	70%	70%	70%
Actual	92%	92%	94%	93%	93%

Progress update and future action

The CFPB 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 CFPB will review and analyze its processes to determine methods of improvement and increased effectiveness and efficiency. The CFPB 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.

Objective 1.3: Enforce federal consumer financial laws to hold violators accountable and deter misconduct and repeat offenses

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

Performance measures

TABLE 2: PERCENTAGE OF ALL CASES, INCLUDING FAIR LENDING, CONCLUDED BY THE CFPB'S ENFORCEMENT PERSONNEL THAT WERE SUCCESSFULLY RESOLVED THROUGH LITIGATION, A SETTLEMENT, OR ISSUANCE OF A DEFAULT JUDGMENT

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Target	75%	75%	75%	75%	75%
Actual	100%	100%	100%	100%	96%

Progress update and future action

During fiscal year 2023, the CFPB concluded 24 public enforcement actions through litigation, a settlement, or issuance of a default judgment. The CFPB successfully resolved 96 percent of these actions.

Goal 2: Empower consumers to live better financial lives, focusing on traditionally underserved people.

Objective 2.1: Engage with consumers, directly and through trusted partners, to provide information, guidance, and technical assistance regarding consumer financial products and services

The CFPB continues to offer consumers a variety of information, tools, and programs to assist consumers with understanding and asserting their rights and making financial choices to reach their life goals. For fiscal year 2023, offerings on the web and in print focused 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 CFPB publishes resources and materials in eight languages to support consumers in languages they are most comfortable.

The CFPB 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, classrooms, military services, and government agencies. Major community partnerships in fiscal year 2023 included efforts to engage community partners in equipping their staff and networks to: prevent consumer fraud among older adults; address servicemembers' unique challenges; increase classroom opportunities to build youth financial capabilities; provide translated resources to intermediaries who serve Limited English Proficient consumers; and encourage savings opportunities using tax refunds. 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 3: NUMBER OF PEOPLE WHO USE THE CFPB'S EDUCATIONAL RESOURCES ON WEB AND IN PRINT

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Target	8.0M	9.0M	10.0M	10.0M	12.0M
Actual	12.3M	16.1M [3]	19.1M	21.2M	24.3M

Progress update and future action

The CFPB 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. The public health emergency ended in May 2023, likely reducing traffic to COVID-19 content, while demand for other financial education resources increased.

Of the over 24 million people reached with the CFPB's education resources in fiscal year 2023:

- Over 15.6 million ConsumerFinance.gov users accessed the CFPB's existing educational tools and resources.

3 Measure updated to incorporate web users of COVID-19 response resources into total count of web users accessing consumer educational resources. In fiscal year 2020 report, the web users accessing COVID-19 response resources were reported separately.

- More than 8.6 million publications were distributed to consumers, a 38% increase over fiscal year 2022.

The CFPB continued to expand community engagement efforts to understand and respond to consumers' needs, including engagement with rural and urban communities, as well as Limited English Proficient consumers.

Objective 2.2: Collect consumers' inquiries and complaints, and work to ensure companies offering consumer financial products and services provide responses to consumers' complaints

The CFPB collects consumers' inquiries and complaints and sends complaints to companies for review and response. Companies are expected to review the information provided in the complaint, communicate with the consumer as needed, determine what action to take in response, and provide a written response to the CFPB and the consumer. When a company cannot take action on a complaint, the company can provide an administrative response that includes a statement or other evidence supporting this response. The CFPB expects companies to provide complaint responses tailored to the issues described in each consumer's complaint. A key element to a complaint response is timeliness:

- **Timeliness**: the company provided a response within 15 calendar days of the complaint being sent to the company. If a complaint could not be closed within 15 calendar days, the company provided an interim explanation to the consumer and the CFPB and then a final response within 60 calendar days of the complaint being sent to the company.

As part of its ongoing monitoring efforts, Consumer Response systematically reviews and assesses how companies respond to complaints relative to the CFPB's response expectations. These analyses assess how well companies are adhering to providing complete, accurate, and timely responses.

Performance measures

TABLE 4: PERCENTAGE OF COMPANY RESPONSES THAT ARE TIMELY

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Target	97%	97%	97%	97%	97%
Actual	99%	99%	99%	99%	99%

Progress update and future action

In fiscal year 2023, the CFPB continued to collect consumer complaints and work to ensure companies offering consumer financial products and services provide responses to consumers. Companies overwhelmingly met the timeliness expectation in their responses to the CFPB, providing a timely response to 99% of complaints sent to them for review.

While timely responses are important, the CFPB also cautions companies about closing complaints too quickly if it is to the detriment of completeness or accuracy. Companies continue to have up to 60 days from the date they received the complaint to provide a final response, if they provide an interim explanation to the consumer and the CFPB.

Goal 3: Inform public policy with data-driven analysis on consumers' experiences with financial institutions, products, and services.

Objective 3.2: Conduct and publish research focused on: (a) experiences of underserved communities and their access to credit, (b) consumer awareness, understanding, and behavior with respect to consumer financial products and services and with respect to disclosures and related communications, and (c) market developments impacting consumers, including competition and innovation.

The CFPB conducts research on consumer decision-making, consumer financial products and markets, and the effects of consumer financial regulations and policies. The CFPB publishes its research, including Data Spotlights, Issues Spotlights, Industry and Markets reports, "Data Point" reports, and staff reports and blogs. Additionally, the CFPB is statutorily required to research, analyze, and report on six topic areas related to consumer finance[4]:

- Developments in markets for consumer financial products or services, including market areas of alternative consumer financial products or services with high growth rates and areas of risk to consumers;
- Access to fair and affordable credit for traditionally underserved communities;
- Consumer awareness, understanding, and use of disclosures and communications regarding consumer financial products or services;
- Consumer awareness and understanding of costs, risks, and benefits of consumer financial products or services;
- Consumer behavior with respect to consumer financial products or services, including performance on mortgage loans; and
- Experiences of traditionally underserved consumers, including un-banked and under banked consumers.

Performance measures

TABLE 5: NUMBER OF PUBLISHED RESEARCH PRODUCTS

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Target	7	10	10	15	18
Actual	13	17	24	25	31

Progress update and future action

Below is a selection of the 31 CFPB published research products released during fiscal year 2023. The full selection of CFPB research publications can be found at consumerfinance.gov.

Report: Tenant Background Checks Market Report. In November 2022, the CFPB released a report about the rental housing landscape. and the tenant screening industry, the features of tenant screening reports, the regulatory landscape, and the participants in the tenant screening

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

data ecosystem. The report examines market challenges where longstanding issues have the potential to create or reinforce market distortions and harms for landlords and renters.

Market Snapshot: Trends in Third-Party Debt Collections Tradelines Reporting. In March 2023, the CFPB released a report that provides an overview of the trends in third-party debt collections tradelines on consumer credit reports from 2018 to 2022.

Report: Consumer Use of Buy Now, Pay Later -- Insights from the CFPB Making Ends Meet Survey. In March 2023, the CFPB released a report explores the consumer financial profiles of Buy Now, Pay Later (BNPL) borrowers using the Bureau's Making Ends Meet survey and its association with credit bureau data. While many BNPL borrowers who we observed used the product without any noticeable indications of financial stress, BNPL borrowers were, on average, much more likely to be highly indebted, revolve on their credit cards, have delinquencies in traditional credit products, and use high-interest financial services such as payday, pawn, and overdraft compared to non-BNPL borrowers. BNPL borrowers had higher credit card utilization rates and lower credit scores.

Report: Medical Credit Cards and Financing Plans. In May 2023, the CFPB released a report that highlights some of the risks to consumers of using financing products such as medical credit cards and installment loans to pay for medical procedures and services. The report provides a background on these products, highlights potential lack of transparency and financial risks to consumers, analyzes data on deferred interest healthcare credit cards, and offers a summary of the terms for a sample of financing products.

Report: Banking and Credit Access in the Southern Region of the U.S. In June 2023, the CPFB released a data spotlight analyzing banking and credit access in the southern region of the U.S.[5] The spotlight seeks to identify gaps, as well as opportunities to increase financial access in the region, particularly branch presence and bank account access, and capital access such as mortgage lending and small business lending. The analysis highlights trends in the region as a whole, and differences between rural and non-rural areas.

Report: Consumer Finances in Rural Areas of the Southern Region. In June 2023, the CPFB released a report that takes a broad look at consumer financial profiles in the southern region of the U.S. compared to other geographies, including credit scores, financial distress, medical debt, and other debt categories. Nearly 48 million people live in the southern region examined in this report, which includes Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. This report is intended to provide a starting point in better

[5] "Consumer Financial Protection Bureau Report: Banking and Credit Access in the Southern Region of the U.S," Consumer Financial Protection Bureau, June 21, 2023, https://www.consumerfinance.gov/data-research/research-reports/banking-and-credit-access-in-the-southern-region-of-the-us/.

understanding the financial situations, needs and challenges of consumers in rural areas in the southern region.

Report: *Consumer Risks Posed by Employer-Driven Debt*. In July 2023, the CFPB released a report highlighting the risks employer-driven debt poses to workers.[6] The report showcases the findings from a public inquiry launched in June 2022 seeking data about, and worker experiences with, employer-driven debt. It presents highlights derived from workers' individual experiences and examines what market-level research says about employer-driven debts.

Report: *Paid and Low-Balance Medical Collections on Consumer Credit Reports*. In July 2023, the CFPB released a report highlighting how actions announced by the three largest national consumer reporting companies – Experian, Equifax, and TransUnion – will affect people who have allegedly unpaid medical debt on their credit reports. Nearly half of those with medical collections appearing on their credit reports will continue to see them there even after the changes fully go into effect next year. The medical collection tradelines that will remain on credit reports after the changes will likely represent a majority of the dollar amount of all medical collections currently reported.

Report: Issue Spotlight: Big Tech's Role in Contactless Payments: Analysis of Mobile Device Operating Systems and Tap-to-Pay Practices. In September 2023, the CFPB released an issue spotlight from the Office of Competition & Innovation and the Office of Markets highlighting the impacts of Big Tech companies' policies and practices that govern tap-to-pay on mobile devices like smartphones and watches. The issue spotlight found that Apple currently forbids banks and payment apps from accessing the tap-to-pay functionality on Apple iOS devices and imposes fees through Apple Pay. Google's Android operating system does not currently have such a policy. The issue spotlight explains how regulations imposed by mobile operating systems can have a significant impact on innovation, consumer choice, and the growth of open and decentralized banking and payments in the U.S.

Report: Tuition Payment Plans in Higher Education. In September 2023, the CFPB released a report finding that students face risk when entering into agreements with colleges to spread the upfront cost of tuition into several, interest-free loan payments.[7] The report looks at tuition payment plans offered by nearly 450 institutions, finding that many plans have inconsistent disclosures and confusing repayment terms, putting students at risk of missing payments,

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[6] "Consumer Financial Protection Bureau Report: Consumer Risks Posed By Employer Driven Debt," Consumer Financial Protection Bureau, July 20, 2023, https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-consumer-risks-posed-by-employer-driven-debt/.

[7] "Consumer Financial Protection Bureau Report: Tuition Payment Plans in Higher Education," Consumer Financial Protection Bureau, September 14, 2023, https://www.consumerfinance.gov/data-research/research-reports/tuition-payment-plans-in-higher-education/.

incurring late fees, and accumulating debt. The analysis also uncovered that many institutions withhold transcripts from students as a debt collection tool, a potentially illegal practice that can have severe consequences for students trying to begin their careers or finish their education.

Goal 4: Foster operational excellence and further commitment to workforce equity to advance the CFPB's mission.

Objective 4.1: Cultivate an engaged and informed workforce to maximize talent and development in alignment with the CFPB's mission

The CFPB 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 CFPB 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 CFPB has developed a metric that combines feedback from several training assessment surveys. This metric provides the CFPB 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 SEVEN POINT SCALE)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Target	5.75	5.75	5.00	5.75	5.75
Actual	6.50	6.34	6.26	5.70	6.20

Progress update and future action

The CFPB offered the following courses which have contributed to this metric for fiscal year 2023:

Course Name	Duration	Number of Deliveries
CFPB Supervisor Development Seminar	3 days	2
CFPB Supervisor Development Seminar Refresher	1 day	1
Leadership Excellence Seminars 1 & 2	2 days	2
Leadership Excellence Seminars 3 & 4	2 days	2
Leadership Excellence Seminars 5	2 days	2
Coaching Skills for CFPB Leaders	2 days	9

In fiscal year 2023, the CFPB was able to return to delivering both management training meeting Federal mandates, and a new training solution for all CFPB managers, as we had pre-pandemic. This was achieved through live, virtual training deliveries as many CFPB staff telework. The CFPB continued to convert existing training from in-person, classroom delivery to effective live, distance-based, virtual training delivery for curriculum design and development. The new Coaching Skills for CFPB Leaders, developed in fiscal year 2022, was fully implemented in fiscal year 2023. This course was delivered most months of fiscal year 2023 and was well received by CFPB leaders at all levels (supervisors, managers, and senior leaders). This approach of on-going training to address mandates, and implementation of a new management training course approximately every year and a half, has proven to be a productive delivery rhythm, yet responsive approach to topics benefitting the learning needs of CFPB leaders.

Objective 4.3: Advance the work of the CFPB through innovative and optimized operational support

Federal Information Security Modernization Act of 2014 (FISMA) Maturity Model:

FISMA mandates the reporting of the information security posture for federal agencies through an annual audit conducted by the Office of the Inspector General (OIG). In fiscal year 2015, the Office of Management and Budget, the Department of Homeland Security, and the Council of the Inspectors General on Integrity and Efficiency established a maturation rating methodology to score the maturity and effectiveness of federal information security functions. These scores range from low to high with Level-1 (Ad-hoc), Level-2 (Defined), Level-3 (Consistently Implemented), Level-4 (Managed and Measurable) and Level-5 (Optimized). The OIG, since fiscal year 2017, has assessed the maturation of the CFPB's information security policies, procedures, and practices across five security domains, (Identify, Protect, Detect, Respond, and Recover) based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework in this rating model. In fiscal year 2022, the OIG added a new security function, Supply Chain Risk Management, which impacted the scoring of the Identify security domains.

Performance measures

TABLE 7: ACHIEVE OIG MATURITY MODEL RATINGS OF LEVEL 4 (MANAGED & MEASURABLE) ACROSS MULTIPLE CYBERSECURITY FRAMEWORK AREAS

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Target	2 of 5	3 of 5	4 of 5	5 of 5	4 of 5
Actual	3 of 5	3 of 5	3 of 5	3 of 5	2 of 5

Progress update and future action

In fiscal year 2023, the CFPB's Information Security Program maintained an effective overall rating measured at the Level-4 (Managed and Measurable) maturity. CFPB maintained a Level-4, in part, due to the new Office of Inspector General's (OIG) scoring methodology. The new OIG methodology includes core and supplemental metrics which factor differently depending on the function (identify, protect, detect, respond, and recover) and the overall program. The average of the two make up the score, and the OIG determined that CFPB continued to operate at a Level-4. The Office of Technology and Innovation (T&I) in coordination with stakeholders continued to improve the areas of information security continuous monitoring, supply chain risk management, and efforts to meet zero-trust architecture requirements.

In fiscal year 2024, T&I will coordinate with stakeholders across the Operations Division to implement improvements in the areas of supply chain risk management, configuration management, data protection and privacy, and identity and access management.

1.3 Civil Penalty Fund annual report

Section 1055(a) of the Dodd-Frank Act authorizes the CFPB 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 the Consumer Financial Civil Penalty Fund (Civil Penalty Fund), a victims relief fund, into which the CFPB 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 CFPB may use funds in the Civil Penalty Fund for the purpose of consumer education and financial literacy programs.

On May 7, 2013, the CFPB published the Civil Penalty Fund rule, 12 C.F.R. part 1075, a final rule governing the CFPB's use of the funds in the Civil Penalty Fund. That rule requires the CFPB 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, 2023, a description of Civil Penalty Fund collections in fiscal year 2023, a description of Civil Penalty Fund allocations in fiscal year 2023 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, 2023, the Civil Penalty Fund had an unallocated balance of $1.99 billion in funds that have been collected and are not otherwise allocated or set aside for administrative purposes. Table 8 below summarizes significant activity of the fund from inception through September 30, 2023:

TABLE 8: CIVIL PENALTY FUND SIGNIFICANT ACTIVITY

Activity	Amount	Total
Cash Collections:		
FY 2012-2021	$1,316,303,614	
FY 2022	172,520,004	
FY 2023	1,918,920,125	
Total Cash Collections		$3,407,743,744
Amounts Unallocated and Returned to the Fund:[8]		
FY 2017-2021	$88,734,144	
FY 2022	10,327,494	
FY 2023	10,106,209	
Total Returned		$109,167,847
Less Allocations:		
Victim Compensation		
FY 2013-2021	($890,111,250)	
FY 2022	(177,081,630)	
FY 2023	(417,443,832)	
Subtotal: Allocations to Victim Compensation		($1,484,636,712)
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		($1,513,449,521)
Less Administrative Set-aside:		

[8] 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
FY 2013-2021	($10,073,322)	
FY 2022	(0)	
FY 2023	2,500,000	
Total Administrative Set-aside		($12,573,322)
Total Unallocated Balance		**$1,990,888,747**[9]

Civil Penalty Fund collections

TABLE 9: FISCAL YEAR 2023 COLLECTIONS

Defendant Name	Civil Penalty Imposed	Civil Penalty Collected	Collection Date
Regions Bank	$50,000,000	$50,000,000	October 7, 2022
Choice Money Transfer, Inc. d/b/a Small World Money Transfer	$950,000	$950,000	October 13, 2022
All American Check Cashing, Inc., et al.	$899,350[10]	$10,000	November 14, 2022
Carrington Mortgage Services, LLC	$5,250,000	$5,250,000	November 25, 2022
RD Legal Funding, LLC, et al.	$1	$1	December 6, 2022

[9] This total includes $10,283,886 collected in fiscal year 2018, $409,686 collected in fiscal year 2020, and $134,630 collected in fiscal year 2023 pursuant to 3 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 $109,378,447 that was subject to sequestration in fiscal year 2023. These funds were not available for allocation in fiscal year 2023 but will be available to the CFPB in fiscal year 2024. The total also includes $9,833,640 that was subject to sequestration in fiscal year 2022 and subsequently became available to the CFPB in fiscal year 2023.

[10] The amount the Defendant was required to pay was reduced by $889,350 as a result of the Defendant paying that amount in fines to the Mississippi Department of Banking and Consumer Finance.

Defendant Name	Civil Penalty Imposed	Civil Penalty Collected	Collection Date
My Loan Doctor, LLC d/b/a Loan Doctor and Edgar Radjabli	$391,530[11]	$150,000	December 20, 2022
Wells Fargo Bank, N.A.	$1,700,000,000	$1,700,000,000	December 27, 2022
Servicio UniTeller, Inc.	$700,000	$700,000	December 30, 2022
Forster & Garbus, LLP	$100,000	$100,000	January 27, 2023 February 23, 2023 March 29, 2023 April 26, 2023 May 31, 2023 June 27, 2023
TMX Finance LLC	$10,000,000	$10,000,000	March 3, 2023
RMK Financial Corp. d/b/a Majestic Home Loan or MHL	$1,000,000	$1,000,000	March 7, 2023
Portfolio Recovery Associates, LLC	$12,000,000	$12,000,000	April 20, 2023
Citizens Bank, N.A.	$9,000,000	$9,000,000	June 2, 2023
OneMain Financial Holdings, LLC, et al.	$10,000,000	$10,000,000	June 2, 2023
Phoenix Financial Services, LLC	$1,675,000	$1,675,000	June 16, 2023
ACI Worldwide Corp., and ACI Payments, Inc.	$25,000,000	$25,000,000	July 16, 2023
Bank of America, N.A. (Sales Practices and Credit Card Rewards)	$30,000,000	$30,000,000	July 18, 2023

[11] The amount Defendants were required to pay was reduced by $241,530 due to Defendants paying that amount in penalties to the Securities and Exchange Commission for related conduct in another case.

Defendant Name	Civil Penalty Imposed	Civil Penalty Collected	Collection Date
Bank of America, N.A. (NSF fees)	$60,000,000	$60,000,000	July 18, 2023
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Defendant Kaine Wen	$148,000,000[12]	$134,630[13]	July 20, 2023 July 27, 2023
Katharine Snyder, Performance Arbitrage Company, Inc., and Life Funding Options, Inc.	$500	$495	August 6, 2023
Freedom Mortgage Corporation	$1,750,000	$1,750,000	August 25, 2023
Tempoe, LLC	$2,000,000[14]	$1,000,000	September 18, 2023
Realty Connect USA Long Island, Inc.	$200,000	$200,000	September 27, 2023
Total	**$2,068,916,381**	**$1,918,920,126**	

In fiscal year 2023, the CFPB collected civil penalties totaling $1.92 billion pursuant to 23 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

[12] Of the civil penalty imposed, $15,000 was ordered to be paid to certain states and the remaining $147,985,000 to the CFPB.

[13] The funds collected are not available for allocation under 12 C.F.R. § 1075.105(c)(3), since the defendant is appealing the judgment and the order is, therefore, not yet a "final order" as defined in 12 C.F.R. § 1075.101.

[14] The amount required to be paid to the CFPB was reduced by $1,000,000 upon that amount being paid to certain states for related conduct.

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 2023

Period 20: April 1, 2022 – September 30, 2022

On November 29, 2022, the CFPB made its twentieth allocation from the Civil Penalty Fund. As of September 30, 2022, the Civil Penalty Fund contained an unallocated balance of $471,112,663.54.[15] The Fund Administrator set aside $1,500,000 to cover administrative expenses associated with distributing funds to harmed consumers, reducing the amount available for allocation to $469,612,663.54.

TABLE 10: PERIOD 20: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant Name	Date of Final Order[16]
BounceBack, Inc.	November 1, 2021
Performance SLC, LLC, Performance Settlement, LLC, and Daniel Crenshaw	April 29, 2022
Bank of America, N.A. (Garnishment)	May 4, 2022
RAM Payment, LLC, also doing business as Reliant, et al.	May 11, 2022
Access Funding, LLC, et al. – Michael Borkowski	May 18, 2022
JPL Recovery Solutions, LLC, et al.	May 25, 2022
Frank Ronald Gebase, Jr.	June 9, 2022

[15] The unallocated balance amount does not include $10,693,572 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 $9,833,640 that was sequestered during fiscal year 2022. The sequestration amount was not available for allocation during fiscal year 2022 but was available to the Bureau in fiscal year 2023.

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

Defendant Name	Date of Final Order[16]
Consumer Advocacy Center Inc., d/b/a Premier Student Loan Center, et al. – Albert Kim	June 10, 2022
Bank of America, N.A. (Prepaid)	July 14, 2022
Hyundai Capital America	July 26, 2022
U.S. Bank National Association	July 28, 2022
Hello Digit, LLC	August 10, 2022
Trident Mortgage Company LP	September 14, 2022
Regions Bank	September 28, 2022

Civil penalties were imposed in 14 cases with final orders from Period 20. Of those 14 cases, four had classes of eligible victims with uncompensated harm that was compensable from the Civil Penalty Fund. All four cases received an allocation during this period. Additionally, there were two prior period cases which received an allocation this period.

The allocations for each case are as follows:

- The BounceBack, Inc. case received an allocation of $1,481,773 from the Civil Penalty Fund. The class of victims who received the allocation are consumers who, between January 1, 2015 and November 1, 2021, (1) received a collection letter from BounceBack, and (2) who paid any money to the company for its financial-accountability class, program fees, or payment plans.

- The Frank R. Gebase, Jr., case received an allocation of $240,995 from the Civil Penalty Fund. The class of victims who received the allocation are consumers whose bank accounts were debited, directly or indirectly, by "Processingstudentloans" between May of 2016 and April of 2017.

- The Performance SLC, LLC, et al., case received an allocation of $10,950,818. This allocation includes $10,448,468 for consumers who, from January 1, 2016 to April 29, 2022, (1) paid all or a portion of Performance SLC's fee into a dedicated trust account, or (2) entered into a credit plan agreement to finance payment of Performance SLC's fee, and $502,350 for consumers who were referred to PSettlement by OneLoanPlace.com from August 27, 2018 to April 29, 2022, and paid a fee to PSettlement.

- The Hello Digit, LLC case received an allocation of $38,220 from the Civil Penalty Fund. The class of victims who received the allocation are consumers whose overdraft reimbursement requests were (1) submitted to Hello Digit between January 1, 2017, and August 10, 2022, and (2) denied because the fee was caused by a subscription fee.

- The Think Finance, LLC, et al. case received an allocation of $384,010,544 from the Civil Penalty Fund. Eligible victims in this matter are consumers in the Subject States (Arizona, Arkansas, Colorado, Connecticut, Illinois, Indiana, Kentucky, Massachusetts, Minnesota, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, and South Dakota) who obtained credit from Plain Green, Great Plains, and Mobiloans, and made payments in excess of the principal they borrowed on that credit between 2011 and 2019.
- The Future Income Payments, LLC, et al. case received an allocation of $11,086,434 from the Civil Penalty Fund. The class of victims who received the allocation are consumers who sold a portion of their income stream to FIP or a related entity, or to a third party where the transaction was brokered through FIP or a related entity, in exchange for a lump sum from approximately 2011 through 2018.

The Fund Administrator exercised discretion and deferred an allocation to a class of consumers in one prior period matter, Northern Resolution Group (Gray). In the Northern Resolution Group (Gray) case, the victim allocation is deferred while the CFPB pursues data and determines victim eligibility in a related matter. This case was reviewed as part of the Period 21 allocation.

As of the time of this allocation, aside from Northern Resolution Group (Gray) case 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 20, $0 was allocated for Consumer Education and Financial Literacy purposes.

The total allocation for Period 20 was $407,808,784.

TABLE 11: PERIOD 20 ALLOCATION SUMMARY

Case Name	Allocation Amount
BounceBack, Inc.	$1,481,773
Frank Ronald Gebase, Jr.	$240,995
Performance SLC, LLC, et al.	$10,950,818
Hello Digit, LLC	$38,220

Case Name	Allocation Amount
Think Finance, LLC, et al.	$384,010,544
Future Income Payments, LLC, et al.	$11,086,434
Total	**$407,808,784**

Period 21: October 1, 2022 – March 31, 2023

On May 30, 2023, the CFPB made its twenty-first allocation from the Civil Penalty Fund. As of March 31, 2023, the Civil Penalty Fund contained an unallocated balance of $1,729,351,170.[17] The Fund Administrator set aside $1,000,000 to cover administrative expenses associated with distributing funds to harmed consumers, reducing the amount available for allocation to $1,728,351,170.

TABLE 12: PERIOD 21: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant Name	Date of Final Order
Choice Money Transfer, Inc. d/b/a Small World Money Transfer	October 4, 2022
All American Check Cashing, Inc., et al.	November 10, 2022
Carrington Mortgage Services, LLC	November 16, 2022
RD Legal Funding, LLC, et al.	November 28, 2022
My Loan Doctor, LLC d/b/a Loan Doctor and Edgar Radjabli	December 9, 2022
Wells Fargo Bank, N.A.	December 20, 2022
Servicio UniTeller, Inc.	December 22, 2022
Forster & Garbus, LLP	January 18, 2023
TMX Finance LLC	February 23, 2023

[17] The unallocated balance does not include $10,693,572 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 $100,781,700 that was subject to sequestration during fiscal year 2023.

Defendant Name	Date of Final Order
RMK Financial Corp. d/b/a Majestic Home Loan or MHL	February 27, 2023

Civil penalties were imposed in 10 cases with final orders in Period 21. Of those 10 cases, two had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. Both cases received an allocation during Period 21.

The allocations for each case are as follows:

- The All American Check Cashing, Inc., et al. case received an allocation of $8,231,553 from the Civil Penalty Fund. The classes of victims that received an allocation are (1) individuals who cashed checks with the defendants between July 21, 2011 and June 8, 2017, and (2) individuals who received income monthly, and borrowed pursuant to defendants' lending program between July 21, 2011 and June 19, 2014.
- The RD Legal Funding, LLC, et al. case received an allocation of $1,403,496 from the Civil Penalty Fund. The class of victims that received an allocation is specific individuals who made payments to the defendants in excess of the funds that they received from the defendants.

The Fund Administrator exercised discretion and deferred an allocation to a class of consumers in one prior period matter, Northern Resolution Group (Gray). In the Northern Resolution Group (Gray) case, the victim allocation is deferred while the CFPB pursues data and determines victim eligibility in a related matter. This case will be reviewed as part of the Period 22 allocation.

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

During Period 21, $0 was allocated for Consumer Education and Financial Literacy purposes.

The total allocation for Period 21 was $9,635,048.

TABLE 13: PERIOD 21 ALLOCATION SUMMARY

Case Name	Allocation Amount
All American Check Cashing, Inc., et al.	$8,231,553
RD Legal Funding, LLC, et al.	$1,403,496
Total	**$9,635,048**

Fiscal year 2023 cases eligible for allocation in fiscal year 2024

On or before November 29, 2023, the CFPB will make its twenty-second allocation from the Civil Penalty Fund. There will be a total of 13 cases considered for allocation. As of September 30, 2023, the Civil Penalty Fund had an unallocated balance of $1.99 billion. Of this amount, $1.98 billion is available for allocation pursuant to 12 C.F.R. § 1075.105(c) (see Table 8 above for more information). (See Note 9 for further information on the allocation.)

Civil Penalty Fund distributions

In fiscal year 2023, Civil Penalty Fund distributions began for eight cases.

TABLE 14: CIVIL PENALTY FUND DISTRIBUTIONS INITIATED IN FISCAL YEAR 2023

Defendant	Period	Amount Allocated	Amount Distributed	Number of Checks Mailed	Year & Quarter of Initial Distribution
Howard Law	13	$35,206,275	$5,911,613	6,792	FY23 Q1
Premier Student Loan Center, et al.	16	$89,366,096[18]	$75,082,373	70,186	FY23 Q1
Chou Team Realty, et al.	18	$18,833,119	$18,829,358	21,498	FY23 Q1
GST Factoring, Inc., et al.	16	$11,718,432[19]	$11,718,432	2,608	FY23 Q2

[18] The amount allocated to the Premier case was later reduced, with funds unallocated and returned to the Civil Penalty Fund, upon collection of Bureau-Administered Redress funds.

[19] The amount allocated to the GST Factoring case was later reduced, with funds unallocated and returned to the Civil Penalty Fund, upon collection of Bureau-Administered Redress funds.

Defendant	Period	Amount Allocated	Amount Distributed	Number of Checks Mailed	Year & Quarter of Initial Distribution
College Financial Advisory	18	$4,738,028	$4,737,472	78,229	FY23 Q2
Burlington Financial Group, LLC, et al.	18	$30,406,599	$22,292,570	6,523	FY23 Q3
RD Legal Funding LLC, et al.	21	$1,403,496	$1,403,495	11	FY23 Q4
Timemark Solutions, Inc., et al.	16	$3,762,360	$3,521,904	6,979	FY23 Q4
Total		**$195,434,405**	**$143,497,218**	**192,826**	

The table above identifies cases for which distributions of Civil Penalty Fund monies to harmed consumers began in fiscal year 2023. 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 2024 for the Mark Corbett; Andrew Gamber, et al.; Katharine Snyder, et al.; Edmiston Marketing, LLC, d/b/a Easy Military Travel; Universal Debt & Payment Solutions, LLC, et al.; Certified Forensic Loan Auditors, LLC, et al.; Access Funding, et al.; LendUp Loans, LLC; BrightSpeed Solutions, Inc.; Frank Ronald Gebase, Jr.; Performance SLC, LLC, et al.; BounceBack, Inc.; Hello Digit, LLC; Think Finance, LLC, et al.; Future Income Payments, LLC, et al.; and All American Check Cashing, Inc., at al. cases.

TABLE 15: CIVIL PENALTY FUND DISTRIBUTIONS CONCLUDED IN FISCAL YEAR 2023

Defendant	Amount Allocated	Amount Distributed	Number of Checks Mailed	Percent of Distributed Funds Cashed	Year & Quarter of Distribution Conclusion
Main Street Personal Finance, Inc., et al.	$1,540,517	$1,540,485	752	83%	FY23 Q2
RD Legal Funding LLC, et al.	$1,403,496	$1,403,495	11	100%	FY23 Q4
Total	**$2,944,013**	**$2,943,980**	**763**		

The table above reflects the cases where a distribution concluded in fiscal year 2023. 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.

The distribution by the CFPB's third-party administrator in the Global Client Solutions case concluded in fiscal year 2019. Unclaimed funds were returned to the CFPB and a portion of those funds remain allocated to the case. In fiscal year 2023, the CFPB distributed $4,147 in direct payments to one consumer in the Global Client Solutions case out of the Civil Penalty Fund.

1.4 Bureau-administered redress

Dodd-Frank Act Section 1055 authorizes a court in a judicial action, or the CFPB 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 CFPB refers to these collections as Bureau-Administered Redress.

TABLE 16: COLLECTIONS IN FISCAL YEAR 2023

Defendant	Amount Collected	Date of Collection
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Relief Defendant Sarah Kim	$68,593	November 30, 2022 February 22, 2023
Consumer Advocacy Center, Inc., d/b/a Premier Student Loan Center, et al. – Defendant Albert Kim	$8,520	June 30, 2023
Richard F. Moseley, Sr.	$98,282	March 17, 2023
Total	**$175,395**	

In fiscal year 2023, the CFPB collected $175,395 in Bureau-Administered Redress funds from three defendants. Funds are distributed in accordance with the terms of the final order for the case.

Bureau-administered redress distributions

In fiscal year 2023, distributions of Bureau-Administered Redress began for six cases.

TABLE 17: BUREAU-ADMINISTERED REDRESS DISBURSEMENTS INITIATED IN FISCAL YEAR 2023

Defendant	Year & Quarter of Initial Distribution	Amount Distributed	Number of Checks Mailed
Howard Law	FY23 Q1	$49,997	62
Premier Student Loan Center, et al.	FY23 Q1	$19,974,916	17,099
Chou Team Realty, et al.	FY23 Q1	$866,750	2,003
JPay, LLC	FY23 Q1	$2,380,135	178,655
GST Factoring, Inc., et al.	FY23 Q2	$86,568	34
Timemark Solutions, Inc., et al.	FY23 Q4	$21,883	206
Total		**$23,380,249**	**198,059**

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/.

Three Bureau-Administered Redress distributions concluded in fiscal year 2023. In these cases, unclaimed funds are treated in accordance with the terms of the final order for each case.

TABLE 18: BUREAU-ADMINISTERED REDRESS DISBURSEMENTS CONCLUDED IN FISCAL YEAR 2023

Defendant	Year & Quarter of Distribution Conclusion	Amount Distributed	Number of Checks Mailed	Percentage of Funds Cashed
Freedom Debt Relief, LLC	FY23 Q1	$19,999,968	13,131	87%
Main Street Personal Finance, Inc., et al.	FY23 Q2	$2,000,000	3,347	80%
Fay Servicing	FY23 Q4	$108,340	739	32%
Total		**$22,108,307**	**17,217**	

The table above reflects the cases in which a distribution concluded in fiscal year 2023. For this 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 2023, the CFPB distributed $14,034 in direct payments to consumers in the World Law, Main Street, Freedom Debt Relief, Student Financial Aid Services, and Fort Knox cases. The distributions to consumers by the CFPB's third-party administrators in these cases concluded in prior fiscal years and unclaimed funds were returned to the CFPB. The CFPB subsequently made direct payments to victims who requested reissued payments.

1.5 Management assurances and audit results

Statement of Management Assurance

Fiscal Year 2023, November 8, 2023

The management of the Consumer Financial Protection Bureau (CFPB) 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. CFPB 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, CFPB 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, 2023.

Section 1017(a)(4)(D) of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires CFPB to provide a management assertion as to the effectiveness of CFPB's internal control over financial reporting. CFPB 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, CFPB can provide reasonable assurance that its internal control over financial reporting as of September 30, 2023 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 Wall Street Reform and Consumer Protection Act requires CFPB to maintain financial management systems that comply substantially with Federal financial management systems requirements and applicable Federal accounting standards. CFPB 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

Analysis of Systems, Control, and Legal Compliance

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, CFPB recognizes the importance of Federal laws associated with implementing effective risk management, including the Federal Managers' Financial Integrity Act. This includes ensuring that CFPB operations and programs are effective and efficient and that internal controls are sufficient to minimize exposure to waste and mismanagement.

In fiscal year 2023, the CFPB performed an evaluation of its risks and systems of internal controls. Based on the results of those evaluations, the CFPB 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, 2023. While there were no material weaknesses identified, the CFPB continues to remediate one (1) significant deficiency that is listed below. The CFPB 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 CFPB identified a significant deficiency in the operational effectiveness of certain information technology controls. In fiscal year 2023, the CFPB continued to implement corrective actions to mitigate the risks of this deficiency. During fiscal year 2024, the CFPB 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 CFPB to implement and maintain financial management systems that substantially comply with Federal financial management systems requirements and applicable Federal accounting standards. The CFPB 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 CFPB 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 CFPB provided reasonable assurance that as of September 30, 2023, the CFPB 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 CFPB has entered into an agreement with the Bureau of the Fiscal Service, Administrative Resource Center (BFS/ARC) for the cross-servicing of the CFPB's core financial management system needs. As such, BFS/ARC has provided assurances to the CFPB 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, Type 2 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, Type 2 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 CFPB determined that the scope of the SOC 1, Type 2 report was sufficient to support its assessment of internal control over financial reporting.

The CFPB evaluated its internal controls over the processing of transactions between the CFPB and BFS/ARC. The CFPB 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 CFPB 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 CFPB, Congress and the President. The CFPB prepared comparative financial statements for fiscal years 2023 and 2022.

GAO issued an unmodified audit opinion on the CFPB's fiscal years 2023 and 2022 financial statements. GAO opined that the CFPB maintained, in all material respects effective internal control over financial reporting as of September 30, 2023. 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 2023 that would be reported under U.S. generally accepted government auditing standards.

Financial management systems strategy

The CFPB 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 CFPB 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 (GAAP) 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 CFPB's goal is to continue providing an effective strategy that supports our financial management systems.

The CFPB recognizes the importance of financial management systems and oversight as a part of the capital planning and investment control process. Accordingly, the CFPB relies on its Investment Review Board (IRB) as the executive advisory body responsible for ensuring that business and technology investments are aligned to the CFPB'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 $1.0 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

CFPB has developed a Cyber Security Program in accordance with FISMA that is grounded in a foundation of well-documented policies, standards and processes. The CFPB 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 CFPB continues to mature and grow, the security program will adjust as well to ensure the safety and protection of the CFPB'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 CFPB's Bureau Fund is not subject to the PIIA, it was determined that the CFPB's Civil Penalty Fund is subject to the PIIA. The Office of Finance and Procurement (OFP) conducted a review of the Civil Penalty Fund for fiscal year 2023 and conducted a program risk assessment of the Civil Penalty Fund during 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 OFP determined that the Civil Penalty Fund did not meet the reporting threshold for fiscal years 2023 and 2022.

Fraud reduction report

The PIIA requires 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 CFPB views the guidance as a best practice.

During fiscal year 2023, the CFPB continued to raise awareness of fraud risks and fraud risk management requirements under the PIIA. As part of the CFPB's annual internal control assessment, the CFPB evaluated the maturity of its fraud risk management activities and to what extent fraud controls have been implemented into the CFPB's overall internal control framework. The evaluation focused on the 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 CFPB's fraud risk management activities. The evaluation highlighted areas of focus for the CFPB as it continues its efforts to develop a framework of anti-fraud practices.

Limitations of the financial statements

The financial statements contained in this report have been prepared to present the financial position and results of operations of the CFPB 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 CFPB, 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.

1.6 Financial analysis

Analysis of fiscal year 2023 Financial Condition and Results

The data provided in Table 19 below report on significant financial changes between fiscal years 2023 and 2022.

TABLE 19: SUMMARY OF FINANCIAL INFORMATION

(In Dollars)	Percentage Change	Fiscal Year 2023	Fiscal Year 2022
Total Assets	125%	$3,274,981,955	$1,456,881,553
Total Liabilities	253%	$2,689,264,833	$762,400,769
Total Net Position	-16%	$585,717,122	$694,480,784
Total Net Cost of Operations	166%	$2,742,240,170	$1,029,787,742
Total Budgetary Resources and Status of Budgetary Resources	109%	$3,573,458,245	$1,709,271,989
Total Outlays	15%	$789,464,008	$686,493,722

Total Assets are $3,275.0 million as of September 30, 2023, an increase of $1,818.1 million (or 125 percent) over fiscal year 2022. The main factors contributing to the rise were a $1,889.8 million increase in Cash in the Civil Penalty Fund and a $91.5 million increase in Investments offset by a $102.8 million decrease in the Fund Balance with Treasury.

Total Liabilities are $2,689.3 million as of September 30, 2023, an increase of $1,926.9 million (or 253 percent) over fiscal year 2022. The CFPB'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 $1,901.0 million in the Civil Penalty Fund liability for anticipated future payments to harmed consumers.

Total Net Position decreased from $694.5 million at the end of fiscal year 2022 to $585.7 million at the end of fiscal year 2023 (a decrease of $108.8 million or -16 percent). This is primarily due to a decrease in the Beginning Balance of Cumulative Results of Operations of $150.3 million and an increase in Net Cost of Operations of $1,712.5 million. This activity is offset by increases in Civil Penalties of $1,647.1 million and Transfers from the Board of Governors of the Federal Reserve System of $79.7 from fiscal year 2022 to fiscal year 2023.

Total Net Cost of Operations increased from $1,029.8 million in fiscal year 2022 to $2,742.2 million in fiscal year 2023 (an increase of $1,712.5 million or 166 percent). This rise is primarily due to an increase of $1,621.2 million in the year-end Civil Penalty Fund accrual for probable allocations to victims.

Total Budgetary Resources increased from $1,709.3 million in fiscal year 2022 to $3.573.5 million in fiscal year 2023 (an increase of $1,864.2 million or 109 percent). The main factors contributing to the increase was a rise in Civil Penalties of $1,647.1 million and Transfers from the Board of Governors of the Federal Reserve System of $79.7 million.

Status of Budgetary Resources increased due to a rise in Total New Obligations and Upward Adjustments from $727.3 million in fiscal year 2022 to $836.9 million in fiscal year 2023 (an increase of $109.7 million or 15 percent). The $836.9 million of obligations and upward adjustments in fiscal year 2023 can be broken out by the two primary funds of the CFPB with the Bureau Fund having $696.6 million of new obligations and upward adjustments and the Civil Penalty Fund having $140.3 million of new obligations and upward adjustments. Status of Budgetary Resources also increased due to the Unobligated Balance at End of Year (Exempt from Apportionment, Unexpired Accounts) rising from $982.0 million if fiscal year 2022 to $2,736.5 million in fiscal year 2023 (an increase of $1,754.5 million or 179 percent). This rise is primarily associated with an increase in Civil Penalties of $1,647.1 million and Transfers from the Board of Governors of the Federal Reserve System of $79.7 million.

Total Outlays increased from $686.5 million in fiscal year 2022 to $789.5 million in fiscal year 2023 (an increase of $103.0 million or 15%). Primary factors included a rise in distributions to harmed consumers of $34.2 million and an increase in salary and benefit costs of $50.0 million due to higher staffing levels and pay increases from 2022 to 2023.

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

TABLE 20: OVERALL SUMMARY OF CFPB RECEIPTS BY TYPE AND FISCAL YEAR

Fiscal Year	Transfers Requested	Civil Penalty Fund Receipts	Fiduciary Receipts	Custodial Receipts
2023	$721,200,000	$1,918,920,125	($2,509,470)	$3,211,583
2022	$641,500,000	$172,520,004	$5,391,802	$17,592,342

Bureau fund

Under the Dodd-Frank Act, the CFPB 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 CFPB 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 CFPB 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 CFPB are invested in Treasury securities on the open market. Earnings from the investments are also deposited into this fund. During fiscal year 2023 four transfers totaling $721.2 million were received from the Board of Governors. The amount transferred from the Board of Governors to the CFPB was $29.7 million less than the funding cap of $750.9 million for fiscal year 2023.

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

Civil Penalty Fund

As discussed previously in Section 1.3 of this report entitled, “Civil Penalty Fund Annual Report,” the CFPB collected civil penalties from judicial or administrative actions in the amount of $1,918.9 million for fiscal year 2023 and $172.5 million for fiscal year 2022.

Other collections

During fiscal year 2023, the CFPB collected $71,900 compared to $83,700 collected in fiscal year 2022 in filing fees pursuant to the Interstate Land Sales Full Disclosure Act (ILSA) 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 CFPB incurs to operate the ILSA program.

Fiduciary activity and custodial revenue

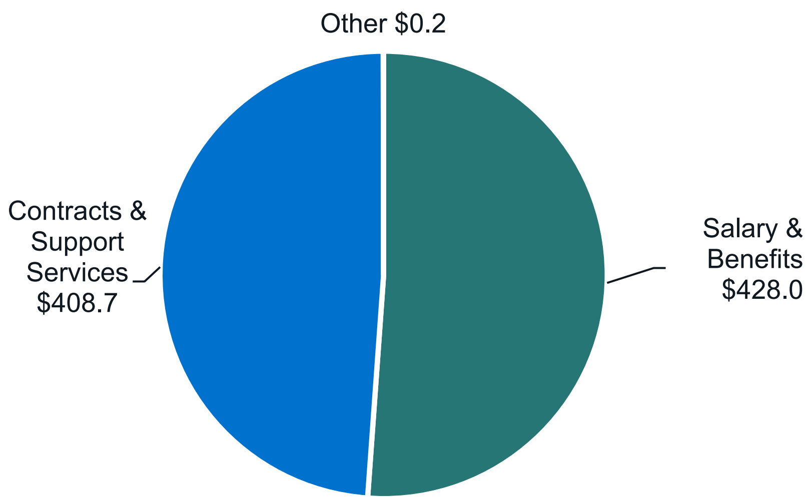
Section 1055 of the Dodd-Frank Act authorizes a court in a judicial action, or the CFPB in an administrative proceeding, to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, 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 CFPB and are not recognized on the balance sheet. For fiscal year 2023, $2.5 million reported as Fiduciary Revenues is shown as net negative amount due to the reduction of an accounts receivable and associated revenue exceeding the remaining redress revenues. Further information is contained in our financial statements at Note 19 entitled, “Fiduciary Activities.”

Further, section 1055 of the Act provides that the CFPB may obtain the remedy of disgorgement for a violation of Federal consumer law. Disgorgement paid by the defendant is treated by the CFPB as custodial revenue and maintained in the Miscellaneous Receipts Fund of the U.S. Treasury. The CFPB reported fiscal year 2023 disgorged deposits of approximately $3.2 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 2023 and 2022.

What the CFPB has funded

The CFPB's fiscal year 2023 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 CFPB's new obligations and upward adjustments for fiscal year 2023 were $836.9 million – $428.0 million in Salary & Benefits, $408.7 million in Contracts & Support Services[20], and $0.2 million in Other.

FIGURE 4: FISCAL YEAR 2023 NEW OBLIGATIONS AND UPWARD ADJUSTMENTS ($ IN MILLIONS)



Examples of some of the larger obligations incurred for the CFPB's fiscal year 2023 activities included in the $408.7 million for contracts and support services include:

- $20.4 million for enterprise-wide cloud hosting infrastructure, system administration and related IT support services.
- $19.6 million for Case and Customer relationship management system tools and services to support IT service desk and customer support services, stakeholder engagement, legal case and matter management, enforcement case and matter management, supervision and examination support, and other enterprise platform tools.

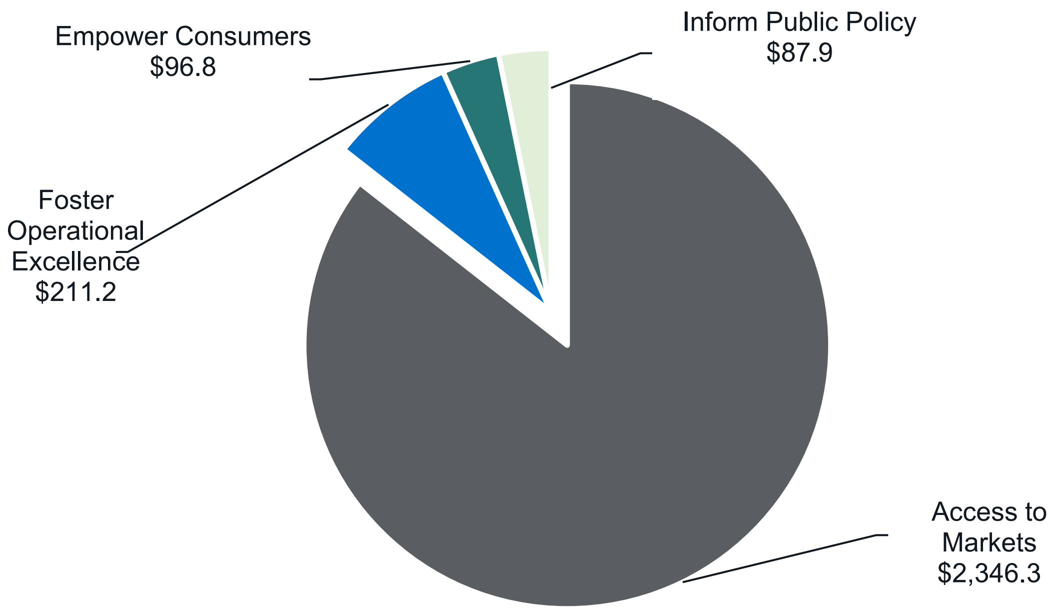
[20] Includes $86.4 million of interagency agreements (IAA) the Bureau entered into with other Federal agencies and other Federal payments made to Federal Agencies. IAA's are not reported in USASpending.gov

- $13.8 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.
- $11.1 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.
- $11.0 million for cybersecurity program management, support, monitoring and incident response services.
- $9.8 million for expert witnesses to support enforcement activities.
- $7.3 million for consumer credit panel program and support.
- $6.9 million for IT service desk and customer support services.

Net costs of the CFPB's operations

The Statement of Net Cost presents the CFPB net cost for its four strategic goals: (1) Implement and enforce the law to ensure consumers have access to fair, transparent, and competitive markets that serve consumers' needs and protect consumers from unfair, deceptive, and abusive practices, and from discrimination; (2) Empower consumers to live better financial lives, focusing on traditionally underserved people; (3) Inform public policy with data-driven analysis on consumers' experiences with financial institutions, products, and services; and (4) Foster operational excellence and further commitment to workforce equity to advance the CFPB's mission. Net program costs for fiscal year 2023 total $2,742.2 million and are displayed in the chart below.

FIGURE 5: FISCAL YEAR 2023 NET PROGRAM COSTS ($ IN MILLIONS)



1.7 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 CFPB in protecting financial consumers and addressing a continually changing financial environment. It is also anticipated that as CFPB continues to exercise its authorities and regulate the financial services markets, the financial institutions in those markets will continue to contest the CFPB's rules, regulations, and authorities. In addition, the CFPB's statutory method of funding has been the subject of litigation. On October 3, 2023, the Supreme Court heard oral arguments in *CFPB v. Community Fin. Servs. Ass'n*, in which a three-judge panel of the Fifth Circuit held in October 2022 that the law funding the CFPB's operations through the earnings of the Federal Reserve System violates the Appropriations Clause. To date, all other courts to consider this question have upheld the CFPB's statutory funding mechanism, and a decision by the Supreme Court is expected in the first half of calendar year 2024. These contests may also impact the work of the CFPB.

2. Financial statements and note disclosures

Message from Jafnar Gueye

Chief Financial Officer of the CFPB

I am pleased to join Director Chopra in presenting the CFPB's Financial Report for fiscal year 2023. The Financial Report is the CFPB's principal statement of accountability to the American people, the United States Congress, and the President of the United States. Under Director Chopra's leadership, the CFPB continues its responsible stewardship of public resources, and to demonstrate our commitment and obligation to transparency and accountability as evidenced by earning its thirteenth consecutive unmodified audit opinion on our comparative financial statements for fiscal years 2023 and 2022.

Financial Results for 2023

The CFPB continues to be a responsible steward of agency funds and remains dedicated to sound financial management practices. In 2023, the Bureau Fund obligations totaled approximately $696.6 million, which represents an increase of $74.4 million (12 percent) from 2022. Outlays totaled approximately $650.7 million. The CFPB's staffing increased from 1,632 in fiscal year 2022 to 1,677 in fiscal year 2023.

The unobligated balance held in the Bureau Fund was $203.4 million as of September 30, 2023. During 2023, the CFPB requested a total of $721.2 million from the Board of Governors to fund CFPB operations. The unobligated balance held in the Consumer Financial Civil Penalty Fund, a victims relief fund, was $2,533.1 million as of September 30, 2023. 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 CFPB continues to make progress in providing compensation to consumers who have been harmed by violations of federal consumer financial protection law. During fiscal year 2023, our enforcement actions resulted or will result in financial institutions, businesses, and individuals providing more than $2,318.0 million in monetary relief to consumers. We collected over $1,918.9 million in civil penalties from financial institutions, businesses, and individuals for various violations of consumer financial protection laws ordered in fiscal year 2023. Additionally, the CFPB collected approximately $3.2 million in disgorgement paid to the U.S. Department of the Treasury.

Provided herein are the CFPB's financial statements as an integral part of the fiscal year 2023 Financial Report. Our statements provide the combined financial activity of the Bureau Fund and the Civil Penalty Fund for reporting purposes. For fiscal year 2023, GAO issued an unmodified audit opinion on the CFPB's fiscal years 2023 and 2022 financial statements. GAO opined that the CFPB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2023. 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 2023 that would be reported under U.S. generally accepted government auditing standards.

Sincerely,

Jafnar Gueye

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

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

Independent Auditor's Report

To the Director of the Consumer Financial Protection Bureau

In our audits of the fiscal years 2023 and 2022 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, 2023, and 2022, 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, 2023; and
- no reportable noncompliance for fiscal year 2023 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

<u>Opinion on the Financial Statements</u>

In accordance with title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Full-Year Continuing Appropriations Act, 2011, we have audited CFPB's financial statements.[4] CFPB's financial statements comprise the balance sheets as of September 30, 2023, and 2022; 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. In our opinion, CFPB's financial statements present fairly, in all material respects, CFPB's financial position as of September 30, 2023, and 2022, 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.

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[1]The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Bureau of Consumer Financial Protection, also known as the Consumer Financial Protection Bureau. Pub. L. No. 111-203, title X, § 1011, 124 Stat. 1955, 1964 (2010), *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); Pub. L. No. 112-10, div. B, title V, § 1573(a), 125 Stat 38, 138 (2011), *classified at* 12 U.S.C. § 5496a.

Opinion on Internal Control over Financial Reporting

We also have audited CFPB's internal control over financial reporting as of September 30, 2023, based on criteria established under 31 U.S.C. § 3512(c), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA), and applicable sections of the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. In our opinion, CFPB maintained in all material respects, effective internal control over financial reporting as of September 30, 2023, based on criteria established under FMFIA and applicable sections of OMB Circular A-123.

During our 2023 audit, we identified deficiencies in CFPB's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies.[5] Nonetheless, these deficiencies warrant CFPB management's attention. We have communicated these matters to CFPB management.

Basis for Opinions

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting section of our report. We are required to be independent of CFPB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for

- the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in CFPB's financial report, and ensuring the consistency of that information with the audited financial statements and the RSI;
- designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the effectiveness of internal control over financial reporting based on the criteria established under FMFIA and applicable sections of OMB Circular A-123; and

[5] A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control 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 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.

- its assessment about the effectiveness of internal control over financial reporting as of September 30, 2023, included in the accompanying Management's Report on Internal Control over Financial Reporting in appendix I.

Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether effective internal control over financial reporting was maintained in all material respects, and (2) issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements or an audit of internal control over financial reporting conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control relevant to our audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating 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. We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA and applicable sections of OMB Circular A-123, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that

- 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
- 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.

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our 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. Management is responsible for the other information included in CFPB's financial report. The other information comprises the following sections of the CFPB Fiscal Year 2023 Agency Financial Report: Message from the Director, Message from the Chief Financial Officer, and Other Information, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 responsibilities discussed below.

<u>Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2023 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.

<u>Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

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

<u>Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

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

<u>Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

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 provisions of laws, regulations, contracts, and grant agreements applicable to CFPB. We caution that noncompliance may occur and not be detected by these tests.

<u>Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

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 2023 and 2022 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 8, 2023

APPENDIX I

Management's report on internal control over financial reporting

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

November 8, 2023

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 Wall Street Reform and Consumer Protection Act, 12 U.S.C. § 5497(a)(4)(D), the Bureau of Consumer Financial Protection, known as the Consumer Financial Protection Bureau (CFPB) provides this management assertion regarding the effectiveness of internal control that apply to financial reporting by CFPB 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 (OMB) Circular A-123.

CFPB'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.

CFPB 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. CFPB management assessed the effectiveness of CFPB's internal control over financial reporting as of September 30, 2023, 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 assessment, we conclude that, as of September 30, 2023, CFPB's internal control over financial reporting was effective.

Sincerely,

Rohit Chopra

Rohit Chopra, Director
Consumer Financial Protection Bureau

Jafnar Gueye, Chief Financial Officer
Consumer Financial Protection Bureau

consumerfinance.gov

APPENDIX II

Management's response to the auditor's report

Consumer Financial Protection Bureau

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

November 8, 2023

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: Consumer Financial Protection Bureau's FY 2023 and FY 2022 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 (CFPB's) financial statements are presented fairly, in all material respects, and in conformity with U.S. generally accepted accounting principles, the CFPB 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 CFPB's comparative financial statements for fiscal years 2023 and 2022 is a significant accomplishment.

The CFPB will continue to work to enhance our system of internal control and ensure the reliability of the CFPB's financial reporting. The CFPB 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 Jafnar Gueye, Chief Financial Officer at Ngagne.Gueye@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, 2023 and 2022
(In Dollars)

	2023	2022
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 30,210,378	$ 133,003,137
Investments, Net (Note 3)	430,382,057	338,881,864
Accounts Receivable, Net (Note 5)	1,006,130	566,417
Advances and Prepayments	2,231,998	3,427,614
Total Intragovernmental	463,830,563	475,879,032
With the Public:		
Cash and Other Monetary Assets		
Cash in the Bureau Fund (Note 4)	312,194	336,867
Cash in the Civil Penalty Fund (Note 4)	2,642,844,620	753,023,852
Accounts Receivable, Net (Note 5)	73,393	50,099,170
Property, Equipment, and Software, Net (Note 6)	160,318,086	169,131,760
Advances and Prepayments	7,603,099	8,410,872
Total With the Public	2,811,151,392	981,002,521
Total Assets	$ 3,274,981,955	$ 1,456,881,553
Liabilities (Note 10):		
Intragovernmental:		
Accounts Payable	$ 3,405,444	$ 2,842,577
Advances from Others and Deferred Revenue (Note 7)	271,822	764,318
Other Liabilities		
Benefits Contributions Payable	3,153,154	2,938,626
Custodial Liability	3,390	2,426
Other (Note 8)	1,099,097	872,356
Total Intragovernmental	7,932,907	7,420,303
With the Public:		
Accounts Payable	30,749,234	24,758,955
Federal Employee Benefits Payable		
Employer Benefits Contributions	19,415,564	6,920,891
Unfunded Leave (Note 10)	38,692,762	34,571,623
Other Liabilities		
Civil Penalty Fund Liability (Note 9)	2,574,969,581	673,924,436
Accrued Funded Payroll	17,455,062	14,756,857
Other (Note 8)	49,723	47,704
Total With the Public	2,681,331,926	754,980,466
Total Liabilities	$ 2,689,264,833	$ 762,400,769
Commitments and Contingencies (Note 11)	-	-
Net Position:		
Cumulative Results of Operations - Funds From Dedicated Collections (Consolidated Totals) (Note 13)	585,717,122	694,480,784
Total Liabilities and Net Position	$ 3,274,981,955	$ 1,456,881,553

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF NET COST
For the Years Ended September 30, 2023 and 2022
(In Dollars)

	2023	2022
Gross Program Costs:		
Implement and enforce the law to ensure consumers have access to fair, transparent, and competitive markets that serve consumers' needs and protect consumers from unfair, deceptive, and abusive practices, and from discrimination		
Gross Costs	$ 2,346,314,699	$ 677,043,942
Less: Earned Revenue	(1,557)	(269)
Net Implement and enforce the law to ensure consumers have access to fair, transparent, and competitive markets that serve consumers' needs and protect consumers from unfair, deceptive, and abusive practices, and from discrimination	$ 2,346,313,142	$ 677,043,673
Empower consumers to live better financial lives, focusing on traditionally underserved people		
Gross Costs	96,841,090	95,988,662
Less: Earned Revenue	(413)	(72)
Net Empower consumers to live better financial lives, focusing on traditionally underserved people	$ 96,840,677	$ 95,988,590
Inform public policy with data-driven analysis on consumers' experiences with financial institutions, products, and services		
Gross Costs	90,909,369	73,318,216
Less: Earned Revenue	(3,046,519)	(3,899,441)
Net Inform public policy with data-driven analysis on consumers' experiences with financial institutions, products, and services	$ 87,862,850	$ 69,418,775
Foster operational excellence and further commitment to workforce equity to advance the CFPB's mission		
Gross Costs	211,224,327	187,336,847
Less: Earned Revenue	(826)	(143)
Net Foster operational excellence and further commitment to workforce equity to advance the CFPB's mission	$ 211,223,501	$ 187,336,704
Total Gross Program Costs	2,745,289,485	1,033,687,667
Less: Total Earned Revenue	(3,049,315)	(3,899,925)
Net Cost of Operations	$ 2,742,240,170	$ 1,029,787,742

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF CHANGES IN NET POSITION
For the Years Ended September 30, 2023 and 2022
(In Dollars)

	2023	2022
Cumulative Results of Operations:		
Beginning Balances	$ 694,480,784	$ 844,791,847
Nonexchange Revenue		
Transfers from the Board of Governors of the Federal Reserve System	721,200,000	641,500,000
Civil Penalties	1,868,920,116	221,844,262
Interstate Land Sales Fees	71,900	83,700
Interest from Investments	27,862,456	2,878,794
Total Nonexchange Revenue	2,618,054,472	866,306,756
Imputed Financing (Note 14)	15,512,149	13,259,482
Other	(90,113)	(89,559)
Net Cost of Operations	(2,742,240,170)	(1,029,787,742)
Net Change in Cumulative Results of Operations	(108,763,662)	(150,311,063)
Cumulative Results of Operations: Ending - Funds from Dedicated Collections (consolidated totals) (Note 13)	$ 585,717,122	$ 694,480,784
Net Position	$ 585,717,122	$ 694,480,784

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2023 and 2022
(In Dollars)

	2023	2022
Budgetary Resources:		
Unobligated Balance From Prior Year Budget Authority, Net (Note 15)	$ 1,011,836,398	$ 933,777,913
Funds Available for Obligation	2,558,813,382	772,661,992
Spending Authority from Offsetting Collections	2,808,465	2,832,084
Total Budgetary Resources	$ 3,573,458,245	$ 1,709,271,989
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	$ 836,937,071	$ 727,251,054
Unobligated Balance, End of Year:		
Exempt from Apportionment, Unexpired Accounts	2,736,521,174	982,020,935
Total Budgetary Resources	$ 3,573,458,245	$ 1,709,271,989
Outlays, Net:		
Outlays, Net (Total)	$ 789,464,008	$ 686,493,722
Agency Outlays, Net	$ 789,464,008	$ 686,493,722

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF CUSTODIAL ACTIVITY
For the Years Ended September 30, 2023 and 2022
(In Dollars)

	2023	2022
Total Custodial Revenue:		
Sources of Cash Collections:		
Disgorgement	$ 3,210,586	$ 17,590,732
Miscellaneous	133	375
Total Cash Collections	3,210,719	17,591,107
Accrual Adjustments	864	1,235
Total Custodial Revenue	3,211,583	17,592,342
Disposition of Collections:		
Amounts Transferred to the Department of Treasury	3,210,719	17,591,107
Increase/(Decrease) in Amounts Yet to be Transferred	864	1,235
Total Disposition of Collections	3,211,583	17,592,342
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 (CFPB) 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 CFPB was established as an independent bureau within the Federal Reserve System. The CFPB 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 CFPB 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 CFPB 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 CFPB 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 CFPB 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 CFPB with certain other federal consumer financial regulatory authorities in addition to these transferred authorities.

To accomplish its mission, the CFPB 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 CFPB's relationships with external stakeholders and ensures that the CFPB 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, Monitoring 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:** ensures the CFPB's compliance with all applicable laws and provides advice to the Director and the CFPB's divisions.

5. **Operations:** builds and sustains the CFPB'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 strategy equal opportunity, civil rights and fairness.

The CFPB workforce is spread across the country with its headquarters in Washington, D.C. The CFPB's headquarters is located at 1700 G Street, N.W., Washington, D.C., utilizing space pursuant to an interagency agreement with the Office of the Comptroller of the Currency. The CFPB 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 CFPB is available on the CFPB's website at http://www.consumerfinance.gov

B. Basis of presentation

The CFPB's principal statements were prepared from its official financial records and general ledger in conformity with GAAP and, while not required to comply with all OMB guidance such as OMB Circular A-136, *Financial Reporting Requirements,* the CFPB 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 CFPB, 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 CFPB. Financial statements are presented on a comparative basis. The CFPB has issued a strategic plan effective for fiscal years 2023 through 2026 that contains four strategic goals and associated performance metrics. The strategic plan was designed to meet the objectives of the Government Performance and Results Act and help the CFPB measure its performance in fulfilling its responsibilities under the Dodd-Frank Act. The 2023 - 2026 strategic goals result in the preparation of the Statement of Net Cost (SNC) with four responsibility segments to report for fiscal year 2023. For comparability and presentation purposes, fiscal year 2022 amounts on the SNC have been realigned from the three strategic goals and associated responsibility segments in effect during the previous strategic plan to the four responsibility segments per the current strategic plan.

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 CFPB 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 CFPB 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 CFPB 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 CFPB 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 CFPB also administers certain funds in a fiduciary capacity.

D. Funding sources

The CFPB'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 CFPB to maintain an account with the Federal Reserve – the "Consumer Financial Protection Bureau Fund" (Bureau Fund). The Director of the CFPB, or the Director's designee, requests transfers from the BOG in amounts necessary to carry out the authorities and operations of the CFPB. The BOG transfers the funds into the Bureau Fund, which is maintained at the Federal Reserve Bank of New York (FRBNY). CFPB funds determined not needed to meet the current needs of the CFPB are invested in Treasury securities on the open market. Earnings from the investments are also deposited into this fund. The CFPB 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 CFPB.

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

The amount that shall be transferred to the CFPB 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 CFPB funds obtained by or transferred to the Bureau Fund are not government funds or appropriated funds.

The CFPB also collects filing fees from developers under 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 CFPB 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 CFPB 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 CFPB incurs for ILSA program operations.

The CFPB also collected, during calendar years 2016, 2017, and 2018, advances from the FFIEC[21] 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 from others and deferred revenue. A further discussion can be found in Note 1. Q and Note 7.

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to obtain civil penalties for violations of Federal consumer financial laws. The Act requires the CFPB 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 CFPB 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.”

The CFPB sequesters new budget authority in both the Bureau Fund and CPF in the current fiscal year. The sequestered funds are not available for obligation in the Bureau Fund or allocation in the CPF in the year collected but will become available for obligation or allocation

[21] 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.

in the following fiscal year. The amount of funds sequestered can be found in Note 2 and in the President's Budget, which is scheduled for publication in February of each year, at the OMB Web site: http://www.whitehouse.gov/omb/. See additional discussion in Note 4.

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 CFPB are recognized as imputed cost in the CFPB's Statement of Net Cost and are offset by an imputed financing source in the CFPB's Statement of Changes in Net Position. The CFPB recognizes as an imputed financing source the amount of pension and post-retirement benefit expenses for current employees that the Office of Personnel Management (OPM) has or will pay on the CFPB's behalf. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements. See additional discussion in Note 14. Further, the CFPB recognizes earned revenue for reimbursable activity of the CFPB staff detailed to either intragovernmental or public entities.

E. Use of estimates

The CFPB 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 CFPB 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 collections: (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 CFPB 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 CFPB 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 13 "Funds from Dedicated Collections."

G. Entity and non-entity assets

Entity assets are assets that the CFPB may use in its operations. This includes amounts where the CFPB 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 CFPB'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 CFPB 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 CFPB's behalf. As discussed in Note 1.D. above, the CFPB 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 CFPB's Fund Balance with Treasury. Also, as discussed above in Note 1.D., the CFPB maintains an additional account at the FRBNY for the CPF. These funds are also available for transfer to the CFPB's Fund Balance with Treasury under a separate fund symbol from the Bureau Fund. The CFPB'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 CFPB 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 CFPB 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 CFPB receiving redress funds that are maintained in a deposit fund. Redress funds are held in a fiduciary capacity until the CFPB can make payment directly to the harmed individuals or entities.

I. Investments

The CFPB has the authority to invest the funds in the Bureau Fund account that are not required to meet the current needs of the CFPB. The CFPB 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 CFPB selects investments with maturities suitable to its needs, currently three-month Treasury bills. Investments are adjusted for discounts. In accordance with GAAP, the CFPB 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 CFPB. 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 CFPB'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 21: 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[22]

The CFPB 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 CFPB 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 CFPB because of transactions or events that have already occurred. Liabilities may be intragovernmental (claims against the CFPB by other Federal agencies) or with the public (claims against the CFPB by an entity or person that is not a Federal agency). However, no liability can be paid if there is no funding. Liabilities for which funds are not available are classified as not covered by budgetary resources. There is no certainty that the funding will be received. Additionally, the government, acting in its sovereign capacity, can abrogate liabilities. Liabilities not covered by budgetary resources on

[22] A leasehold (capital) improvement's useful life is equal to the remaining occupancy agreement term or the estimated useful life of the improvement, whichever is shorter.

the 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 CFPB 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 9 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 CFPB'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 CFPB'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 CFPB in addition to, or in lieu of, OPM programs. For those employees participating in OPM's benefit programs, the CFPB records the employer's contribution to those programs. For those employees participating in the CFPB's non-Title 5 benefit programs, the CFPB directly contracts with vendors to provide those services. The CFPB recognizes the employer's contributions for these benefits as the benefits are earned. All of these costs are reflected as expenses in the CFPB's financial statements.

P. Pension costs and other retirement benefits

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

ALL OTHER EMPLOYEES OF THE CFPB

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 CFPB 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 CFPB pays the employer's contribution into those plans.

TABLE 22: 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
Federal Deposit Insurance Corporation (FDIC) Savings Plan	FDIC
Office of the Comptroller of the Currency (OCC) 401(k)	OCC
Office of Thrifty Supervision (OTS) 401(k)	OCC
OTS Deferred Compensation Plan	OCC
Pentegra Defined Benefit Plan (OTS)	OCC (administration is through Pentegra)

The CFPB does not have a separate pension or retirement plan distinct from the plans described above. The CFPB expenses its contributions to the retirement plans of covered employees as the expenses are incurred. The CFPB reports imputed costs (not paid by the CFPB) 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 CFPB's program in conformity with GAAP.

The CFPB recognizes the employer's contributions for the retirement plans administered by the Federal Reserve. The CFPB is responsible for transferring to the Federal Reserve both the employer's contributions and the employee's contributions that the CFPB has collected from employees. Under section 1013(a)(3)(C) of the Dodd-Frank Act, the CFPB 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 2023 it was 18.4 percent of salary. For fiscal years 2023 and 2022 those amounts were $46.7 million and $42.5 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 CFPB. 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., CFPB). Accordingly, the CFPB cannot report the full cost of the plan benefits applicable to the CFPB 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. Advances from Others and Deferred Revenue

Through a MOU with the FFIEC, the FFIEC members[23] 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 CFPB treated the receipt of payments made by FFIEC members and HUD as advances and recorded the collections as advances from others and deferred revenue. Once the system became operational and made available, the associated portion of the CFPB's advances started 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

[23] 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 advances from others and deferred revenue and liquidated over the calendar year. See Note 7 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 12, "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 11 for additional information.

S. Fiduciary activities

The Dodd-Frank Act, section 1055 authorizes the court in a judicial action or the CFPB 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 CFPB 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 CFPB may obtain disgorgement for violations of Federal consumer law. Disgorgement paid by the defendant is treated by the CFPB as a custodial activity. The CFPB 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, 2023 and September 30, 2022 were as follows:

		2023		2022
Status of Fund Balance With Treasury:				
Unobligated Balance				
Available	$	2,736,521,175	$	982,020,934
Unavailable		152,079,105		46,568,002
Obligated Balances Not Yet Disbursed		210,316,438		195,467,303
Investments at Cost		(425,549,526)		(337,692,383)
Cash Held Outside of Treasury (Note 4)		(2,643,156,814)		(753,360,719)
Total Fund Balance with Treasury	$	30,210,378	$	133,003,137

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 Unobligated Balance Unavailable represents the amount of budget authority that has been sequestered and cannot be used this fiscal year to enter into new obligations. 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 CFPB invests the portion of the Bureau Fund that is not required to meet the current needs of the CFPB. The CFPB 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, 2023 and September 30, 2022.

Investments as of September 30, 2023 consist of the following:

	Cost	Amortization Method	Amortized (Premium) Discount	Investments Net	Market Value
Intragovernmental Securities:					
Marketable	425,549,526	Straight-Line	4,832,531	430,382,057	430,305,455
Total Investments	$ 425,549,526		$ 4,832,531	$ 430,382,057	$ 430,305,455

Investments as of September 30, 2022 consist of the following:

	Cost	Amortization Method	Amortized (Premium) Discount	Investments Net	Market Value
Intragovernmental Securities:					
Marketable	337,692,383	Straight-Line	1,189,481	338,881,864	338,805,176
Total Investments	$ 337,692,383		$ 1,189,481	$ 338,881,864	$ 338,805,176

Note 4: Cash and other monetary assets

The CFPB has both cash and investments held outside of Treasury. When transfers are made from the BOG to the CFPB, 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 CFPB requests cash disbursement from the Bureau Fund at the FRBNY to the CFPB'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 CFPB less sequestered funds. The funds are under the control of the Director, and shall remain available until expended, to pay for the expenses of the CFPB in carrying out its duties and responsibilities. Bureau Funds include $42.7 million that was sequestered in fiscal year 2023. These funds are not available for obligation in fiscal year 2023 but will become available to the CFPB in fiscal year 2024. In fiscal year 2022, $36.7 million was sequestered and was unavailable for obligation in fiscal year 2022 but became available for obligation in fiscal year 2023.

Amounts in the CPF are immediately available to the CFPB less sequestered funds. The funds are 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 CFPB may use funds in the CPF for the purpose of consumer education and financial literacy programs. CPF funds include $109.4 million that was sequestered in fiscal year 2023. These funds are not available for allocation in fiscal year 2023 but will become available to the CFPB in fiscal year 2024. In fiscal year 2022, $9.8 million was sequestered and was unavailable for allocation in fiscal year 2022 but became available for allocation in fiscal year 2023.

In enforcement actions and proceedings under Federal consumer financial laws, a court or the CFPB 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 and entity 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, 2023 and September 30, 2022:

	2023	2022
Cash		
Cash Held in the Bureau Fund at the Federal Reserve	$ 312,194	$ 336,867
Cash Held in the Civil Penalty Fund at the Federal Reserve	2,642,844,620	753,023,852
Total Cash and Other Monetary Assets	$ 2,643,156,814	$ 753,360,719

As of September 30, 2023, and 2022, the CFPB had allocated or set-aside, but not distributed, $2,597.2 million and $705.0 million, respectively, for victim compensation, consumer education and financial literacy programs, and administrative set-asides. See Note 9 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 CFPB. Account balances as of September 30, 2023 and September 30, 2022:

		2023		2022
Intragovernmental				
Accounts Receivable	$	1,006,130	$	566,417
Total Intragovernmental Accounts Receivable	$	1,006,130	$	566,417
With the Public				
Accounts Receivable:				
Bureau Fund	$	70,003	$	96,744
Civil Penalty Fund		-		50,000,000
Custodial Funds		3,390		2,426
Total Public Accounts Receivable	$	73,393	$	50,099,170
Total Accounts Receivable	**$**	**1,079,523**	**$**	**50,665,587**

Account receivable amounts disclosed above are for Federal and Non-federal transactions. As of September 30, 2023, the large majority of accounts receivable relate to Intragovernmental suppliers with the greatest share due from the FFIEC for HMDA O&M costs and from the U.S. Government Publishing Office. In fiscal year 2022, the majority of accounts receivable were amounts owed to the CFPB for the Civil Penalty Fund (with the Public) and amounts due from the FFIEC for HMDA O&M costs (Intragovernmental). There were no uncollectable accounts receivable recorded as of September 30, 2023 and 2022, respectively.

Note 6: Property, equipment and software, net

Schedule of Property, Equipment, and Software as of September 30, 2023 consists of the following:

Major Class	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
Leasehold Improvements	$ 180,703,466	$ 34,699,870	$ 146,003,596
Furniture & Equipment	32,084,233	24,392,905	7,691,328
Internal Use Software	28,687,960	25,090,196	3,597,764
Internal Use Software-In-Development	3,025,398	-	3,025,398
Total Property, Equipment and Software	$ 244,501,057	$ 84,182,971	$ 160,318,086

Schedule of Property, Equipment, and Software as of September 30, 2022 consists of the following:

Major Class	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
Leasehold Improvements	$ 180,703,466	$ 26,757,236	$ 153,946,230
Furniture & Equipment	32,411,580	22,073,619	10,337,961
Internal Use Software	27,352,908	22,599,256	4,753,652
Internal Use Software-In-Development	93,917	-	93,917
Total Property, Equipment and Software	$ 240,561,871	$ 71,430,111	$ 169,131,760

Leasehold Improvements primarily represent costs incurred for the completed building renovations at the CFPB's headquarters at 1700 G Street N.W., Washington D.C. See Note 1.K. for useful life and depreciation method.

Note 7: Advances from others and deferred revenue

The CFPB 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 advances from others and deferred revenue. The associated portion of the CFPB's 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 advances from others and deferred revenue and liquidated over the calendar year.

Advances from Others and Deferred Revenue as of September 30, 2023 and September 30, 2022 consist of the following:

	2023	2022
Intragovernmental Liabilities		
Advances from Others and Deferred Revenue	$ 271,822	$ 764,318
Total Advances from Others and Deferred Revenue	$ 271,822	$ 764,318

Note 8: Other liabilities

Other liabilities as of September 30, 2023 and September 30, 2022 consist of the following:

	2023	2022
Intragovernmental Liabilities:		
Payroll Taxes Payable	$ 1,099,097	$ 872,356
Total Intragovernmental Liabilities	$ 1,099,097	$ 872,356
With the Public:		
Employee Withholdings	$ 31,716	$ 30,779
Other Liabilities w/Related Budgetary Obligations	18,007	16,925
Total Public Liabilities	$ 49,723	$ 47,704
Total Other Liabilities	**$ 1,148,820**	**$ 920,060**

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

Note 9: 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 2023.

The ending balance of the CPF Liability as of September 30, 2023, and September 30, 2022 is calculated as following:

	2023	2022
Civil Penalty Fund Liability		
Beginning Balance	$ 673,924,436	$ 348,878,297
Plus: New Allocations to Victims	417,443,832	177,081,630
Plus: Year End Accrual for Probable Allocations	1,940,060,536	318,873,586
Less: Reversal of Prior Year End Accrual for Probable Allocations	(318,873,586)	(54,889,000)
Less: Distributions	(137,585,605)	(103,346,391)
Less: Other Adjustments	(32)	(12,673,686)
Total Civil Penalty Fund Liability	$ 2,574,969,581	$ 673,924,436

The CPF Administrator made two allocations from the CPF in fiscal year 2023: the twentieth allocation on November 29, 2022, and the twenty-first allocation on May 30, 2023. The Fund Administrator will make the twenty-second allocation on or before November 29, 2023. At that time, there will be 13 cases considered for allocation and the total amount available for allocation is $1,980.1 million. As of September 30, 2023, $1,940.1 million was accrued in the financial statements for a portion of these cases in which the likelihood of payment to harmed consumers was probable and the amounts were measurable. In fiscal years 2023 and 2022, Distributions represent reductions of the liability due to funds being released to vendors for distribution to harmed consumers. Other Adjustments represent reductions of the liability due to case closures or the determination that less CPF money is required to compensate eligible harmed consumers because of other redress efforts or other factors.

Note 10: Liabilities not covered by budgetary resources

Liabilities not covered by budgetary resources as of September 30, 2023 and September 30, 2022 consist of the following:

	2023	2022
Intragovernmental		
Intragovernmental-FECA	$ 417,119	$ 354,674
Benefits Contributions Payable	6,338	-
With the Public		
Unfunded Leave	38,692,762	34,571,623
Actuarial FECA	1,806,332	1,557,947
Total Liabilities Not Covered by Budgetary Resources	$ 40,922,551	$ 36,484,244
Total Liabilities Covered by Budgetary Resources	2,648,338,892	725,914,099
Total Liabilities Not Requiring Budgetary Resources	3,390	2,426
Total Liabilities	$ 2,689,264,833	$ 762,400,769

Note 11: 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 12, “Rental payments for space” and see Note 16, “Undelivered orders at the end of the period”.

Legal Contingencies

The CFPB has determined there are two 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 CFPB has estimated the amount of potential loss to be $663,000. However, no accrued liability was recorded as of September 30, 2023, 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 an estimated amount of potential loss of $413,000. However, no accrued liability was recorded as of September 30, 2022, because the likelihood of loss was less than probable.

For the second case, regarding a labor dispute, the CFPB has determined that the estimated amount or range of potential loss is unknown. For that reason and because the likelihood of loss is less than probable, no liability is accrued as of September 30, 2023.

There was one pending legal case, regarding a labor dispute, that was disclosed last year as probable that an unfavorable outcome may occur with an estimated range of potential loss between $300,000 and $350,000. No liability was accrued as of September 30, 2022, because management determined the potential loss was not material. This case resolved in fiscal year 2023.

A second pending legal case, regarding an enforcement matter, was disclosed last year as reasonably possible that an unfavorable outcome may occur with an estimated amount or range of potential loss unknown. However, this case was re-categorized this year and is now deemed as having a remote likelihood of loss.

The CFPB disclosed one unasserted but probable claim last year, regarding a civil penalty assessment, that was deemed reasonably possible that an unfavorable outcome may occur with an estimated range of potential loss between $0 and $1.6 million. The CFPB no longer considers it probable that this claim will be asserted.

Civil Penalty Fund Contingencies

The CFPB may continue to make payments from the CPF to harmed consumers after its third-party administrator has concluded administering the payments in certain cases. Unclaimed funds were returned to the CFPB and a portion of those funds remain allocated to the case. Subsequently, if a harmed consumer reaches out to the CFPB with a claim related to the respective case, the CFPB may make a direct payment to the harmed consumer. There were no such outstanding claims from harmed consumers as of September 30, 2023.

The CFPB recorded a contingent liability for the Period 22 CPF Allocation (see Note 9).

Note 12: Rental payments for space

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

DESCRIPTION OF AGREEMENT

A. OA with the OCC for space to accommodate the CFPB 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 CFPB 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 CFPB, but the OCC may cancel pursuant to the terms of the OA.

Future Payments Due:

Fiscal Year	Buildings
2024	$ 14,634,913
2025	14,927,612
2026	15,226,164
2027	15,530,687
2028	15,841,301
2029 through February 17, 2032	56,083,541
Total Future Payments	$ 132,244,218

DESCRIPTION OF AGREEMENT

B. OA between the CFPB and the GSA 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
2024	$ 382,035
2025	364,953
2026	308,645
2027	311,311
2028	314,033
2029 through June 30, 2030	556,160
Total Future Payments	$ 2,237,137

DESCRIPTION OF AGREEMENT

C. OA between the CFPB and the GSA for supplies, services and the use of space at 140 East 45th Street, New York, NY. The OA is for a period through December 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
2024 through December 28, 2023	$ 326,538
Total Future Payments	$ 326,538

DESCRIPTION OF AGREEMENT

D. OA between the CFPB and the GSA 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
2024	$ 1,576,770
2025	1,582,199
2026	1,587,763
2027	1,593,467
2028 through December 16, 2027	398,768
Total Future Payments	$ 6,738,967

DESCRIPTION OF AGREEMENT

E. OA between the CFPB and the GSA for supplies, services and the use of space at 230 S. Dearborn Street, Chicago, IL. The OA is 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
2024	$ 355,966
2025	357,934
2026	359,944
2027	361,996
2028	364,090
2029 through June 30, 2029	274,672
Total Future Payments	$ 2,074,602

Note 13: Funds from dedicated collections

Provided below is summary consolidated component entity information for the CFPB'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.

FY 2023	Bureau Fund	Civil Penalty Fund	Total Funds from Dedicated Collections (Consolidated)
BALANCE SHEET			
Assets:			
Intragovernmental			
Fund Balance with Treasury	$ 25,068,469	$ 5,141,909	$ 30,210,378
Investments, Net	430,382,057	-	430,382,057
Accounts Receivable, Net	1,006,130	-	1,006,130
Advances and Prepayments	2,231,998	-	2,231,998
Total Intragovernmental	**458,688,654**	**5,141,909**	**463,830,563**
With the Public			
Cash and Other Monetary Assets	312,194	2,642,844,620	2,643,156,814
Accounts Receivable, Net	73,393	-	73,393
Property, Equipment, and Software, Net	160,318,086	-	160,318,086
Advances and Prepayments	7,603,099	-	7,603,099
Total With the Public	**168,306,772**	**2,642,844,620**	**2,811,151,392**
Total Assets	**$ 626,995,426**	**$ 2,647,986,529**	**$ 3,274,981,955**
Liabilities:			
Intragovernmental			
Accounts Payable	$ 3,405,444	$ -	$ 3,405,444
Advances from Others and Deferred Revenue	271,822	-	271,822
Benefits Contributions Payable	3,153,154	-	3,153,154
Custodial Liability	3,390	-	3,390
Other	1,099,097	-	1,099,097
Total Intragovernmental	**7,932,907**	**-**	**7,932,907**
With the Public			
Accounts Payable	30,737,272	11,962	30,749,234
Employer Benefits Contributions	19,415,564	-	19,415,564
Unfunded Leave	38,692,762	-	38,692,762
Civil Penalty Fund Liability	-	2,574,969,581	2,574,969,581
Accrued Funded Payroll	17,455,062	-	17,455,062
Other	49,723	-	49,723
Total With the Public	**106,350,383**	**2,574,981,543**	**2,681,331,926**
Total Liabilities	**$ 114,283,290**	**$ 2,574,981,543**	**$ 2,689,264,833**
Cumulative Results of Operations	512,712,136	73,004,986	585,717,122
Total Liabilities and Net Position	**$ 626,995,426**	**$ 2,647,986,529**	**$ 3,274,981,955**
STATEMENT OF NET COST			
Program Costs	$ 705,471,708	$ 2,039,817,777	$ 2,745,289,485
Less: Earned Revenue	(3,049,315)	-	(3,049,315)
Net Cost of Operations	**$ 702,422,393**	**$ 2,039,817,777**	**$ 2,742,240,170**
STATEMENT OF CHANGES IN NET POSITION			
Cumulative Results of Operations:			
Beginning Balance	$ 450,578,138	$ 243,902,646	$ 694,480,784
Nonexchange Revenue	749,134,356	1,868,920,116	2,618,054,472
Imputed Financing	15,512,149	-	15,512,149
Other	(90,113)	-	(90,113)
Net Cost of Operations	(702,422,393)	(2,039,817,777)	(2,742,240,170)
Net Change in Cumulative Results of Operations	62,133,999	(170,897,661)	(108,763,662)
Total Cumulative Results of Operations: Ending Net Position, end of period	**$ 512,712,137**	**$ 73,004,985**	**$ 585,717,122**

FY 2022	Bureau Fund	Civil Penalty Fund	Total Funds from Dedicated Collections (Consolidated)
BALANCE SHEET			
Assets:			
Intragovernmental			
Fund Balance with Treasury	$ 18,199,539	$ 114,803,598	$ 133,003,137
Investments, Net	338,881,864	-	338,881,864
Accounts Receivable, Net	566,417	-	566,417
Advances and Prepayments	3,427,614	-	3,427,614
Total Intragovernmental	**361,075,434**	**114,803,598**	**475,879,032**
With The Public			
Cash and Other Monetary Assets	336,867	753,023,852	753,360,719
Accounts Receivable, Net	99,170	50,000,000	50,099,170
Property, Equipment, and Software, Net	169,131,760	-	169,131,760
Advances and Prepayments	8,410,872	-	8,410,872
Total With The Public	**177,978,669**	**803,023,852**	**981,002,521**
Total Assets	**$ 539,054,103**	**$ 917,827,450**	**$ 1,456,881,553**
Liabilities:			
Intragovernmental			
Accounts Payable	$ 2,842,577	$ -	$ 2,842,577
Advances from Others and Deferred Revenue	764,318	-	764,318
Benefits Contributions Payable	2,938,626	-	2,938,626
Custodial Liability	2,426	-	2,426
Other	872,356	-	872,356
Total Intragovernmental	**7,420,303**	**-**	**7,420,303**
With the Public			
Accounts Payable	24,758,587	368	24,758,955
Employer Benefits Contributions	6,920,891	-	6,920,891
Unfunded Leave	34,571,623	-	34,571,623
Civil Penalty Fund Liability	-	673,924,436	673,924,436
Accrued Funded Payroll	14,756,857	-	14,756,857
Other	47,704	-	47,704
Total With the Public	**81,055,662**	**673,924,804**	**754,980,466**
Total Liabilities	**$ 88,475,965**	**$ 673,924,804**	**$ 762,400,769**
Cumulative Results of Operations	450,578,138	243,902,646	694,480,784
Total Liabilities and Net Position	**$ 539,054,103**	**$ 917,827,450**	**$ 1,456,881,553**
STATEMENT OF NET COST			
Program Costs	$ 612,857,108	$ 420,830,559	$ 1,033,687,667
Less: Earned Revenue	(3,899,925)	-	(3,899,925)
Net Cost of Operations	**$ 608,957,183**	**$ 420,830,559**	**$ 1,029,787,742**
STATEMENT OF CHANGES IN NET POSITION			
Cumulative Results of Operations:			
Beginning Balance	$ 401,902,905	$ 442,888,942	$ 844,791,847
Nonexchange Revenue	644,462,494	221,844,262	866,306,756
Imputed Financing	13,259,482	-	13,259,482
Other	(89,559)	-	(89,559)
Net Cost of Operations	(608,957,183)	(420,830,559)	(1,029,787,742)
Net Change in Cumulative Results of Operations	48,675,234	(198,986,297)	(150,311,063)
Total Cumulative Results of Operations: Ending Net Position, end of period	**$ 450,578,139**	**$ 243,902,645**	**$ 694,480,784**

Note 14: Inter-entity costs

The CFPB recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost of the providing entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the CFPB are recognized as imputed cost in the CFPB's Statement of Net Cost and are offset by imputed revenue (i.e., imputed financing sources) in the CFPB's Statement of Changes in Net Position. However, unreimbursed costs of goods and services other than those identified below are not included in our financial statements. The CFPB recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2023, and 2022 inter-entity costs were as follows:

	2023	2022
Office of Personnel Management	$ 15,512,149	$ 13,259,482
Total Inter-entity Costs	$ 15,512,149	$ 13,259,482

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

During the quarters ending September 30, 2023 and 2022, transactions are recorded that adjust the unobligated balance brought forward from the prior fiscal year. The adjustments during the quarters ended September 30, 2023 and 2022 are presented below:

	2023	2022
Unobligated Balance Brought Forward, October 1	$ 982,020,935	$ 888,616,965
Adjustment to budgetary resources made during current year		
Downward adjustments of prior year undelivered orders	26,277,303	31,407,112
Downward adjustments of prior year delivered orders	3,538,160	13,753,836
Unobligated Balance From Prior Year Budget Authority, Net	$ 1,011,836,398	$ 933,777,913

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 CFPB's Undelivered Orders represent obligated amounts designated for future payment of goods and services ordered but not received.

Undelivered Orders as of September 30, 2023 were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 2,231,998	$ 7,603,099	$ 9,835,097
Unpaid Undelivered Orders	21,020,821	118,024,290	139,045,111
Total Undelivered Orders	$ 23,252,819	$ 125,627,389	$ 148,880,208

Undelivered Orders as of September 30, 2022 were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	$ 3,427,614	$ 8,410,872	$ 11,838,486
Unpaid Undelivered Orders	27,788,132	118,288,497	146,076,629
Total Undelivered Orders	$ 31,215,746	$ 126,699,369	$ 157,915,115

Note 17: Reconciliation of net cost to net outlays

The CFPB has reconciled its net costs to its net outlays for the period ended September 30, 2023. 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 Year Ended September 30, 2023
(In Dollars)

	Intragovernmental	With the Public	Total
Net Cost of Operations	$ 97,938,777	$ 2,644,301,393	$2,742,240,170
Components of Net Cost of Operations Not Part of Budgetary Outlays			
Property, Equipment and Software Depreciation	-	(13,862,480)	(13,862,480)
Property, Equipment and Software Disposal & Reevaluation	-	(73,046)	(73,046)
Increase/(Decrease) in Assets Not Affecting Budget Outlays:			
Accounts Receivable	439,714	(25,948)	413,766
Advances and Prepayments	(1,195,615)	(807,773)	(2,003,388)
(Increase)/Decrease in Liabilities Not Affecting Budget Outlays:			
Accounts Payable	(70,371)	(5,990,280)	(6,060,651)
Salaries and Benefits	(372,485)	(14,945,430)	(15,317,915)
CPF Liability Allocation	-	(1,901,045,145)	(1,901,045,145)
Unfunded Leave	-	(4,121,138)	(4,121,138)
Other Liabilities	(68,884)	(249,468)	(318,352)
Other Financing Sources:			
Imputed Federal Employee Retirement Benefit Costs	(15,512,149)	-	(15,512,149)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	$ (16,779,790)	$ (1,941,120,708)	$(1,957,900,498)
Components of the Budget Outlays That Are Not Part of Net Cost of Operations			
Acquisition of Capital Assets	-	5,121,852	5,121,852
Total Components of the Budget Outlays That Are Not Part of Net Cost of Operations	$ -	$ 5,121,852	$ 5,121,852
Other Temporary Timing Differences	100	2,384	2,484
Outlays, Net (total)	$ 81,159,087	$ 708,304,921	$ 789,464,008

Reconciliation of Net Cost to Net Outlays as of September 30, 2022:

CONSUMER FINANCIAL PROTECTION BUREAU
RECONCILIATION OF NET COST TO NET OUTLAYS
For the Year Ended September 30, 2022
(In Dollars)

	Intragovernmental	With the Public	Total
Net Cost of Operations	$ 88,793,285	$ 940,994,457	$1,029,787,742
Components of Net Cost of Operations Not Part of Budgetary Outlays			
Property, Equipment and Software Depreciation	-	(14,936,026)	(14,936,026)
Property, Equipment and Software Disposal & Reevaluation	-	(36,957)	(36,957)
Increase/(Decrease) in Assets Not Affecting Budget Outlays:			
Accounts Receivable	(17,250)	(1,007)	(18,257)
Advances and Prepayments	170,979	1,408,158	1,579,137
(Increase)/Decrease in Liabilities Not Affecting Budget Outlays:			
Accounts Payable	3,109,837	(4,646,482)	(1,536,645)
Salaries and Benefits	209,014	3,310,299	3,519,313
CPF Liability Allocation	-	(325,046,138)	(325,046,138)
Unfunded Leave	-	(808,286)	(808,286)
Other Liabilities	(16,439)	(1,468,216)	(1,484,655)
Other Financing Sources:			
Imputed Federal Employee Retirement Benefit Costs	(13,259,482)	-	(13,259,482)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	$ (9,803,341)	$ (342,224,655)	$ (352,027,996)
Components of the Budget Outlays That Are Not Part of Net Cost of Operations			
Acquisition of Capital Assets	1,901,100	6,832,824	8,733,924
Total Components of the Budget Outlays That Are Not Part of Net Cost of Operations	$ 1,901,100	$ 6,832,824	$ 8,733,924
Other Temporary Timing Differences	52	-	52
Outlays, Net (total)	$ 80,891,096	$ 605,602,626	$ 686,493,722

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 2023 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2024 and can be found at the OMB Web site: [http://www.whitehouse.gov/omb/.](http://www.whitehouse.gov/omb/) The 2024 Budget of the United States Government, with the "Actual" column completed for 2022 has been reconciled to the 2022 Statement of Budgetary Resources and there were no material differences.

	Budgetary Resources	New Obligations and Upward Adjustments (Total)	Net Outlays
Combined Statement of Budgetary Resources	$ 1,709,271,989	$ 727,251,054	$ 686,493,722
Difference Due to Rounding	(271,989)	(251,054)	(493,722)
Budget of the U.S. Government	$ 1,709,000,000	$ 727,000,000	$ 686,000,000

Note 19: Fiduciary activities

Section 1055 of the Dodd-Frank Act authorizes the court in a judicial action, or the CFPB 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 CFPB. The victims have an ownership interest in the cash or other assets held by the CFPB under provision of law, regulation, or other fiduciary arrangement. The CFPB uses a third-party administrator to make disbursements to harmed consumers. Funds unclaimed by harmed consumers are returned to the CFPB. The $20.4 million reported for fiscal year 2023 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. The $1.1 million reported for fiscal year 2022 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. For fiscal year 2023 the $2.5 million reported as Fiduciary Revenues is shown as net negative amount due to the reduction of an accounts receivable and associated revenue exceeding the remaining redress revenues. Fiduciary Revenues for fiscal year 2022 totaled $5.4 million.

During fiscal years 2023 and 2022, the CFPB had the following fiduciary activity:

CONSUMER FINANCIAL PROTECTION BUREAU
SCHEDULE OF FIDUCIARY ACTIVITY
For the Years Ended September 30, 2023 and 2022
(In Dollars)

	2023 Legal or Equitable Relief Fund	2022 Legal or Equitable Relief Fund
Fiduciary Net Assets, Beginning of Year	$ 44,662,483	$ 38,294,256
Fiduciary Revenues	(2,509,470)	5,391,802
Administrative Expenses	(281,303)	(121,902)
Disbursements [+/-] to and on Behalf of Beneficiaries	(20,395,236)	1,098,327
Increase/(Decrease) in Fiduciary Net Assets	(23,186,009)	6,368,227
Fiduciary Net Assets, End of Year	$ 21,476,474	$ 44,662,483

CONSUMER FINANCIAL PROTECTION BUREAU
FIDUCIARY NET ASSETS
As of September 30, 2023 and 2022
(In Dollars)

	2023 Legal or Equitable Relief Fund	2022 Legal or Equitable Relief Fund
Fiduciary Assets		
Cash	$ 21,476,474	$ 42,064,601
Accounts Receivable	-	2,684,864
Fiduciary Liabilities		
Less: Liabilities	-	86,982
Total Fiduciary Net Assets	$ 21,476,474	$ 44,662,483

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 CFPB'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 23: 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	2023	January 3, 2023	$6,813	12 CFR Part 1083
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(B)	Tier 2 penalty	2010	2023	January 3, 2023	$34,065	12 CFR Part 1083
Consumer Financial Protection Act, 12 U.S.C. 5565(c)(2)(C)	Tier 3 penalty	2010	2023	January 3, 2023	$1,362,567	12 CFR Part 1083
Interstate Land Sales Full Disclosure Act,	Per violation	1968	2023	January 3, 2023	$2,374	12 CFR Part 1083

Authority (Statute)	Penalty Description	Year Enacted	Latest Year of Adjustment	Date of Current Adjustment	Current Penalty Amount	Location for Penalty Update Details
15 U.S.C. 1717a(a)(2)						
Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1717a(a)(2)	Annual cap	1968	2023	January 3, 2023	$2,372,677	12 CFR Part 1083
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(1)	Per failure	1974	2023	January 3, 2023	$111	12 CFR Part 1083
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(1)	Annual cap	1974	2023	January 3, 2023	$223,229	12 CFR Part 1083
Real Estate Settlement Procedures Act, 12 U.S.C. 2609(d)(2)(A)	Per failure, where intentional	1974	2023	January 3, 2023	$223	12 CFR Part 1083
SAFE Act, 12 U.S.C. 5113(d)(2)	Per violation	2008	2023	January 3, 2023	$34,401	12 CFR Part 1083
Truth in Lending Act, 15 U.S.C. 1639e(k)(1)	First violation	2010	2023	January 3, 2023	$13,627	12 CFR Part 1083

Authority (Statute)	Penalty Description	Year Enacted	Latest Year of Adjustment	Date of Current Adjustment	Current Penalty Amount	Location for Penalty Update Details
Truth in Lending Act, 15 U.S.C. 1639e(k)(2)	Subsequent violations	2010	2023	January 14, 2023	$27,252	12 CFR Part 1083