Independent Auditor's Report and Financial Statements for the Fiscal Years ended September 30, 2020 and 2019

Office of Inspector General
Federal Trade Commission

OIG Report No. A-21-01
November 13, 2020

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of Inspector General

November 13, 2020

MEMORANDUM

FROM: Andrew Katsaros
Inspector General

TO: Joseph J. Simons, Chairman
Commissioner Noah Joshua Phillips
Commissioner Rohit Chopra
Commissioner Rebecca Kelly Slaughter
Commissioner Christine S. Wilson

SUBJECT: Report on Audit of the FTC's FY 2020 and 2019 Financial Statements

I am pleased to provide you with the attached audit report required by the Accountability of Tax Dollars Act of 2002, which presents an unmodified opinion on the Federal Trade Commission's (FTC) financial statements for fiscal years 2020 and 2019. We commend the FTC for attaining an unmodified (clean) opinion for the 24th consecutive year.

We contracted with the independent certified public accounting firm of Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) to audit the financial statements of the FTC as of and for the fiscal years ended September 30, 2020 and 2019, and to provide reports on internal control over financial reporting and compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office's *Financial Audit Manual.*

In its audit, Brown & Company found:

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

Brown & Company is responsible for the attached auditor's report dated November 13, 2020, and the conclusions expressed in the report. We do not express opinions on FTC's financial statements or conclusions about the effectiveness of internal control or conclusions on compliance with laws and regulations.

We appreciate the cooperation given by management to Brown & Company and the Office of Inspector General during the audit. If you have any questions or would like to discuss the report, please contact me at (202) 326-3527.

Attachment

FEDERAL TRADE COMMISSION

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2020 AND 2019

Prepared By
Brown & Company CPAs and Management Consultants, PLLC
November 13, 2020

FEDERAL TRADE COMMISSION

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2020 AND 2019

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 1

BALANCE SHEET 6

STATEMENT OF NET COST 7

STATEMENT OF CHANGES IN NET POSITION 8

STATEMENT OF BUDGETARY RESOURCES 9

STATEMENT OF CUSTODIAL ACTIVITY 10

NOTES TO THE FINANCIAL STATEMENTS 11

BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

Inspector General
Federal Trade Commission
Washington, D.C.

In our audits of the fiscal years 2020 and 2019 financial statements of the Federal Trade Commission (FTC), we found:

- FTC's financial statements as of and for the fiscal years ended September 30, 2020, and 2019, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;

- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and

- no reportable noncompliance for fiscal year 2020 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

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

Report on the Financial Statements

In accordance with the provisions of Accountability of Tax Dollars Act of 2002 (ATDA) (Pub. L. No. 107-289), we have audited FTC's financial statements. FTC's financial statements comprise the balance sheets as of September 30, 2020, and 2019; the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended; and the related notes to the financial statements.

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

Management's Responsibility

FTC's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

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

Opinion on Financial Statements

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

Other Matters

Required Supplementary Information

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

Other Information

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

Report on Internal Control over Financial Reporting

In connection with our audits of FTC's financial statements, we considered FTC's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to FTC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

FTC's 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.

Auditor's Responsibility

In planning and performing our audit of FTC's financial statements as of and for the year ended September 30, 2020, in accordance with U.S. generally accepted government auditing standards, we considered the FTC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FTC's internal control over financial reporting. Accordingly, we do not express an opinion on FTC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of FTC's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of FTC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the FTC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

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

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

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

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

This report is intended solely for the information and use of the management of FTC, OMB, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown & Company

Federal Trade Commission
Balance Sheet
As of September 30, 2020 and 2019
(Dollars in Thousands)

	FY 2020	FY 2019
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	$ 790,507	$ 387,310
Accounts Receivable, Net (Note 4)	69	85
Advances and Prepayments	153	205
Total Intragovernmental Assets	790,729	387,600
Accounts Receivable, Net (Note 4)	628,049	616,549
General Property, Plant, and Equipment, Net (Note 5)	25,604	30,053
Total Assets	$ 1,444,382	$ 1,034,202
Liabilities (Notes 6 and 7):		
Intragovernmental:		
Accounts Payable	$ 830	$ 737
Other Liabilities (Note 7)	2,708	2,395
Total Intragovernmental Liabilities	3,538	3,132
Accounts Payable	11,724	12,529
Accrued Redress Due to Claimants	628,026	616,306
Undisbursed Redress Collections (Note 14)	677,109	265,432
Other Liabilities (Note 7)	27,272	23,087
Total Liabilities	1,347,669	920,486
Net Position (Note 1(p)):		
Unexpended Appropriations	-	-
Cumulative Results of Operations	96,713	113,716
Total Net Position	96,713	113,716
Total Liabilities and Net Position	$ 1,444,382	$ 1,034,202

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

Federal Trade Commission
Statement of Net Cost
For the Years Ended September 30, 2020 and 2019
(Dollars in Thousands)

	FY 2020	FY 2019
Strategic Goal 1: Protect Consumers		
Intragovernmental Costs	$ 50,640	$ 49,532
Public Costs	144,239	144,606
Gross Costs, Protect Consumers	194,879	194,138
Intragovernmental Earned Revenue	(5)	(2)
Public Earned Revenue	(12,470)	(12,029)
Earned Revenue, Protect Consumers	(12,475)	(12,031)
Net Cost, Protect Consumers	182,404	182,107
Strategic Goal 2: Maintain Competition		
Intragovernmental Costs	43,486	38,447
Public Costs	123,863	112,242
Gross Costs, Maintain Competition	167,349	150,689
Intragovernmental Earned Revenue	(848)	(963)
Public Earned Revenue	(101,580)	(129,585)
Earned Revenue, Maintain Competition	(102,428)	(130,548)
Net Cost, Maintain Competition	64,921	20,141
Net Cost of Operations	$ 247,325	$ 202,248

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

Federal Trade Commission
Statement of Changes in Net Position
For the Years Ended September 30, 2020 and 2019
(Dollars in Thousands)

	FY 2020	FY 2019
Unexpended Appropriations:		
Beginning Balance	$ -	$ -
Budgetary Financing Sources:		
Appropriations Received	216,966	168,228
Appropriations Used	(216,966)	(168,228)
Total Budgetary Financing Sources	-	-
Total Unexpended Appropriations	-	-
Cumulative Results of Operations:		
Beginning Balance	$ 113,716	$ 135,361
Budgetary Financing Sources:		
Appropriations Used	216,966	168,228
Other Financing Sources:		
Imputed Financing and Other	13,356	12,375
Total Financing Sources	230,322	180,603
Net Cost of Operations	(247,325)	(202,248)
Net Change	(17,003)	(21,645)
Cumulative Results of Operations	96,713	113,716
Net Position (Note 1(p)):	$ 96,713	$ 113,716

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

Federal Trade Commission
Statement of Budgetary Resources
For the Years Ended September 30, 2020 and 2019
(Dollars in Thousands)

	FY 2020	FY 2019
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1	$ 15,027	$ 22,817
Recoveries of Unpaid Prior Year Obligations	7,114	12,241
Other Changes in Unobligated Balance	125	177
Unobligated Balance from Prior Year Budget Authority, Net	22,266	35,235
Appropriations	216,966	168,228
Spending Authority from Offsetting Collections	115,117	142,566
Total Budgetary Resources	$ 354,349	$ 346,029
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total) (Note 10)	$ 349,380	$ 331,002
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	2,742	7,455
Unapportioned, Unexpired Accounts	2,227	7,572
Unexpired Unobligated Balance, End of Year	4,969	15,027
Unobligated Balance, End of Year (Total)	4,969	15,027
Total Budgetary Resources	$ 354,349	$ 346,029
Outlays, Net:		
Outlays, Gross	$ 340,159	$ 318,179
Actual Offsetting Collections	(115,028)	(142,690)
Outlays, Net	225,131	175,489
Distributed Offsetting Receipts	(6,705)	(2,283)
Agency Outlays, Net	$ 218,426	$ 173,206

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

Federal Trade Commission
Statement of Custodial Activity
For the Years Ended September 30, 2020 and 2019
(Dollars in Thousands)

	Protect Consumers	Maintain Competition	FY 2020	FY 2019
Revenue Activity (Note 13):				
Sources of Collections:				
Premerger Filing Fees (Net of Refunds)	$ -	$ 101,573	$ 101,573	$ 129,585
Civil Penalties and Fines	4,854,148	-	4,854,148	146,745
Consumer Redress	6,969	-	6,969	1,778
Other Miscellaneous Receipts	34	-	34	190
Total Cash Collections	4,861,151	101,573	4,962,724	278,298
Accrual Adjustments	(236)	-	(236)	(202)
Total Custodial Revenue	$ 4,860,915	$ 101,573	$ 4,962,488	$ 278,096
Disposition of Collections (Note 13):				
Transferred to Others:				
Treasury General Fund	$ 4,861,151	$ -	$ 4,861,151	$ 148,713
Department of Justice	-	101,573	101,573	129,585
Amounts Yet to Be Transferred	(236)	-	(236)	(202)
Total Disposition of Collections	$ 4,860,915	$ 101,573	$ 4,962,488	$ 278,096
Net Custodial Activity	$ -	$ -	$ -	$ -

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

FEDERAL TRADE COMMISSION

Notes to the Financial Statements

Note 1—Significant Accounting Policies

(a) Reporting Entity

The reporting entity is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the Federal Trade Commission (FTC) may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. The financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. The accompanying financial statements and notes of the FTC include financial activity recorded in all funds under the FTC's control. The FTC maintains these funds including appropriations received for salaries and necessary expenses, as well as non-entity funds that are primarily collections derived from court ordered judgments and settlements held for subsequent distribution to approved claimants.

The FTC records and tracks financial activities using Treasury Account Symbols (TAS). Each TAS included in the agency's fund accounting structure is described below:

General Fund

Salaries and Expenses (TAS 29X0100): Each year, this account receives budget authority from an appropriation and offsetting collections, up to a limit set by Congress, to fund necessary expenses of the agency. Offsetting collections include fees collected for premerger notification filings under the Hart-Scott-Rodino (HSR) Antitrust Improvement Act of 1976, and fees collected for the National Do Not Call Registry, which operates under Section 5 of the FTC Act. Collections in excess of congressional limits are unavailable by law and are included in the FTC's unavailable – excess offsetting collections. (See Note 3, Fund Balance with Treasury.)

Deposit Fund

Consumer Redress Escrow (TAS 29X6013): This account consists of money collected as a result of court ordered judgments related to the consumer redress program and held temporarily by the FTC until distributed (either directly by the FTC or through a third-party agent) to consumers or harmed entities, or transferred to the General Fund of the U.S. Government. Judgments imposed but not yet collected are accrued as accounts receivable and recorded in this account. Accrued receivables and funds collected are considered non-entity assets under the FTC's custody or management. They do not affect the FTC's net position and are not reported on the agency's Statement of Changes in Net Position. (See Note 3, Fund Balance with Treasury and Note 14, Consumer Redress Activities.) Funds held by redress third party administrators outside of the U.S. Treasury on behalf of harmed consumers are not part of the FTC reporting entity.

Clearing/Suspense Account

Budget Clearing and Suspense (TAS 29F3875): Fees collected for premerger notification filings under the HSR Act are deposited, initially, into the Budget Clearing and Suspense account, then distributed equally to the FTC (as an offsetting collection in the general fund) and the Department of Justice (DOJ). (See Note 1(q), Revenues and Other Financing Sources)

Receipt Accounts

Fines, Penalties, and Forfeitures, Customs, Commerce, and Antitrust Laws (TAS 29 1040): Collections of civil penalties imposed in court actions for violations of antitrust acts and FTC orders are deposited into this account. Penalties imposed but not yet collected are accrued as accounts receivable and recorded in this account. The cash balance in the account is transferred to the General Fund of the U.S. Government at the end of each fiscal year.

General Fund Proprietary Receipts (TAS 29 3220): Miscellaneous receipts that by law are not available for the FTC's use and collections for the consumer redress program for which redress to consumers is not practicable are recorded in this account. The Department of the Treasury automatically transfers all cash balances in this receipt account to the General Fund of the U.S. Government at the end of each fiscal year.

(b) Basis of Presentation and Accounting

The accompanying financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and custodial activities of the FTC, and have been prepared from the accounting records of the FTC. These financial statements may differ from other financial reports submitted pursuant to the Office of Management and Budget (OMB) directives for the purpose of monitoring and controlling the use of the FTC's budgetary resources.

The FTC's financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for federal entities, as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and with OMB Circular A-136, Financial Reporting Requirements (as revised in August 2020). Transactions are recorded on both an accrual and budgetary basis. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Accrual methods of accounting may differ from budgetary accounting principles, which are designed to facilitate compliance with legal requirements and controls over the use of Federal funds. The differences relate primarily to the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities.

As described in Note 1(a), Reporting Entity, the FTC maintains a single fund to account for salaries and all necessary expenses. Further, there are limited intra-entity transactions with any other fund (e.g., deposit fund) that would require eliminating entries to present consolidated statements. Accordingly, the statements are not labeled consolidated nor is the Statement of Budgetary Resources (SBR) presented as combined. FTC reconciles its intragovernmental activity and works with agency trading partners to reduce significant or material differences in conformance with U.S. Treasury intragovernmental reporting guidelines and requirements of OMB Circular A-136.

Assets, liabilities, revenues, and costs are classified in these financial statements according to the type of entity associated with the transactions. Balances classified as intragovernmental arise from transactions with other federal entities. Balances not classified as intragovernmental arise from transactions with individuals or organizations outside of the Federal Government (i.e., with the public).

The FTC presents net cost of operations by its two major strategic goals: Protect Consumers and Maintain Competition. These goals are described in the agency's strategic and performance plan and align with the agency's major programs.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For example, estimates are used in computing accounts payable for vendor service contracts, the allowance for uncollectible accounts, and the allocation of costs to strategic goals in the Statement of Net Cost. Actual results could differ from the estimated amounts. The vendor accounts payable accrual is an estimate, and is accrued separately from the accounts payable accrual for travel and interagency agreements. The FTC uses statistical techniques to evaluate vendor accounts payable balances for previous fiscal years, averages the balances to obtain an accrual estimate, and then adjusts the estimate using a factor that represents the proportional change in obligations between the current and the previous fiscal year. Every year, the agency statistically validates that the year-end vendor accounts payable accrual was reasonable. The validated amount is subsequently used in calculating the following year's estimate, which also considers any changes to invoice payment timeframes that may affect the vendor accounts payable statistical assumptions.

(d) Budget Authority

The Congress passes appropriations annually that provide the FTC with authority to obligate funds for necessary expenses to carry out program activities. These funds are available until expended, subject to the OMB apportionment and to congressional restrictions on the expenditure of funds (see FTC's FY 2020 Congressional Budget Justification, pages 3-4, "Appropriations Language Provisions"). In addition, the FTC places internal restrictions on fund expenditures to ensure the efficient and proper use of all funds. The FTC's budget authority is derived from a direct appropriation and offsetting collections. The FTC accounts for budget authority in its General Fund account (29X0100) as reflected in the Statement of Budgetary Resources.

(e) 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. For fiscal years 2020 and 2019, the FTC had no classified activities.

(f) Entity and Non-Entity Assets

The FTC reports on both entity and non-entity assets in the financial statements. Assets that the agency is authorized to use in its operations are entity assets. Assets that the agency holds on behalf of another federal agency or a third party and are not available for the FTC's use are non-entity assets. Non-entity assets include collections and accounts receivable that arise from court-order judgments for monetary relief, civil monetary penalties, and the portion of fees collected for premerger notification filings that are distributed to the DOJ in a subsequent period. These non-entity assets are included in the financial statements along with offsetting non-entity liabilities of equal amount. (See Note 2, Entity and Non-Entity Assets.)

(g) Fund Balance with Treasury

The Balance with Treasury (FBwT) is an asset of a reporting entity and a liability of the General Fund of the U.S. Government. Amounts reported for FBwT represent commitments by the federal government to provide resources to particular programs; however, they do not represent net assets to the government as a whole. When a reporting entity seeks to use FBwT to liquidate budgetary obligations, Treasury will finance the disbursements with current receipts or borrow from the public if a deficit exists. On the FTC's financial statements, FBwT represents the aggregate amount of undisbursed funds in the FTC's general fund, deposit fund, and clearing/suspense fund. The general fund cash balance includes a portion that is available to the FTC to make expenditures and pay liabilities and a portion that is unavailable. Deposit fund and clearing/suspense fund balances are non-entity funds that are temporarily held by the FTC until transferred to another federal agency (Treasury or DOJ), or distributed to a third party. Fund balances are carried forward into subsequent fiscal years until disbursements are made. (See Note 3, Fund Balance with Treasury.)

(h) Accounts Receivable, Net

Accounts receivable, net of allowances, reflect the FASAB standard for the recognition of losses using the collection criterion of "more likely than not" as prescribed in Statement of Federal Financial Accounting Standards (SFFAS) 1, Accounting for Selected Assets and Liabilities. This criterion results in receivable balances that are more conservatively stated than those valued by the private sector under GAAP. FASAB states that it is appropriate to recognize the nature of federal receivables, which, unlike trade accounts of private firms or loans made by banks, are not created through credit screening procedures. Rather, these receivables arise because of the assessment of fines from regulatory violations. In these circumstances, historical experience and economic realities indicate that these types of claims are frequently not fully collectible. Accounts receivable includes estimates of the net cash value from court appointed receivers for which the FTC anticipates the proceeds will be deposited in the Consumer Redress Escrow account (29X6013).

The method used to estimate the allowance for uncollectible accounts consists of individual case analysis by a case manager who assesses the debtor's ability and willingness to pay, the defendant's payment history, and the probable recovery amount including the value of assets. Based on the litigation and collection status, cases may be referred to the Treasury for collection action. (See Note 4, Accounts Receivable, Net.)

(i) General Property, Plant, and Equipment

The FTC's property, plant, and equipment (PP&E) consists of general-purpose equipment used by the agency and capital improvements made to buildings leased from the General Services Administration (GSA) by the FTC for office space, as well as software leased and purchased from vendors. The FTC's capitalization policy, Accounting for Property, Plant, and Equipment, was updated with an effective date on or after October 1, 2014. PP&E placed in service prior to October 1, 2014, will continue to be accounted for based on the capitalization policy in effect at the time acquired, until fully depreciated or removed from service.

Effective October 1, 2014, capitalization thresholds are as follows:

Furniture	$ 50,000
General Equipment	$ 50,000
IT Equipment	$ 150,000
Leasehold Improvements	$ 150,000
Internal Use Software	$ 200,000

The FTC reports property and equipment at historical cost and capitalizes acquisitions based on the above thresholds for items with a useful life of two or more years. Property and equipment that meet these criteria are depreciated or amortized using the straight-line method over the estimated useful life of the asset. An exception applies to leasehold improvements, which are amortized over the lesser of the useful life of the asset or the remaining lease term. Assets under development, such as internal use software and leasehold improvements with an estimated aggregate cost meeting the threshold criteria, are capitalized and then amortized once completed and placed into service. Normal repairs and maintenance, and PP&E that do not meet the capitalization criteria, are recognized as an expense in the current period. (See Note 5, General Property, Plant, and Equipment, Net.)

(j) Accrued Liabilities and Accounts Payable

Accrued liabilities and accounts payable represent a probable future outflow or other sacrifice of resources from past transactions or events. Liabilities are recognized when they are incurred, regardless of whether they are covered by budgetary resources. The FTC has both entity and non-entity liabilities. Entity liabilities cannot be liquidated without legislation that provides the resources to do so. In addition, the government, acting in its sovereign capacity, can abrogate the FTC's liabilities (other than contracts). Non-entity liabilities represent claims against non-entity assets and include: undisbursed consumer redress collections, accrued redress amounts due to claimants, and the custodial liability for amounts owed to the General Fund of the U.S. Government.

(k) Employee Health Benefits and Life Insurance

FTC employees are eligible to participate in the contributory Federal Employees' Health Benefit Program (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) administered by the Office of Personnel Management (OPM). The FTC contributes a percentage to each program to pay for current benefits. In accordance with FASAB SFFAS 5, Accounting for Liabilities of the Federal Government, the FTC recognizes the liability and associated expense for health and life insurance benefits at the time the employee's services are rendered.

(l) Employee Retirement Benefits

FTC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS) administered by the OPM. Employees hired after December 31, 1983, are covered by FERS and Social Security, while employees hired prior to January 1, 1984, were allowed to elect joining FERS or remaining in CSRS. For employees participating in CSRS, the FTC contributes 7 percent of the employee's basic pay to the Civil Service Retirement and Disability Fund. For employees participating in FERS, the FTC contributes 13.2 percent to the Federal Employees' Retirement Fund. New employees hired between January 1 and December 31, 2013, participate in FERS-RAE (Revised Annuity Employees). New employees hired on or after January 1, 2014, participate in FERS-FRAE (Further Revised Annuity Employees). The FTC contributes 11.1 percent for both FERS-RAE and FERS-FRAE. In addition, the FTC contributes the employer's matching share to the Social Security Administration under the Federal Insurance Contributions Act, which fully covers FERS participating employees. FTC contributions are recognized as current operating expenses.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. Participating employees may contribute any dollar amount or percentage of basic salary to the TSP, not to exceed an annual dollar limit set by law. In calendar year 2020, the annual contribution limit is $19,500 and employees age 50 and over may contribute an additional $6,500 in catch-up contributions. For those employees participating in FERS, the FTC makes a mandatory 1 percent contribution to this plan and, in addition, matches 100 percent of the first 3 percent contributed by employees and 50 percent of the next 2 percent of employee contributions. CSRS-participating employees do not receive a matching contribution from the FTC. The FTC contributions to the TSP are recognized as current operating expenses.

The FTC does not report CSRS and FERS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. This information is reported by the OPM; however, the FTC recognizes the full cost of providing future pension benefits to covered employees at the time the employees' services are rendered using cost factors provided by the OPM that estimate the true service cost of providing the pension benefits. Contributions made by the FTC and its employees do not cover the full cost of retirement benefits. The FTC recognizes the excess of the true service cost over amounts contributed as an imputed cost to achieve compliance with SFFAS 5. This additional cost is financed by the OPM and has no impact on the budgetary resources of the FTC. Imputed costs are reported as expenses on the Statement of Net Cost with offsetting imputed financing sources reported on the Statement of Changes in Net Position (See Note 16, Reconciliation of Net Operating Cost and Net Budgetary Outlays.)

(m) FECA and Other Post-Employment Benefits

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) provides income and medical cost protection to covered Federal civilian employees injured on the job, and employees who have incurred a work-related injury or occupational disease. The DOL bills the FTC annually for the claims paid and the FTC recognizes the FECA liability for future payment. Payment is deferred for two years to allow for funding through the budget. The FTC also recognizes a FECA actuarial liability, which is an estimate for the future workers compensation as a result of past events using procedures developed by the DOL to estimate the liability. FECA liabilities are reported as not covered by budgetary resources. (See Note 6, Liabilities Not Covered by Budgetary Resources.)

FTC employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. The FTC recognizes a current cost of providing post-retirement benefits using cost factors provided by the OPM that estimate the true cost of providing these benefits to current employees. The cost of providing post-retirement benefits for the FEHBP and FEGLIP is financed by the OPM and recognized as an imputed financing source by the FTC. (See Note 16, Reconciliation of Net Operating Cost and Net Budgetary Outlays.)

(n) Annual and Sick Leave

The FTC accrues an annual leave liability when employees earn leave and reduces the liability when employees take leave. The balance in this account reflects the current leave balances and pay rates of the FTC employees. Budget execution rules do not allow this liability to be funded as earned. The liability is funded when leave is taken or when paid out as a lump sum at the end of employment. As a result, accrued annual leave is reported as not covered by budgetary resources. Sick leave is non-vested and expensed as used. (See Note 6, Liabilities Not Covered by Budgetary Resources.)

(o) Contingent Liabilities

Contingent liabilities are liabilities that may be incurred by the FTC depending on the outcome of an uncertain future event, such as pending or threatened litigation. Contingencies are classified into three categories: probable, reasonably possible, and remote. A contingency is considered probable when the future confirming events are likely to occur. Probable contingent liabilities are recognized in the financial statements provided the amount can reasonably be estimated. Contingencies are reasonably possible when the chance of the future confirming event occurring is more than remote but less than probable. Reasonably possible contingencies are disclosed in the notes to the financial statements, as well as probable contingencies that cannot reasonably be estimated. Remote contingencies are not recognized in the financial statements or disclosed in the notes to the financial statements. (See Note 9, Commitments and Contingencies.)

(p) Net Position

The portion of the FTC's budget authority funded by a direct appropriation is fully expended during the year. Therefore, there is no unexpended appropriation balance in net position at the end of the year. (See Statement of Changes in Net Position.)

Cumulative results of operations represent the net results of operations since the agency's inception, the cumulative amount of prior period adjustments, the remaining book value of capitalized assets, and future funding requirements.

(q) Revenues and Other Financing Sources

As a component of the Government-wide reporting entity, the FTC is subject to the federal budget process, which involves annual appropriations. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in agency and Government-wide financial reports. In addition to an annual appropriation provided by the Congress, the FTC's activities are financed through exchange revenues it receives from others. Intragovernmental exchange revenues arise from reimbursable transactions with other federal entities. The FTC provides consulting and technical assistance aimed at developing sound competition policies under interagency agreements. Reimbursable revenue is recognized as expenses are incurred.

The majority of the FTC's exchange revenues are from the public, consisting of fees collected for premerger notification filings under the HSR Act and fees collected for the National Do Not Call (DNC) Registry. The HSR Act establishes a waiting period before mergers, acquisitions, or transfers of assets that meet or exceed certain thresholds may be completed. Entities must file premerger notifications with the FTC and the Antitrust Division of the DOJ. HSR fees are split equally between the FTC and the DOJ with fees determined by the values and sizes of involved parties. As mandated by an amendment to the Clayton Act, the FTC revises the jurisdictional threshold requirements annually based on the change in gross national product. The DNC Registry Fee Extension Act of 2007 established a permanent fee structure for the DNC registry and provides that fees be reviewed annually and adjusted for inflation, as appropriate. Telemarketers must pay an annual subscription fee and download a list of telephone numbers of consumers who do not wish to receive calls. Fees are based on the number of area codes downloaded. Revenues for both HSR and DNC fees are recognized upon collection. While HSR and DNC fees relate to the major strategic goals of the FTC, these fees are not related to specific costs incurred.

The reporting entity's budgetary resources reflect past congressional action and enable the entity to incur budgetary obligations, but they do not reflect assets to the federal government as a whole. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions. After budgetary obligations are incurred, Treasury will make disbursements to liquidate the budgetary obligations and finance those disbursements in the same way it finances all disbursements, which, is to borrow from the public if there is a budget deficit.

(r) Methodology for Assigning Costs and Exchange Revenues

The FTC allocates costs and exchange revenues on the Statement of Net Cost to its two major strategic goals: Protect Consumers and Maintain Competition. Costs and exchange revenues that are identified specifically with each of these two strategic goals are charged or credited directly. Costs not directly attributable to these two goals, including costs related to the FTC's third goal, Advance Performance, are allocated based on the percentage of dollars directly traceable to each of these two goals.

Note 2—Entity and Non-Entity Assets

The FTC's entity assets are comprised of undisbursed general funds; accounts receivable; advances and prepayments; and property, plant, and equipment. Accounts receivable, net, represents amounts due from other Federal agencies, current and former employees, and vendors. Advances and prepayments include amounts paid to the Department of Transportation (DOT) for transit subsidies on behalf of FTC employees.

The FTC's non-entity assets include fund balance with Treasury and accounts receivable. The fund balance with Treasury consist of amounts held temporarily in deposit funds for the consumer redress program and collections of premerger filing fees held in clearing/suspense funds that will be transferred out in a subsequent period. Accounts receivable, net, is the estimated amount collectible on consumer redress judgments and civil penalties.

Entity and Non-Entity Assets consisted of the following as of September 30, 2020:

(Dollars in thousands)	2020 Entity	2020 Non-Entity	2020 Total
Intragovernmental:			
Fund Balance with Treasury:			
General Funds	$ 113,398	$ -	$ 113,398
Deposit Funds - Consumer Redress	-	677,109	677,109
Clearing Funds - Premerger Filing Fees	-	-	-
Accounts Receivable, Net	69	-	69
Advances and Prepayments	153	-	153
Total Intragovernmental Assets	113,620	677,109	790,729
Accounts Receivable, Net	23	628,026	628,049
Property, Plant and Equipment, Net	25,604	-	25,604
Total Assets	$ 139,247	$ 1,305,135	$ 1,444,382

Entity and Non-Entity Assets consisted of the following as of September 30, 2019:

(Dollars in thousands)	2019 Entity	2019 Non-Entity	2019 Total
Intragovernmental:			
Fund Balance with Treasury:			
General Funds	$ 121,563	$ -	$ 121,563
Deposit Funds - Consumer Redress	-	265,432	265,432
Clearing Funds - Premerger Filing Fees	-	315	315
Accounts Receivable, Net	85	-	85
Advances and Prepayments	205	-	205
Total Intragovernmental Assets	121,853	265,747	387,600
Accounts Receivable, Net	7	616,542	616,549
Property, Plant and Equipment, Net	30,053	-	30,053
Total Assets	$ 151,913	$ 882,289	$ 1,034,202

Note 3—Fund Balance with Treasury

There are no differences between amounts reported by the FTC and those reported to U.S. Treasury as of September 30, 2020, and 2019. In terms of the relationship to the budget, the FTC's Fund balance with Treasury (FBwT) consists of undisbursed appropriated funds, which are either unobligated or obligated, as well as non-budgetary deposit funds arising from amounts collected for consumer redress and not yet disbursed to disbursing agents or directly to claimants. The unobligated balance includes both available and unavailable balances.

The unavailable-unapportioned balance is the result of recoveries of prior-year obligations that exceed apportioned amounts. The unavailable - excess offsetting collections balance of $26,004 thousand are HSR fees collected above the yearly congressional authorized amount to collect and spend. The unavailable - temporary reduction of $6,450 thousand consists of $5,418 thousand HSR Premerger and $1,032 thousand National Do Not Call Registry offsetting collections sequestered from FY 2013. The cash position of the Consumer Redress deposit fund has increased by more than $411 million as displayed on the line Non-Budgetary Fund Balance with Treasury.

Fund Balance with Treasury consisted of the following as of September 30, 2020 and 2019:

(Dollars in thousands)		2020		2019
Status of Fund Balance with Treasury:				
Unobligated Balance:				
Available - Apportioned	$	2,742	$	7,455
Unavailable - Unapportioned		2,227		7,572
Unavailable - Excess Offsetting Collections		26,004		26,004
Unavailable - Temporary Reduction		6,450		6,450
Total Unobligated Balance:		37,423		47,481
Obligated Balance Not Yet Disbursed		75,975		74,082
Non-Budgetary Fund Balance with Treasury		677,109		265,747
Total Status of Fund Balance with Treasury	$	790,507	$	387,310

Note 4—Accounts Receivable, Net

The majority of the FTC's accounts receivable are non-entity accounts receivable arising from the settlement or litigation of administrative and federal court cases in connection with the consumer redress program, and from civil monetary penalties imposed for violation of an FTC order and/or antitrust acts. Because of the nature of these receivables, they are frequently not fully collectible and are offset with a significant allowance. The allowance for uncollectible accounts is based on an analysis by a case manager who assesses the debtor's ability and willingness to pay, the defendant's payment history, and the probable recovery amount including the value of assets. These non-entity accounts receivable are included in the financial statements along with offsetting non-entity liabilities. Agency accounts receivable balances for both FY 2020 and FY 2019 do not include any amounts associated with criminal restitution.

Non-entity redress gross accounts receivable is the court ordered judgment amount, usually a calculated amount of ill-gotten gains by the defendant(s). The related allowance for uncollectible accounts is the estimate the FTC will not collect from the defendant(s), which often is a large percentage of the judgment.

Net interest and the related allowance for doubtful accounts balance was recorded as of September 30, 2020. Accumulated unrecognized interest on receivables deemed uncollectible totaled $27,110 thousand and $11,655 thousand as of September 30, 2020, and 2019.

Accounts Receivable, Net consisted of the following as of September 30, 2020:

(Dollars in thousands)	Gross Receivables	Allowance for Uncollectible Accounts	2020 Net
Entity Accounts Receivable:			
Intragovernmental	$ 69	$ -	$ 69
With the Public	23	-	23
Total Entity Accounts Receivable	92	-	92
Non-Entity Accounts Receivable:			
Consumer Redress	2,977,274	(2,349,248)	628,026
Civil Penalties	151	(151)	-
Total Non-Entity Accounts Receivable	2,977,425	(2,349,399)	628,026
Total Accounts Receivable	$ 2,977,517	$ (2,349,399)	$ 628,118

Accounts Receivable, Net consisted of the following as of September 30, 2019:

(Dollars in thousands)	Gross Receivables	Allowance for Uncollectible Accounts	2019 Net
Entity Accounts Receivable:			
Intragovernmental	$ 85	$ -	$ 85
With the Public	9	(2)	7
Total Entity Accounts Receivable	94	(2)	92
Non-Entity Accounts Receivable:			
Consumer Redress	2,556,346	(1,940,040)	616,306
Civil Penalties	1,029	(793)	236
Total Non-Entity Accounts Receivable	2,557,375	(1,940,833)	616,542
Total Accounts Receivable	$ 2,557,469	$ (1,940,835)	$ 616,634

Note 5—General Property Plant, and Equipment, Net

The following represents the FTC's capital assets and accumulated depreciation as of September 30, 2020, and 2019. No asset impairments were recognized in either year. The accumulated depreciation has increased by $3,547 thousand while the current year depreciation and amortization expense is $5,587 thousand, as presented in Note 16 "Reconciliation of Net Operating Cost and Net Budgetary Outlays." Asset disposals account for the difference between the depreciation and amortization expense and the higher accumulated depreciation. Assets disposed of include laptops, software applications, chillers and condensers (leasehold improvements), and a web application delivery controller. Total net book value of assets written off during FY 2020 is $617 thousand. Asset purchases during the last 12 months total $1,755 thousand and include a physical access control system, perpetual software licenses, furniture, and an integrated closed-circuit television system.

Property, Plant, and Equipment, Net consisted of the following as of September 30, 2020:

Asset Class (Dollars in thousands)	Service Life	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	5-20 Years	$ 20,813	$ (19,439)	$ 1,374
Leasehold Improvements	15 Years	46,542	(23,459)	23,083
Software	5 Years	20,709	(19,562)	1,147
Total Property, Plant, and Equipment		$ 88,064	$ (62,460)	$ 25,604

Property, Plant, and Equipment, Net consisted of the following as of September 30, 2019:

Asset Class (Dollars in thousands)	Service Life	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	5-20 Years	$ 21,298	$ (18,249)	$ 3,049
Leasehold Improvements	15 Years	46,301	(20,563)	25,738
Software	5 Years	21,367	(20,101)	1,266
Total Property, Plant, and Equipment		$ 88,966	$ (58,913)	$ 30,053

Note 6—Liabilities Not Covered by Budgetary Resources

The FTC recognizes two categories of liabilities not covered by budgetary resources described below:

Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the Congressional action occurs, when the liabilities are liquidated, Treasury will finance the liquidation in the same way that it finances all other disbursements, which is to use current receipts in the event of a budget surplus or borrow from the public in the event of a budget deficit. These liabilities include unfunded FECA liabilities, accrued annual leave, and contingencies.

Liabilities Not Requiring Budgetary Resources

Liabilities that do not require the use of budgetary resources are covered by monetary assets that are not budgetary resources to the entity (non-entity assets). These include:

Accrued Civil Penalties due to Treasury - offsetting liability to non-entity accounts receivable for civil penalties, net, that upon collection will be payable to the General Fund of the U.S. Government.

Undisbursed Redress Collections - offsetting liability to the non-entity deposit fund balance for consumer redress that is payable to approved claimants.

Accrued Redress due to Claimants - offsetting liability to the non-entity accounts receivable for consumer redress that upon collection will be payable to approved claimants.

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2020:

(Dollars in thousands)	Not Covered by Budgetary Resources	Not Requiring Budgetary Resources	FY 2020 Total
Intragovernmental Liabilities:			
FECA Liability	$ 380	$ -	$ 380
Accrued Civil Penalties and Receipts Due to Treasury	-	-	-
Total Intragovernmental Liabilities	380	-	380
Non-Federal Liabilities:			
Accrued Leave	16,278	-	16,278
Actuarial FECA	2,442	-	2,442
Undisbursed Redress Collections	-	677,109	677,109
Accrued Redress Due to Claimants	-	628,026	628,026
Contingencies	-	-	-
Deposits in Clearing Funds	-	-	-
Total Non-Federal Liabilities	18,720	1,305,135	1,323,855
Total Unfunded Liabilities	19,100	1,305,135	1,324,235
Liabilities Covered by Budgetary Resources			23,434
Total Liabilities			$ 1,347,669

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2019:

(Dollars in thousands)	Not Covered by Budgetary Resources	Not Requiring Budgetary Resources	FY 2019 Total
Intragovernmental Liabilities:			
FECA Liability	$ 449	$ -	$ 449
Accrued Civil Penalties and Receipts Due to Treasury	-	236	236
Total Intragovernmental Liabilities	449	236	685
Non-Federal Liabilities:			
Accrued Leave	12,617	-	12,617
Actuarial FECA	2,548	-	2,548
Undisbursed Redress Collections	-	265,432	265,432
Accrued Redress Due to Claimants	-	616,306	616,306
Contingencies	843	-	843
Deposits in Clearing Funds	-	315	315
Total Non-Federal Liabilities	16,008	882,053	898,061
Total Unfunded Liabilities	16,457	882,289	898,746
Liabilities Covered by Budgetary Resources			21,740
Total Liabilities			$ 920,486

Note 7 – Other Liabilities

As of September 30, 2020, and 2019, components of amounts reported on the Balance Sheet as Other Intragovernmental Liabilities and Other Liabilities along with a categorization of current versus non-current are as follows:

Other Liabilities consisted of the following as of September 30, 2020:

(Dollars in thousands)	2020 Non-Current	2020 Current	2020 Total
Other Intragovernmental Liabilities:			
Accrued Employee Benefits	$ -	$ 2,328	$ 2,328
FECA Liability	380	-	380
Accrued Civil Penalties and Receipts Due to Treasury	-	-	-
Total Other Intragovernmental Liabilities	380	2,328	2,708
Other Non-Federal Liabilities:			
Accrued Payroll and Benefits	-	8,552	8,552
Accrued Leave	16,278	-	16,278
Actuarial FECA	2,442	-	2,442
Contingencies	-	-	-
Deposits in Clearing Funds	-	-	-
Total Other Non-Federal Liabilities	18,720	8,552	27,272
Total Other Liabilities	$ 19,100	$ 10,880	$ 29,980

Other Liabilities consisted of the following as of September 30, 2019:

(Dollars in thousands)	2019 Non-Current	2019 Current	2019 Total
Other Intragovernmental Liabilities:			
Accrued Employee Benefits	$ -	$ 1,710	$ 1,710
FECA Liability	449	-	449
Accrued Civil Penalties and Receipts Due to Treasury	-	236	236
Total Other Intragovernmental Liabilities	449	1,946	2,395
Other Non-Federal Liabilities:			
Accrued Payroll and Benefits	-	6,764	6,764
Accrued Leave	12,617	-	12,617
Actuarial FECA	2,548	-	2,548
Contingencies	843	-	843
Deposits in Clearing Funds	-	315	315
Total Other Non-Federal Liabilities	16,008	7,079	23,087
Total Other Liabilities	$ 16,457	$ 9,025	$ 25,482

Note 8—Leases

Leases of government-owned and commercial-owned property are made through and managed by the GSA. While leases with the GSA are cancellable, the FTC's intention is to stay in the GSA leased space and disclose the amounts that will be paid in the future to the GSA under signed lease agreements. The FTC currently leases spaces from four government-owned properties and seven commercial properties totaling approximately 591 thousand square feet for use as offices, storage, and parking. The FTC's government leases expire on various dates through 2029, while the commercial leases expire at various dates through 2031. In addition, the FTC is committed under short-term operating leases with commercial vendors for parking, warehouse storage, laptops, and software. Total short-term lease obligations are $1,688 thousand as of September 30, 2020. Future minimum lease payments on contracts with remaining terms in excess of one year are presented in the tables below.

Future minimum lease payments due under leases of government-owned property for the fiscal year ended September 30, 2020:

Fiscal Year 2020 (Dollars in thousands)		
2021	$	8,274
2022		8,232
2023		8,084
2024		8,096
2025		8,108
Thereafter		31,434
Total Future Minimum Lease Payments	$	72,228

Future minimum lease payments due under leases of commercial-owned property for the fiscal year ended September 30, 2020:

Fiscal Year 2020 (Dollars in thousands)		
2021	$	15,054
2022		15,779
2023		15,769
2024		7,403
2025		1,905
Thereafter		7,191
Total Future Minimum Lease Payments	$	63,101

Note 9—Commitments and Contingencies

The FTC is subject to potential liabilities in various administrative proceedings, legal actions, and claims brought against the agency. In the opinion of legal counsel and the FTC management, there are no "probable" or "reasonably possible" contingencies as of September 30, 2020 that will require funding through the FTC's budget. Furthermore, there are no pending probable or reasonably possible claims where the probable loss cannot be estimated. Accordingly, no obligations are recorded in the agency's financial statements in relation to contingent liabilities.

Tort claims against federal agencies are administered and resolved by the DOJ with amounts necessary for resolution funded through the U.S. Treasury Judgment Fund. The Judgment Fund was enacted by Congress in 1956 as a permanent, indefinite appropriation for the payment of claims that did not have another funding source. The recognition of claims to be funded through the Judgment Fund represents a claim against the federal government as a whole and should not be interpreted as claims against the assets of an agency. The FTC has no contingent liabilities where the risk of loss is either probable or reasonably possible as of September 30, 2020 that require funding through the U.S. Treasury Judgment Fund.

The following presents the FTC's probable and reasonably possible legal contingencies with an estimated range of loss for FY 2020 and FY 2019. The contingent liability of $843 thousand recognized in FY 2019 was closed out during FY 2020.

Contingent Liabilities as of September 30, 2020:

		Estimated Range of Loss	
(Dollars in Thousands)	Accrued Liabilities	Lower End	Upper End
FY 2020:			
Legal Contingencies:			
Probable	-	-	-
Reasonably Possible	-	-	-

Contingent Liabilities as of September 30, 2019:

		Estimated Range of Loss	
(Dollars in Thousands)	Accrued Liabilities	Lower End	Upper End
FY 2019:			
Legal Contingencies:			
Probable	$ 843	$ 843	$ 1,700
Reasonably Possible	-	-	-

Note 10—Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations

Obligations incurred consisted of the following for the fiscal years ended September 30, 2020 and 2019:

(Dollars in thousands)	2020	2019
Obligations Incurred:		
Category A - Direct Obligations	$ 348,513	$ 330,033
Category B - Reimbursable Obligations	867	969
Total Obligations Incurred	$ 349,380	$ 331,002

Category A – direct obligations represent amounts obligated in carrying out the FTC's normal on-going operations. The source of funding for these obligations is an annual appropriation, offsetting collections, and unobligated funds brought forward from previous years. These funds are made available by the OMB through quarterly (Category A) apportionments.

Category B – reimbursable obligations represent amounts obligated in fulfilling interagency agreements when the FTC is the provider of services. The source of funding for these obligations is reimbursements collected from other federal agencies to cover the FTC's costs in fulfilling the agreement.

The FTC does not have any activity exempt from apportionment or apportioned under Category AB.

Note 11—Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

The Budget of the United States Government (President's Budget) contains budget proposals for the upcoming fiscal year along with forecasted results for the current fiscal year and actual results for the previous fiscal year. The most current version of the President's Budget is the FY 2021 President's Budget, which contains FY 2019 actual results. Detailed information on the FTC is available in the Appendix to the President's Budget under Other Independent Agencies. There are no material differences between amounts reported in the FY 2019 Statement of Budgetary Resources and the FY 2019 actual amounts as reported in the FY 2021 President's Budget; however, the Statement of Budgetary Resources includes Distributed Offsetting Receipts, which are excluded from the President's Budget. The FY 2022 Budget of the United States Government is not available to compare FY 2020 actual amounts to the FY 2020 Statement of Budgetary Resources. The expected availability for this report is February 2021 on the OMB's website.

Note 12—Undelivered Orders at the End of the Period

In addition to future lease commitments discussed in Note 8, the FTC is committed under obligations for goods and services that have been ordered but not yet received.

Undelivered obligations consisted of the following as of September 30, 2020 and		
(Dollars in thousands)	2020	2019
Non-Federal Undelivered Orders Unpaid	$ 47,561	$ 46,393
Federal Undelivered Orders Unpaid	5,574	6,329
Federal Undelivered Orders Paid	153	205
Total Federal Undelivered Orders	5,727	6,534
Total Undelivered Orders	$ 53,288	$ 52,927

Note 13—Custodial Activities

The primary custodial activities of the FTC are:

Premerger Filing Fees

Fees collected for premerger notification filings under the HSR Act are divided evenly between the FTC and the DOJ. The portion of collections designated for the DOJ is reported as a custodial activity. As of September 30, 2020 and 2019, the FTC collected $203,146 and $259,170 thousand in HSR premerger filing fees. One-half of the amounts collected in each year was distributed to the DOJ, as shown on the Statement of Custodial Activity.

Civil Penalties

Civil monetary penalties and antitrust violations collected in connection with the settlement or litigation of the FTC's administrative or Federal court cases are collected by either the FTC or the DOJ as provided by law. In those situations where the FTC collects the penalties, the funds are deposited in a receipt account with the Treasury. Civil penalties collected also include amounts collected for undecided civil penalty cases that are held until final disposition of the cases. All civil penalties collected are transferred to the General Fund of the U.S. Government at the end of the fiscal year. In FY 2020, the FTC collected $4,850 million from Facebook as part of a settlement agreement related to allegations the company violated a 2012 privacy order by deceiving users about their ability to control personal information. The penalty against Facebook is the largest ever imposed on a company for violating consumers' privacy and ranks among the largest penalties ever assessed by the U.S. government for any violation.

Consumer Redress

Collections for consumer redress reported on the Statement of Custodial Activity are limited to those collections that have been disgorged to the Treasury. Net disgorgements to the Treasury were $6,969 thousand as of September 30, 2020 and $1,778 thousand as of September 30, 2019.

Other line items on the Statement of Custodial Activity include:

Accrual Adjustments

Accrual adjustments represent the change in accounts receivable, net of allowances for uncollectible accounts, for civil penalties assessed in court actions.

Amounts Yet To Be Transferred

Amounts yet to be transferred represents the change in the offsetting liability for civil penalties due to Treasury that is established at the time an accounts receivable for civil penalties is recorded.

Note 14—Consumer Redress Activities

The FTC obtains funds for consumer redress in connection with the settlement or litigation of both administrative proceedings and Federal court cases. The FTC holds redress funds in a deposit fund at Treasury until a determination is made on the practicability of redress. The FTC attempts to distribute funds to injured parties whenever possible. If redress is determined to be practicable, funds are either directly disbursed by the FTC to claimants or are transferred to accounts at financial institutions from which redress third party administrators process claims and disburse proceeds to injured parties. Disbursements to claimants and third party administrators totaled $130,301 and $350,058 thousand as of September 30, 2020, and 2019.

In those cases where consumer redress is not practicable, funds are transferred (disgorged) to the Treasury, or on occasion, used for consumer education or another purpose as directed by the final order issued by the court. Major components of the redress program include eligibility determination, claimant notification, and administration of redress to claimants.

Redress fund activities consisted of the following for the fiscal years ended September 30, 2020 and 2019:

(Dollars in thousands)		2020		2019
Consumer Redress:				
Fund Balance with Treasury				
Beginning Balance	$	265,432	$	358,776
Collections		548,947		258,492
Disbursements to Claimants and Third Party Administrators for Redress, Net		(130,301)		(350,058)
Disgorgements to Treasury, Net		(6,969)		(1,778)
Total Fund Balance with Treasury, Ending	$	677,109	$	265,432
Accounts Receivable, Net				
Beginning Balance	$	616,306	$	598,515
Net Activity		11,720		17,791
Total Accounts Receivable, Ending	$	628,026	$	616,306

Note 15 — Inter-Entity Costs

Goods and services may be received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. In accordance with accounting standards, certain costs of the providing federal entity that are not fully reimbursed are recognized as imputed costs in the Statement of Net Cost and are offset by imputed financing sources in the Statement of Changes in Net Position. Such imputed costs and financing sources relate to employee benefits paid by the OPM. No other unreimbursed costs of goods and services are included in the FTC's financial statements as imputed costs and imputed financing sources.

Note 16 — Reconciliation of Net Operating Cost and Net Budgetary Outlays

The reconciliation schedules presented below bridge the gap between the net operating costs presented on the Statement of Net Cost and the net outlays presented on the Statement of Budgetary Resources for the fiscal years ended September 30, 2020, and 2019.

Reconciliation of Net Operating Cost and Net Budgetary Outlays for the fiscal year ended September 30, 2020:

	FY 2020		
(Dollars in Thousands)	**Intragovernmental**	**With the Public**	**Total**
Net Operating Cost (SNC)	$ 93,273	$ 154,052	$ 247,325
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization	-	(5,587)	(5,587)
Losses on Asset Dispositions	-	(617)	(617)
Increase/(Decrease) in Assets	(68)	16	(52)
(Increase)/Decrease in Liabilities	(642)	(3,695)	(4,337)
Imputed Costs	(13,373)	-	(13,373)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(14,083)	(9,883)	(23,966)
Components of Budgetary Outlays Not Part of Net Operating Cost			
Purchases of Assets	17	1,738	1,755
Deposits in Clearing Funds - Pre-Merger Refunds Due	-	315	315
Miscellaneous Receipts	-	(7,003)	(7,003)
Total Components of Budgetary Outlays Not Part of Net Operating Cost	17	(4,950)	(4,933)
Net Outlays (Calculated)	$ 79,207	$ 139,219	$ 218,426
Related Amounts on the Statement of Budgetary Resources (SBR)			
Outlays, Gross			$ 340,159
Actual Offsetting Collections			(115,028)
Outlays, Net (SBR)			$ 225,131
Distributed Offsetting Receipts			(6,705)
Agency Outlays, Net (SBR)			$ 218,426

Reconciliation of Net Operating Cost and Net Budgetary Outlays for the fiscal year ended September 30, 2019:

	FY 2019		
(Dollars in Thousands)	**Intragovernmental**	**With the Public**	**Total**
Net Operating Cost (SNC)	$ 87,014	$ 115,234	$ 202,248
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization	-	(8,435)	(8,435)
Losses on Asset Dispositions	-	(509)	(509)
Increase/(Decrease) in Assets	40	(11)	29
(Increase)/Decrease in Liabilities	(881)	(5,056)	(5,937)
Imputed Costs	(12,375)	-	(12,375)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(13,216)	(14,011)	(27,227)
Components of Budgetary Outlays Not Part of Net Operating Cost			
Purchases of Assets	-	468	468
Deposits in Clearing Funds - Pre-Merger Refunds Due	-	(315)	(315)
Miscellaneous Receipts	-	(1,968)	(1,968)
Total Components of Budgetary Outlays Not Part of Net Operating Cost	-	(1,815)	(1,815)
Net Outlays (Calculated)	$ 73,798	$ 99,408	$ 173,206
Related Amounts on the Statement of Budgetary Resources (SBR)			
Outlays, Gross			$ 318,179
Actual Offsetting Collections			(142,690)
Outlays, Net (SBR)			$ 175,489
Distributed Offsetting Receipts			(2,283)
Agency Outlays, Net (SBR)			$ 173,206