FY 2024

Agency Financial REPORT

FEDERAL TRADE COMMISSION

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Introduction

About This Report

The Federal Trade Commission's (FTC) fiscal year (FY) 2024 Agency Financial Report (AFR) provides financial and high-level performance results and demonstrates to the Congress, the President, and the public the FTC's commitment to its mission and accountability over the resources entrusted to it.

This report, available at the **FTC's website**, satisfies the reporting requirements contained in the following legislation:

- **Federal Managers' Financial Integrity Act of 1982**
- **Prompt Payment Act of 1982**
- **Government Performance and Results Act of 1993**
- **Government Management Reform Act of 1994**
- **Federal Financial Management Improvement Act of 1996**
- **Reports Consolidation Act of 2000**
- **Accountability of Tax Dollars Act of 2002**
- **Government Performance and Results Modernization Act of 2010**
- **Improper Payments Elimination and Recovery Improvement Act of 2012**
- **Digital Accountability and Transparency Act of 2014**
- **Federal Information Security Modernization Act of 2014**
- **Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015**
- **Fraud Reduction and Data Analytics Act of 2015**
- **Payment Integrity Information Act of 2019**

The FTC publishes both an AFR and an Annual Performance Report (APR). The FY 2024 APR will be combined with the FY 2026 Annual Performance Plan (APP) and included in the FY 2026 Congressional Budget Justification. The combined APP and APR will be available at **ftc.gov/about-ftc/budget-strategy/budget-performance-financial-reporting** along with other performance documents.

Certificate of Excellence

The FTC received the **AGA Certificate of Excellence in Accountability Reporting** for its FY 2023 AFR. The FTC was commended for providing a clear and direct "Message from the Chair," a high-quality summary of the agency's financial and mission performance, and noteworthy design with innovative graphics.


AGA™

Certificate of Excellence in Accountability Reporting®

presented to the

Federal Trade Commission

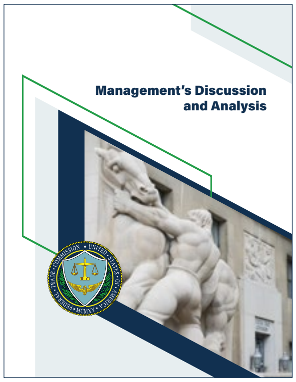
in recognition of outstanding effort in preparing the Agency Financial Report for fiscal year 2023

Andrew Lewis, CGFM, CPA
Chair, CEAR Board

Ann M. Ebberts, MS, PMP
Chief Executive Officer, AGA

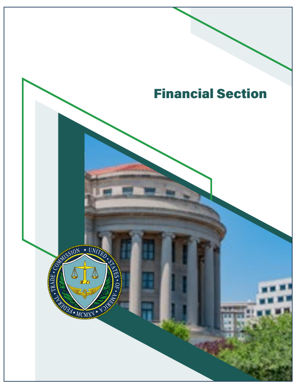
How This Report Is Organized

The FTC Agency Financial Report is organized into the following three major sections, plus supplemental appendices.



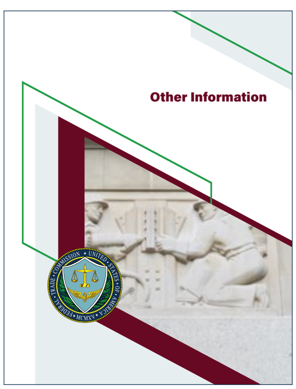
1. Management's Discussion and Analysis

The Management's Discussion and Analysis is required supplementary information that provides an overview of the FTC's financial and summary performance information. This section includes agency mission and organization, performance goals and highlights, management assurances on internal controls, and financial highlights.



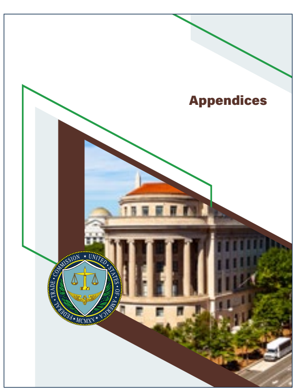
2. Financial Section

This section provides financial details, including the message from the Chief Financial Officer, independent auditor's report, and audited financial statements with accompanying notes.



3. Other Information

This section provides the Office of Inspector General's summary of top management and performance challenges, a summary of the financial statement audit and management assurances, payment integrity information, and a schedule of civil monetary penalties' adjustments for inflation.



4. Appendices

Appendix A lists the acronyms cited throughout this report;
Appendix B provides contact information and acknowledgments.

The FTC At-A-Glance

History

The Federal Trade Commission was created on September 26, 1914, when President Woodrow Wilson signed the Federal Trade Commission Act into law. The original purpose of the FTC was to prevent unfair methods of competition in commerce as part of the battle to "bust the trusts." Over the years, Congress passed additional laws giving the agency greater authority to police anticompetitive practices, and in 1938, Congress passed a broad prohibition against "unfair and deceptive acts or practices." Since then, the FTC has been further directed by Congress to enforce a wide variety of other consumer protection laws and regulations.

Laws Enforced

The FTC is an independent law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The agency administers a wide variety of laws and regulations. Examples include the Federal Trade Commission Act, Clayton Act, Telemarketing Sales Rule, Fair Credit Reporting Act, Identity Theft Act, and Equal Credit Opportunity Act. In total, the commission has enforcement or administrative responsibilities under more than **80 laws**.

Headquarters

The Agency is headquartered in Washington, D.C. and operates in seven regions across the United States. The FTC established its headquarters at 600 Pennsylvania Avenue, NW, with President Franklin D. Roosevelt laying the cornerstone himself. Roosevelt remarked, "May this permanent home of the Federal Trade Commission stand for all time as a symbol of the purpose of the government to insist on a greater application of the golden rule to conduct the corporation and business enterprises in their relationship to the body politic." **Listen to Franklin D. Roosevelt's speech**.

The building, which is particularly known for its two art deco-style statues, called "Man Controlling Trade," is located at the apex of the Federal Triangle, and was the culmination of the massive Depression-era government building project. Commissioners and staff officially moved in on April 21, 1938, and the building continues to function as the FTC's headquarters, serving the agency's adjudicative, executive, policy, and administrative functions.

Message from the Chair

Lina M. Khan, Chair

Congress created the FTC to protect Americans from unlawful business practices and to foster a vibrant economy fueled by fair competition and an empowered, informed public. In fiscal year 2024, the FTC continued prioritizing vigorous enforcement while also finding efficiencies to help us stretch our scarce resources.

On the consumer protection side, the agency continued to fight fraud and deception in the marketplace. Among other outcomes, the FTC's efforts helped to protect privacy and data security for children, consumers, and businesses; hold scammers and fraudsters accountable, particularly as new generative AI tools help to facilitate more sophisticated means of deception; stop businesses from lying to consumers about whether their products were "Made in the USA;" and protect consumers' right to repair their purchases themselves or through an independent repair service. In total, the agency filed 43 complaints in federal district court, obtained 93 permanent injunctions, and returned $267.6 million in redress from defendants to consumers. That amount of redress is especially significant given that the FTC can no longer use Section 13(b) of the FTC Act to obtain monetary redress and disgorgement. This legal authority had previously been the primary tool that the Commission used to return money to consumers.

On the competition side, we have moved to challenge major unlawful deals and anticompetitive conduct in critical sectors of the economy, including healthcare, technology, energy, consumer goods and services, labor, and manufacturing. In total, the FTC brought 21 competition enforcement actions during the year. In seven of those matters, the agency initiated federal court or administrative litigation. In the other 14 matters, the Commission issued consent orders to remedy harm to consumers, or the parties abandoned or restructured their transactions in response to the Commission's investigation.

Financial Management

The FTC takes very seriously its commitment to responsibly steward public resources entrusted to the agency by American taxpayers and Congress. The agency's FY 2024 independent financial audit yielded our 28th consecutive unmodified opinion, the highest audit opinion available. The independent auditors did not identify any material weaknesses or instances of non-compliance with internal controls, financial systems, or laws and regulations. I am pleased to report that management's assessment of risks and review of controls and financial systems disclosed no material weaknesses, and that the financial and performance data presented here is reliable and complete (**see Statement of Assurance, page 30**).

Management and Performance Challenges

The Office of Inspector General (OIG) identified four management and performance challenges this year: (1) addressing challenges to FTC litigation; (2) successfully managing merger transactions; (3) combating sophisticated scams and enhancing the public's awareness of them; and (4) securing information systems and networks from destruction, data loss, compromise, or other disruptions. In addition, the OIG highlighted records management as a "watch list" item that, while not a serious management challenge, still requires attention. Agency management agrees that these are important challenges and concurs with the IG's assessment of our progress in addressing these challenges (**see page 83**).

The Commission is committed to vigorously enforcing the law to protect all Americans and to working with federal and state government partners to deliver on the FTC's mandate.

Lina M. Khan, Chair
November 15, 2024

Management's Discussion and Analysis

Agency and Mission Information

The work of the Federal Trade Commission (FTC) is critical to protecting and strengthening free and open markets and promoting informed consumer choice, both in the United States (U.S.) and around the world. The FTC performs its mission using a variety of tools, including law enforcement, rulemaking, research, studies on marketplace trends and legal developments, and consumer and business education.

Mission

Protecting the public from deceptive or unfair business practices and from unfair methods of competition through law enforcement, advocacy, research, and education.

Vision

A vibrant economy fueled by fair competition and an empowered, informed public.

What We Do

Our work to protect consumers and promote competition touches the economic life of every American. We are the only federal agency that deals with consumer protection and competition issues in broad sectors of the economy.

Every day we:

- Pursue strong and **effective law enforcement** against deceptive, unfair, and anticompetitive business practices;
- Create and share practical, plain-language educational programs for **consumers** and **businesses**;
- Advance consumers' interests by sharing our expertise with federal and state legislatures and U.S. and **international** government agencies;
- Develop **policy** and research tools through **workshops, conferences, and hearings**.

Our Organization

The FTC is headed by a Commission composed of five Commissioners, nominated by the President and confirmed by the Senate, each serving a staggered seven-year term. No more than three Commissioners may be from the same political party. The President designates one Commissioner to act as Chair who is given the responsibility for the administration of the Commission. **Lina M. Khan** was sworn in as Chair on June 15th, 2021. The current Commissioners are **Rebecca Kelly Slaughter**, **Alvaro Bedoya**, **Melissa Holyoak**, and **Andrew N. Ferguson**.

The FTC's mission is carried out by three bureaus:

The **Bureau of Competition** (BC) seeks to prevent anticompetitive mergers and other anticompetitive business practices in the marketplace. By enforcing the antitrust laws, the Bureau promotes competition and protects consumers' freedom to choose goods and services in an open marketplace at a price and quality that fit their needs.

The **Bureau of Consumer Protection**'s (BCP) mandate is to protect consumers against unfair, deceptive or fraudulent practices. The Bureau enforces a variety of consumer protection laws enacted by Congress, as well as trade regulation rules issued by the Commission. Its actions include individual company and industry-wide investigations, administrative and federal court litigation, rulemaking proceedings, and consumer and business education. In addition, the Bureau contributes to the Commission's ongoing efforts to inform Congress and other government entities of the impact that proposed actions could have on consumers.

The **Bureau of Economics** helps the FTC evaluate the economic impact of its actions. To do so, the Bureau provides economic analysis and support to antitrust and consumer protection investigations and rulemakings. It also analyzes the impact of government regulation on competition and consumers and provides Congress, the Executive Branch and the public with economic analysis of market processes as they relate to antitrust, consumer protection, and regulation.

Lina M. Khan
Chair
Sworn in: June 15, 2021

Rebecca Kelly Slaughter
Commissioner
Sworn in: May 2, 2018

Alvaro Bedoya
Commissioner
Sworn in: May 16, 2022

Melissa Holyoak
Commissioner
Sworn in: March 25, 2024

Andrew N. Ferguson
Commissioner
Sworn in: April 2, 2024

The work of the bureaus is aided by several additional offices:

The **Regional Offices** work with the Bureaus of Competition and Consumer Protection to conduct investigations and litigation, provide advice to state and local officials on the competitive implications of proposed actions, recommend cases, provide local outreach services to consumers and businesspersons, and coordinate activities with local, state, and regional authorities.

The **Office of Congressional Relations** works closely with members of Congress and their staffs. The office informs Commissioners and FTC staff of Capitol Hill issues and policies, and helps provide information on legislation of interest to the Commission. It also coordinates the preparation of both Congressional testimony and responses to Congressional inquiries concerning FTC policies and programs.

The **Office of Public Affairs** mission is to reach, inform, educate, and engage consumers and businesses through media and digital technologies and in collaboration with our internal partners to advance consumer protection and competition. The office is the primary point of contact for all news media inquiries.

The **Office of the Chief Privacy Officer** manages the FTC's internal privacy program and is responsible for ensuring that the Commission complies with all applicable privacy laws and guidance. The Office of the Chief Privacy Officer identifies the privacy risks, controls, and mitigating solutions when making decisions involving the collection, use, sharing, retention, disclosure and destruction of personally identifiable information. It is also responsible for investigating and mitigating privacy incidents, supporting the FTC mission with an evolving privacy program, and promoting a culture of privacy among FTC staff, contractors, and third parties.

The **Office of Policy Planning** assists the Commission to develop and implement long-range competition and consumer protection policy initiatives and advises staff on cases raising new or complex policy and legal issues. One of the Office of Policy Planning's primary roles involves advocacy, submitting filings supporting competition and consumer protection principles to state legislatures, regulatory boards, and officials; state and federal courts; other federal agencies; and professional organizations. The Office also organizes public workshops and issues reports on cutting-edge competition and consumer protection topics, addressing questions of substantive antitrust law, industry-specific practices, and significant national and international policy debates.

The **Office of International Affairs** leads and coordinates the FTC's work in international antitrust, consumer protection, and technical assistance projects. The FTC works with competition and consumer protection agencies around the world to promote cooperation and convergence toward best practices.

The **Office of the Secretary** oversees prompt processing of all matters presented to the Commission, supports the Commission decision-making process, and ensures it operates efficiently. The office also responds to most Congressional and White House correspondence raising constituent issues.

The **Office of Technology** assists the Commission by strengthening and supporting law enforcement investigations and actions, advising and engaging with FTC staff and the Commission on policy and research initiatives, and engaging with the public and relevant experts to understand trends and to advance the Commission's work.

The **Office of the General Counsel** is the Commission's chief legal officer and adviser. The office represents the Commission in court and provides legal counsel to the Commission, the three bureaus, and other offices.

The **Office of the Executive Director** is responsible for the administration and management of the Commission through four organizations, which manage the Commission's human capital, information technology, financial management, and administrative services.

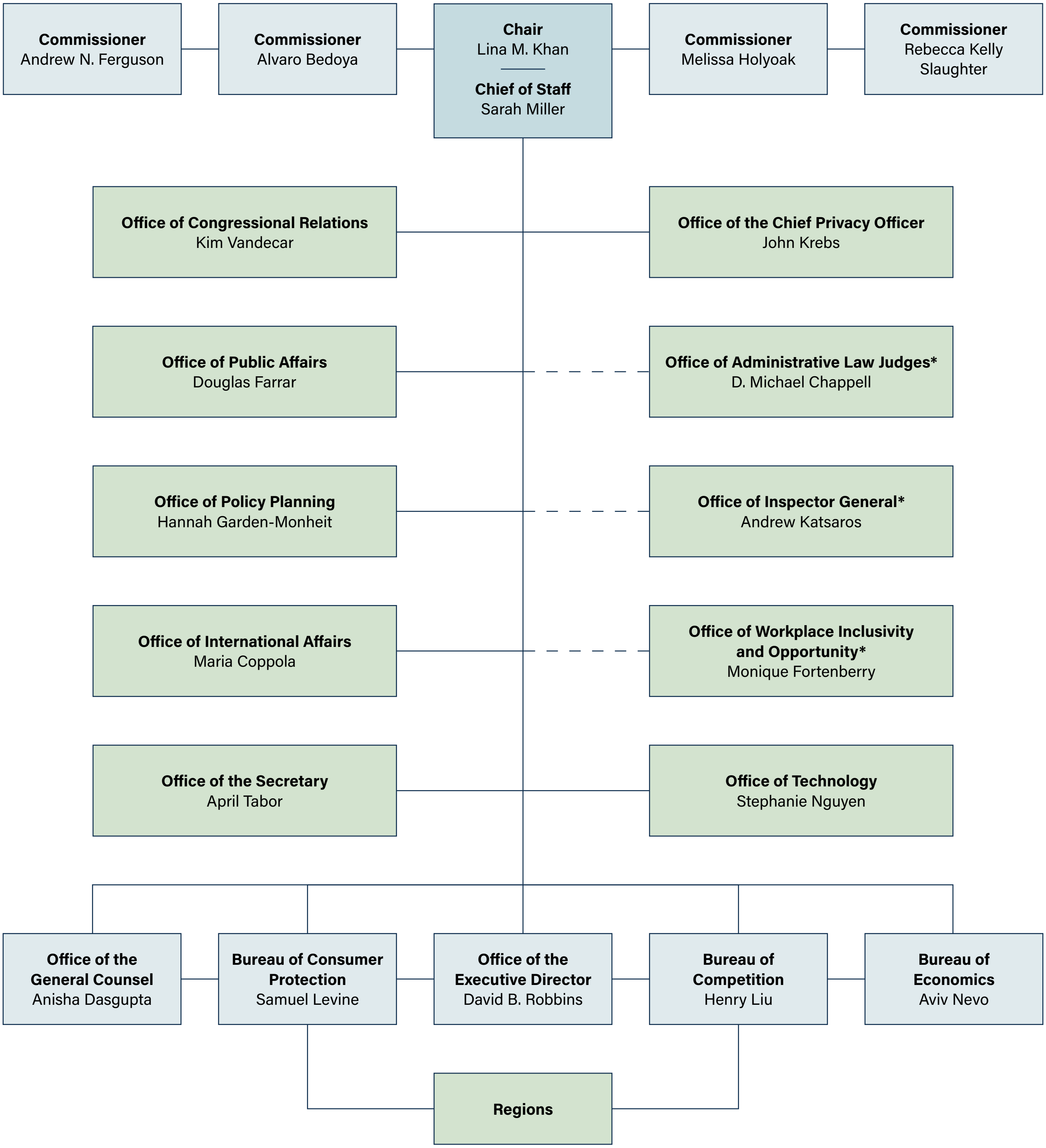
The **Office of Administrative Law Judges** performs the initial adjudicative fact-finding in Commission administrative complaint proceedings, guided by the FTC Act, the Administrative Procedure Act, relevant case law interpreting these statutes, and the FTC's Rules of Practice. Administrative Law Judges are independent decision makers, appointed under the authority of the Office of Personnel Management.

The **Office of Inspector General** is an independent and objective organization within the FTC, established in compliance with the Inspector General Act Amendments of 1988. Under the Inspector General Act, the office conducts audits and investigations relating to the programs and operations of the FTC.

The **Office of Workplace Inclusivity and Opportunity** ensures that the FTC maintains a work environment that is free from all forms of illegal discrimination, including reprisal and harassment, and processes complaints of discrimination.

For more information about the agency's components, visit the FTC's Bureaus and Offices **webpage**.

Federal Trade Commission Organization Chart



*An independent organization within the FTC.

Regional Offices

Since 1918, regional offices have played an integral role in fulfilling the FTC's consumer protection and competition missions. Currently, eight regional offices covering seven geographic regions conduct investigations and litigation; provide local outreach to consumers and industry; and build partnerships with local, state, regional, and cross-border law enforcement authorities.

The agency is headquartered in Washington, D.C., and operates with seven regions across the U.S., with two offices located in the Western Region. The graphic below illustrates the locations of the FTC regions.

Performance Highlights

The FTC has chosen to produce an AFR and a separate Annual Performance Report (APR) for FY 2024. The APR will be included as part of the FTC's Congressional Budget Justification and will also be **available on the FTC's website**.

This section explains the FTC's strategic and performance planning framework and summarizes the key performance goals. The performance results described in this report enable the FTC to administer its programs, gauge their success, and make adjustments necessary to improve program quality for the public.

Strategic and Performance Planning Framework

The FTC's Annual Performance Report is structured around three strategic goals and supporting objectives as established in the **FTC Strategic Plan FY 2022–2026**. The FTC's strategic goals, objectives, strategies, and performance metrics articulate what the agency intends to accomplish to meet its mission, demonstrate the highest standards of stewardship, and improve the management functions vital to core mission success.

The following table shows the FTC's net costs for its strategic goals.

Strategic Goals	Objectives
Goal 1: Protect the public from unfair or deceptive acts or practices in the marketplace. **Net Costs: $223M** $239 million in costs - $16 million in revenue $223 million	1.1 Identify, investigate, take actions against, and deter unfair or deceptive acts or practices that harm the public.
	1.2 Connect with individuals, communities, and businesses to provide practical knowledge, guidance, and tools, and to learn about key challenges and opportunities for future FTC engagement.
	1.3 Collaborate with domestic and international partners to enhance consumer protection.
	1.4 Support equity for historically underserved communities through the FTC's consumer protection mission.
Goal 2: Protect the public from unfair methods of competition in the marketplace and promote fair competition. **Net Costs: ($7M)** $239 million in costs - $246 million in revenue ($7 million)	2.1 Identify, investigate, and take actions against anticompetitive mergers and business practices.
	2.2 Engage in research, advocacy, and outreach to promote public awareness and understanding of fair competition and its benefits.
	2.3 Collaborate with domestic and international partners to check unfair methods of competition.
	2.4 Support equity for historically underserved communities through the FTC's competition mission.

Strategic Goals	Objectives
Goal 3: Advance the FTC's effectiveness and performance. Goal 3's costs are distributed to Goal 1 and Goal 2 predominately by Goal 1 and Goal 2's FTE usage, except for those non-pay costs that are clearly attributable to a specific goal.	3.1 Optimize resource management, space, and administrative programs. 3.2 Cultivate a high-performing, diverse, inclusive, and engaged workforce. 3.3 Optimize information management.

Note: Net Costs represent the resources used to achieve strategic goals and signify the relative efficiency and cost-effectiveness of agency program/operations. The FTC does not divide net costs by objective.

Performance Measurement Reporting Process

Bureau and Office representatives serve as Performance Measure Reporting Officials (PMROs), who act as data stewards for each of the agency's publicly-reported performance metrics. The PMROs report performance data to the Performance Improvement Officer (PIO) on a quarterly or annual basis via an internal data reporting tool. The Financial Management Office (FMO) also leads periodic performance metric reviews in coordination with budget execution reviews. Quarterly reports are sent to senior managers throughout the agency, allowing for adjustments to agency strategies based on interim results.

Verification and Validation of Performance Data

The following outlines how the agency ensures the performance information it reports is complete, reliable, and accurate:

- The FTC has adopted a central internal repository for performance data entry, reporting, and review. The electronic data reporting tool reduces human error, increases transparency, and facilitates review of the agency's performance information.
- Each PMRO is responsible for updating the **Data Quality Appendix (DQA)** at least once per year. The DQA serves as a process document, details data sources, and collection methods for performance information, as well as how metrics are calculated.
- PMROs must provide all supporting documentation for their performance results when reporting. This allows FMO Performance Staff to "dig beneath the surface" and see the data underlying the metrics.

Performance Goals Overview

In the **Strategic Plan FY 2022–2026**, the FTC has established 43 performance metrics for assessing program performance against agency strategic goals and objectives. This report documents the performance of seven of those metrics, which may be considered key performance metrics because they best indicate whether agency activities are achieving the desired outcome associated with the related objective.

The following tables summarize actual performance during FY 2024 against established targets for the FTC's seven key performance metrics. The tables also include results from the prior four fiscal years as well as a description of how performance results are calculated for that performance goal. The FTC met or exceeded FY 2024 targets on all seven key performance metrics.

Legend for Upcoming Tables

✓ Signifies that the target was met or exceeded

✕ Signifies that the target was not met

Strategic Goal 1: Protect the public from unfair or deceptive acts or practices in the marketplace.

The FTC uses a multi-pronged interdisciplinary approach to protect the public from unfair and deceptive practices in the marketplace. The FTC conducts investigations, sues companies and people that violate the law, develops rules to protect the public, and educates consumers and businesses about their rights and responsibilities. The agency also collects reports about a host of consumer issues, including fraud, identity theft, financial matters, and Do Not Call violations. The FTC makes these reports available to law enforcement agencies worldwide.

Metric 1.1.1: Amount of money returned to the public or forwarded to the U.S. Treasury resulting from FTC enforcement actions.

Description: This metric tracks the FTC's effectiveness in returning money to consumers who were defrauded and forwarding money to the U.S. Treasury (e.g., if sending money to individuals is impracticable, or if funds were paid as a civil penalty). The FTC targets law enforcement efforts on violations that cause the greatest amount of consumer harm. The amount of money returned to consumers or forwarded to the U.S. Treasury is a useful indicator that the FTC is targeting the right defendants.[1]

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2024 Target	FY 2024 Status
$5.65 billion	$562.1 million	$639.8 million	$623.6 million	$286.0 million	$65 million	✓

Note on FY 2023 Result: The amount reported for FY 2023 Actual has been corrected to $623.6 million from $342.1 in the FY23 AFR, and from $616.8 million in the FY23 APR. The civil penalty amount for the Epic case was incorrectly listed as $275 thousand instead of $275 million. Correcting this error adjusted our results from $342.1 million to $616.8 million, which was the result published in March 2024 in the FTC's Annual Performance Report. In July 2024, an outside party reported redress they had completed during FY23. This additional $6.8 million in redress has been added to the FY23 result as well.

Note on Trends: The amount of money returned to the public and the U.S. Treasury has declined in recent years in part due to the Supreme Court's 2021 decision in *AMG Capital Management v. FTC*, which held that the FTC does not have the ability to obtain monetary relief pursuant to Section 13(b) of the FTC Act. For further discussion, see the OIG's first management challenge on **page 83**.

Protecting Consumers Against Sham Health Insurance Plans

The FTC **obtained a $195 million judgment against Simple Health Plans LLC** and its CEO over charges that they tricked consumers into signing up for sham health care plans. As the FTC's complaint notes, these health plans did not deliver the coverage or benefits they promised, and effectively left consumers uninsured and exposed to limitless medical expenses. The order banned Simple Health, five related entities, and the CEO from telemarketing and from marketing, promoting, selling, or offering any healthcare products.

1 **Calculation/Formula:** Sum of refund payments issued by the FTC and cashed by consumers, plus the amount of redress payments issued to consumers by defendants and third parties, plus the amount of money paid to the FTC by defendants and forwarded to the U.S. Treasury, either because sending refunds was not feasible or because the money was paid as a civil penalty.

Protecting Consumers in Rental Housing Markets

The FTC **took action against Invitation Homes**, the country's largest landlord of single-family homes, for an array of unlawful practices, including deceiving renters about rental prices; saddling renters with junk fees; deceptively and unfairly withholding tenants' security deposits; and unfairly initiating eviction proceedings—even during the pandemic, when an eviction moratorium was in place. Invitation Homes has agreed to a proposed settlement order, and a federal court has entered the order and judgment requiring the company to turn over $48 million to refund harmed consumers. The corporate landlord will also be required to clearly disclose its leasing prices, establish policies and procedures to handle security deposit refunds fairly, and stop other unlawful behavior.

Protecting Small Businesses

As the result of an FTC lawsuit, **a federal court entered a judgment requiring merchant cash advance operator Jonathan Braun to pay $20.3 million** in monetary relief and civil penalties. This is the first trial by jury that the FTC has ever conducted. The judgment follows a January 2024 trial in which a jury found that Braun, in his role with small-business funding company RCG Advances—which formerly did business as Richmond Capital Group—knowingly deceived small businesses about the amount of funding that the defendants would provide to and collect from them. The court entered a judgment of $3.4 million to redress the harm that Braun's misconduct caused to small businesses. In addition, noting the utter disregard and contempt that Braun showed to consumers—including spewing vile threats and profanities to small business owners—the court imposed over $16.9 million in civil penalties for Braun's law violations.

Combating Government and Business Impersonation Scams

The FTC **finalized its rule prohibiting scammers from impersonating businesses or government agencies**, which are on the rise and cost consumers more than a billion dollars last year. In its first case under the Impersonation Rule, the FTC **took action against Panda Benefit Services, LLC**, a student loan debt relief scheme, for bilking more than $20.3 million from consumers by pretending to be affiliated with the Department of Education. The FTC charged that the company and its operators also falsely claimed that they would take over consumers' student loans to provide loan forgiveness that did not exist.

Metric 1.1.2: Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement.

Description: This metric tracks the return on investment of the FTC's consumer protection law enforcement spending. We compare how much money the FTC saves consumers each year through law enforcement to the amount the FTC spends on consumer protection law enforcement. Consumer savings are comprised of: (a) the amount of money returned to consumers; and (b) an estimate of the amount of harm that would have occurred but for the FTC's law enforcement action. To calculate this latter figure, the FTC assumes that the unlawful conduct would have continued for one year but for our action. The FTC also assumes that the amount of harm that would have occurred in that year is the same as what consumers lost in the past.[2]

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2024 Target	FY 2024 Status
$12.70 in consumer savings per $1 spent	$12.90 in consumer savings per $1 spent	$9.40 in consumer savings per $1 spent	$7.10 in consumer savings per $1 spent	$6.40 in consumer savings per $1 spent	$5.00 in consumer savings per $1 spent	✓

Note on Trends: The amount of consumer savings has declined in recent years in part due to the Supreme Court's 2021 decision in *AMG Capital Management v. FTC*, which held that the FTC does not have the ability to obtain monetary relief pursuant to Section 13(b) of the FTC Act. For further discussion, see the OIG's first management challenge on **page 83**.

Combating Fake Online Reviews

The FTC **finalized its rule to combat fake online reviews and testimonials**. The rule prohibits businesses from a number of practices, including writing or selling fake reviews and testimonials, buying positive reviews, and suppressing negative reviews. The rule will allow the agency to strengthen enforcement, seek civil penalties against violators, and deter AI-generated fake reviews.

2 **Calculation/Formula:** (Amount of money returned to consumers + the sum of the estimated consumer savings generated by law enforcement actions) / Annual expenditures on consumer protection law enforcement. The amount of money returned to consumers is the sum of refund checks cashed by consumers as the result of FTC consumer protection enforcement actions plus the amount of redress distributed to consumers without FTC contractors (if refund check cashed information is not available).

The sum of the estimated consumer savings generated by law enforcement actions is the estimate of harm that would have occurred but for the FTC's law enforcement action. The FTC assumes that the unlawful conduct would have continued for one year but for our action and the amount of harm that would have occurred in that year is the same as what consumers lost in the past. This amount is estimated by BCP case managers by estimating the consumer loss due to fraudulent, deceptive, or unfair practices in the 12 months prior to the FTC's first contact with the defendants or by dividing the estimated total economic injury by the amount of time the defendants' business operated to derive an annualized estimate of consumer savings. The metric also includes instances wherein, as a result of FTC law enforcement action directed specifically at a business, that business stops its allegedly unfair or deceptive practices.

The annual expenditures on consumer protection law enforcement are the FTC budget dollars spent on consumer protection law enforcement. Dollars spent on the Consumer and Business Education and Economics and Consumer Policy work are excluded from this calculation.

Combating "Made in USA" Fraud

Home products company **Williams-Sonoma agreed to pay a record civil penalty of $3.17 million** for violating a 2020 FTC order requiring the retailer to tell the truth about whether the products it sells are made in the United States. On behalf of the FTC, DOJ filed a complaint against Williams-Sonoma for listing multiple products as being "Made in USA," when in fact they were made in China and other countries. In addition to the civil penalty, the federal court settlement also requires Williams-Sonoma to submit annual compliance certifications and imposes several requirements on the claims the company makes, reinforcing provisions of the 2020 FTC order.

Protecting Consumers' Sensitive Browsing Data

The FTC finalized an order **banning software provider Avast Limited from selling, disclosing, or licensing any web browsing data** for advertising purposes. The company also must pay $16.5 million, which is expected to be used to provide redress to consumers. The FTC alleged that Avast unfairly collected consumers' browsing information, stored it indefinitely, and sold it without adequate notice or consumer consent. The FTC also charged that Avast deceived users by claiming that the software would protect consumers' privacy by blocking third party tracking, but failed to adequately inform consumers that it would sell their detailed, re-identifiable browsing data.

Protecting Kids' Privacy Online

Following the FTC's investigation, the Department of Justice **sued video-sharing platform TikTok**, its parent company ByteDance, as well as its affiliated companies, for flagrantly violating the Children's Online Privacy Protection Act (COPPA). The complaint notes that ByteDance and its related companies were aware of the need to comply with the COPPA Rule and the 2019 consent order, and knew about TikTok's compliance failures that put children's data and privacy at risk. According to the complaint, instead of complying, ByteDance and TikTok spent years knowingly allowing millions of children under 13 on their platform in violation of COPPA.

Metric 1.2.1: Rate of consumer satisfaction with FTC consumer education websites. (a) Mobile; (b) Desktop

Description: Consumer and business education serves as an important and vital resource in fighting against deceptive or unfair practices. Well-informed consumers are better able to recognize and report fraud, and well-informed business owners know where the FTC draws the line. This metric gauges the effectiveness, helpfulness, and usability of the FTC's consumer education website and includes the customer satisfaction scores for **consumer.ftc.gov**.[3]

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2024 Target	FY 2024 Status
(a) N/A (b) 76.2	(a) N/A (b) 72.9	(a) 73.5 (b) 73.4	(a) 73.4 (b) 74.9	(a) 69.6 (b) 74.2	Average satisfaction rate = (a) 65 (b) 65	✓

Facilitating Multi-Language Reporting and Information Access

As part of its ongoing efforts to combat scammers and protect consumers in every community, the FTC is now **providing people in the United States the ability to report fraud, scams, identity theft, and deceptive practices in multiple languages** in addition to English and Spanish. These enhancements allow people to file reports with the FTC in their preferred language. Among the new languages available are Mandarin, Tagalog, Vietnamese, French, Arabic, Russian, Korean, Portuguese, and Polish. Consumers speaking English and Spanish can also continue to file reports directly online. The FTC also offers guidance online and in print to consumers and businesses in additional languages. This includes advice on how to spot, avoid, and report scams, as well as guidance on what to do if you paid a scammer.

3 **Calculation/Formula:** When visiting **consumer.ftc.gov** consumers are given the option to complete a short survey to provide feedback on the following aspects of the site: information browsing, look and feel, navigation, site information, and site performance. The formula for the overall satisfaction score is proprietary to the vendor.

Strategic Goal 2: Protect the public from unfair methods of competition in the marketplace and promote fair competition.

The FTC's efforts to prevent and police unfair methods of competition focus on preventing anticompetitive mergers and business practices through enforcement. The FTC also engages in policy research and development, advocacy, and education to deter anticompetitive practices and encourage federal, state, and local governments to evaluate the effects of their policies on fair competition. The FTC advances these goals internationally by fostering enforcement and policy convergence and through case cooperation with counterpart foreign enforcement authorities. This work is critical to protect and strengthen free and open markets—the cornerstone of a vibrant economy.

Metric 2.1.1: Total consumer savings and other measurable benefits generated by antitrust enforcement.

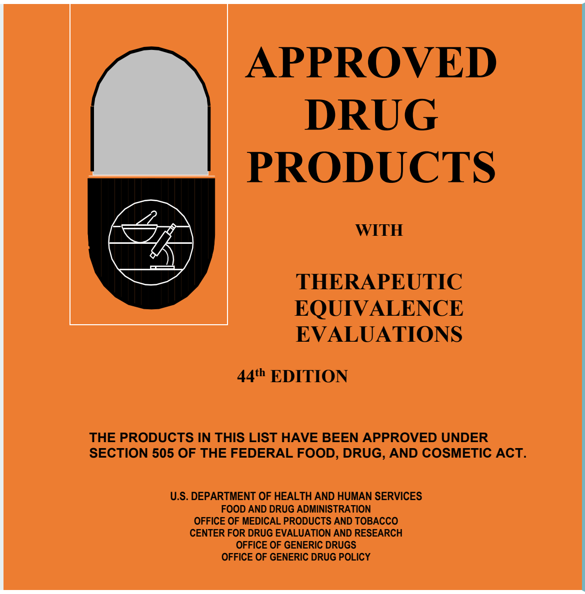
Description: This metric reports the estimated amount of money that the Commission saved consumers by taking action against potentially anticompetitive mergers and business conduct. The number reported is a five-year "rolling average" (average of the current year and four prior year totals).[4]

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2024 Target	FY 2024 Status
$2.22 billion	$2.38 billion	$2.28 billion	$2.39 billion	$4.36 billion	$2.40 billion	✓

Note on past results: During review of the FTC's performance results, several errors were found in the data reported for individual cases from past years. Correcting those errors has changed the results previously reported for FY20, FY21, FY22, and FY23. While there were not errors in each of those years, because we use a rolling average on this metric, individual errors affect multiple years of results.

Challenging Improper Medical Patents

The FTC **challenged more than 100 improperly listed patents** held by manufacturers of brand-name asthma inhalers, epinephrine autoinjectors, and other drug products. According to the **FTC's policy statement**, improperly listed patents can disincentivize investments in developing generic drugs, which risks delaying or thwarting generic alternatives. Delays in generic competition, even if brief, can reduce patient access to more affordable alternatives and increase costs across the entire healthcare system. Since the FTC challenged these patent listings, several manufacturers have delisted their patents and opened up the market for generics to enter and offer cheaper medicines. In addition, three of the four top asthma inhaler companies announced they are slashing costs of inhalers from hundreds of dollars down to $35.



4 **Calculation/Formula:** When available, staff uses case-specific data to generate the estimate of consumer savings and other measurable benefits. Otherwise, staff uses a formula of three percent of the volume of commerce in the relevant geographic/product market(s) for two years. In order to create a balanced performance profile, performance is reported as a "rolling average" over five years, compensating for highly variable results in any individual year due to the influence of a few significant cases or the level of merger and nonmerger activity in that year.

Metric 2.1.2: Total consumer savings and other measurable benefits generated by antitrust enforcement compared to resources spent.

Description: This metric tracks the return on investment of the FTC's competition law enforcement spending. We compare the estimated consumer savings and other measurable benefits that the Commission saved consumers by acting against potentially anticompetitive mergers and business conduct to the amount spent on the merger and nonmerger programs. The amount reported is a five-year "rolling average" (average of the current year and four prior year totals).[5]

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2024 Target	FY 2024 Status
$28.50 in consumer savings per $1 spent	$29.70 in consumer savings per $1 spent	$27.40 in consumer savings per $1 spent	$25.90 in consumer savings per $1 spent	$41.50 in consumer savings per $1 spent	$25.00 in consumer savings per $1 spent	✓

Note on past results: During review of the FTC's performance results, several errors were found in the data reported for individual cases from past years. Correcting those errors has changed the results previously reported for FY20, FY21, FY22, and FY23. While there were not errors in each of those years, because we use a rolling average on this metric, individual errors affect multiple years of results.

Protecting Competitive Markets for Consumer Goods

The FTC issued an administrative complaint and authorized a lawsuit in federal court **to block Tapestry's $8.5 billion proposed acquisition of Capri**. The companies compete on everything from clothing to eyewear to shoes. The proposed transaction would combine three ubiquitous brands—Tapestry's Coach and Kate Spade, and Capri's Michael Kors—and give Tapestry a dominant share of the "accessible luxury" handbag market, a term coined by Tapestry to refer to handbags made with quality leather and craftsmanship and sold at affordable prices. The complaint alleges that millions of American customers would lose the benefit of Tapestry and Capri's head-to-head competition on price, discounts and promotions, innovation, design, and marketing, as well as harming employee wages and workplace benefits. This deal is the latest in a list of serial acquisitions by Tapestry, which the complaint alleges will further entrench Tapestry's stronghold and make it harder for new brands to enter and meaningfully compete. This matter is ongoing.

5 **Calculation/Formula:** Estimated consumer savings generated under Metric 2.1.2 are divided by the amount of resources spent on merger and nonmerger law enforcement. When available, staff uses case-specific data to generate the estimate of consumer savings and other measurable benefits. Otherwise, staff uses a formula of three percent of the volume of commerce of the relevant product market(s) for two years. In order to create a balanced performance profile, performance is reported as a "rolling average" over five years, compensating for highly variable results in any individual year due to the influence of a few significant cases or the level of merger and nonmerger activity in that year.

Promoting Fair Competition in Grocery Markets

In partnership with a bipartisan coalition of nine attorneys general, the FTC **sued to block the largest proposed supermarket merger in U.S. history**, Kroger's $24.6 billion acquisition of Albertsons. The Commission's complaint charges that the proposed deal would eliminate fierce competition between Kroger and Albertsons, leading to higher prices for groceries and other essential household items for millions of Americans who have already seen the cost of groceries rise steadily over the past few years.

The FTC also alleges that the deal would diminish the firms' incentives to compete on quality and for union grocery labor. On the quality front, direct competition between the chains encourages firms to offer fresher produce, better overall offerings, and more flexible hours. On the labor front, Kroger and Albertsons are the two largest employers of unionized grocery workers in the United States. The combined firm would reduce union bargaining power, leading to subpar employment terms for grocery workers, slower wage growth, and worse working conditions. The Commission issued an administrative complaint and authorized staff to seek a temporary restraining order and a preliminary injunction in federal court. This matter is ongoing.

Promoting Fair Competition in Pharmaceutical Markets

The FTC issued an administrative complaint and filed a complaint in federal court **challenging Sanofi's proposed acquisition of an exclusive license to Maze Therapeutics'** treatment for Pompe disease, a debilitating and potentially fatal genetic disorder. According to the FTC's complaint, Sanofi singled out Maze's drug as a significant threat to its lucrative Pompe monopoly shortly after Maze publicly revealed its development plans in 2021. Maze's drug threatens to not only capture substantial market share from Sanofi, but also potentially replace Sanofi's treatments as the standard of care for Pompe disease altogether. The complaint alleges that the proposed acquisition would both extend Sanofi's monopoly power over Pompe disease treatments, reduce innovation, and deprive patients of lower drug prices. In the face of the Commission's challenge, Sanofi terminated its proposed acquisition and the Commission dismissed its federal court and administrative challenges.

The FTC **issued an administrative complaint against the three largest prescription drug benefit managers** (PBMs)—Caremark Rx, Express Scripts (ESI), and OptumRx—and their affiliated group purchasing organizations (GPOs) for engaging in anticompetitive and unfair rebating practices. The FTC alleges that the three PBMs created a perverse drug rebate system that prioritizes high rebates from drug manufacturers, leading to artificially inflated insulin list prices. The complaint charges that even when lower list price insulins became available that could have been more affordable for vulnerable patients, the PBMs systemically excluded them in favor of high list price, highly rebated insulin products. This matter is ongoing.

Metric 2.2.2: Number of cases for which Bureau of Economics (BE) economists prepared to testify as expert witnesses in FTC antitrust enforcement actions.

This metric is the number of cases for which BE economists (including economists, financial analysts, research analysts, statisticians, and other BE staff) prepared to testify as expert witnesses in FTC antitrust enforcement actions. This number is a measure of BE expertise developed through economic research related to competition analysis and represents not only the expertise of the testifying expert, but also the expertise of the BE economists and other staff that are supporting that expert.[6]

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2024 Target	FY 2024 Status
N/A	N/A	5	5	5	3	✓

Challenging Harmful Vertical Integration

The FTC issued an administrative complaint and authorized a lawsuit in federal court **to block Tempur Sealy's proposed $4 billion acquisition of Mattress Firm**. The complaint alleged that Tempur Sealy, the world's largest mattress supplier and manufacturer, would have the ability and incentive to suppress competition and raise prices for mattresses for millions of consumers once it acquired Mattress Firm, the nation's largest mattress retailer. Deal documents uncovered during the Commission's investigation show that Tempur Sealy planned to limit rivals' access to Mattress Firm's nationwide network of stores, impairing rivals' ability to compete and potentially leading competing suppliers to reduce output, close factories, and lay off workers. This matter is ongoing.

Promoting Fair Competition in Hospital Markets

The FTC issued an administrative complaint and filed a complaint in federal court **to block Novant Health's $320 million acquisition** of two North Carolina hospitals from Community Health Systems. According to the complaint, the proposed deal would have given Novant a 65 percent controlling share of the market for general acute care services in the geographic area. The FTC alleges the proposed acquisition would likely increase annual healthcare costs by several million dollars. These higher costs would then be passed on to patients. The deal would also reduce Novant's incentive to compete to attract patients by improving its facilities, service offerings, and quality of care. The parties abandoned their transaction in July.

6 **Calculation/Formula:** This metric is a count of the number of cases during the fiscal year for which a BE economist prepared to be a testifying expert for an antitrust enforcement action. The term "BE economist" refers to all BE staff members, including economists, financial analysts, research analysts, and statisticians.

Strategic Goal 3: Advance the FTC's effectiveness and performance.

The FTC believes that advancing organizational effectiveness and performance at all levels creates a strong foundation for overall mission success. The agency's work in Strategic Goal 3 highlights ongoing efforts to improve the management of agency staffing, finances, information, and physical assets, to create a more efficient and more agile agency.

Metric 3.2.1: Annual score on the FEVS Employee Engagement Index

Description: This metric tracks the Employee Engagement Index of the Federal Employee Viewpoint Survey (FEVS), an annual survey of federal employees conducted by the Office of Personnel Management. The index gauges the extent to which employees believe that management listens and provides meaningful support and feedback in various areas that assist staff in supporting the overall mission of the agency. The index is based on FEVS questions that assess three sub-factors: perceptions of agency leadership, relationships between workers and supervisors, and feelings of motivation and competency.[7]

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2024 Target	FY 2024 Status
87%	74%	74%	79%	80%	Government-wide Average = 73%	✓

Addressing Noncompete Clauses

The FTC **issued a final rule to ban noncompete clauses** nationwide—protecting workers' fundamental freedom to change jobs, increasing innovation, and fostering new business formation. The final rule is expected to increase the average worker's wages by an additional $524 per year, and it is expected to lower healthcare costs by up to $194 billion over the next decade. The FTC also estimates that the rule will create more than 8,500 new businesses annually and up to 29,000 more patents each year for the next 10 years. On August 20, a district court issued an order stopping the FTC from enforcing the rule on September 4, 2024. The FTC has appealed that decision.

Banning noncompetes:

Good for workers, businesses, and the economy

The FTC estimates that banning noncompetes will mean

- **More innovation:** an average of 17,000-29,000 more patents each year
- **More startups:** a 2.7% increase in new firm formation - that's 8,500+ new businesses per year
- **Higher earnings:** typical workers earn $524 more per year

Who's affected?

An estimated **18%** of U.S. workers are covered by noncompetes.

That's 30 million people.

7 **Calculation/Formula:** The FEVS Employee Engagement Index measures conditions important to supporting employee engagement through responses to 20 questions across the three sub factors. The Office of Personnel Management, which manages the FEVS, calculates an agency Index score based on responses to these 20 questions.

Management Assurances

Implementation of the Federal Managers' Financial Integrity Act (FMFIA)

The FTC's Enterprise Risk Management (ERM) and internal controls are vital to managing operations and achieving strategic goals. Integrated into all agency systems, senior management ensures controls are documented, assessed, and improved to support effective risk management, quality data, accurate reporting, and compliance with applicable laws and regulations.

The FTC's Senior Management Council (SMC) provides oversight to the Senior Assessment Team (SAT) activities and is instrumental in the strategic direction and mitigation strategies for the Agency's most significant risks. The SAT plans and executes the Agency's enterprise risk and internal control program activities to include fraud reduction initiatives. This includes assessing and improving compliance with applicable guidance (e.g., Office of Management and Budget Circular A-123, Management Responsibilities for Enterprise Risk Management and Internal Control), monitoring and remediation of identified risk, and communicating the results of reviews to senior management and the head of the agency.

SAT activities in FY 2024 included planning annual internal controls assessments; identifying key processes and control activities; documenting the scope, design, and methodology of risk and internal control assessments; testing controls; and monitoring corrective actions. Additionally, ERM updated the agency risk profile, including fraud and other mission-related risks. This profile lists risks related to combating sophisticated scams and enhancing public awareness, challenges to FTC litigation, the complex and unpredictable nature of market competition investigations requiring expert witnesses, budget constraint impact on technology initiatives for detecting system threats, hybrid work environment, supply chain risk management, managing records and sensitive information, and volume of merger transactions. FTC leadership uses the risk profile to monitor operations, to make resource decisions, and to assess mitigation strategies.

This year, the FTC continued with the implementation of an ERM program plan and strategy. Activities for FY 2024 included executing an annual segment of the multi-year internal control assessment plan, monitoring risk registers, identifying and analyzing risk, assessing entity level controls, monitoring corrective actions, and performing OMB-directed Internal Control Over Reporting (ICOR) assessments. To identify any control deficiencies or nonconformances for the annual assurance statement, the SAT and FTC Chair evaluated ERM results and reviewed information from audits or reviews by the Office of Inspector General (OIG), the Government Accountability Office (GAO), independent audits of service providers' operations and financial systems (e.g., reviews conducted in accordance with Statement on Standards for Attestation Engagements (SSAE No. 18)), and other relevant evaluations and control assessments.

The FTC did have a restatement on an error for prior financial statements in which it received an unmodified opinion. Four software assets were miscategorized and expensed between fiscal years 2020 and 2023. This error was caught in FY 2024 and a restatement capitalizing these assets was created to resolve the error. The net effect of the restatement on FY 2023 financial statements includes an increase of capital assets and Cumulative Results of Operations by $7,437 thousand. It also includes a decrease of Net Cost of Operations of $1,694.

The Chair's assurance statement below is supported by the processes and reviews described above, which were performed in FY 2024. Management assurance tables appear in the Other Information section.

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

Office of the Chair

CHAIR'S FMFIA STATEMENT OF ASSURANCE

The Federal Trade Commission's (FTC) management is responsible for establishing and maintaining effective risk management, internal controls and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

In accordance with the requirements of the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, the FTC conducted its annual assessment of the effectiveness of the organization's internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations; and whether the financial management system conforms to applicable financial systems requirements.

Based on the results of this assessment, the FTC provides reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reliable financial reporting and compliance with applicable laws and regulations as of September 30, 2024, were operating effectively and that no material weaknesses were found in the design or operation of our internal controls. Some reporting officials identified areas for improvement in their individual assessments, which are being addressed internally and are non-material.

Further, based on our assessment, the FTC provides reasonable assurance (no material weaknesses or lack of compliance reported) that the FTC financial management systems substantially conform with the *Federal Financial Management Improvement Act of 1996 (FFMIA)*, applicable financial systems requirements, applicable Federal accounting standards and the U.S. Standard General Ledger at the transaction level.

Lina Khan

Lina M. Khan, Chair
October 31, 2024

Summary of Material Weakness and Nonconformances

As noted in the Chair's FMFIA Statement of Assurance, the FTC had no material weaknesses in internal control, material noncompliance with applicable laws and regulations, nor substantial nonconformance with federal financial management system requirements to report for FY 2024.

Federal Information Security Management Act (FISMA)

As mandated by FISMA, the agency continues to maintain an effective information security program to manage information technology in accordance with OMB Circular A-130 requirements and National Institute of Standards and Technology (NIST) guidance. The FTC currently has five systems authorized to operate (ATO). The FTC leverages thirty-three Federal Risk and Authorization Management Program (FedRAMP) cloud service providers.

Digital Accountability and Transparency Act of 2014 (DATA Act)

The DATA Act expands the Federal Funding Accountability and Transparency Act of 2006 to increase accountability and transparency in federal spending, making federal expenditure information more accessible to the public; improve the quality of the information on **USASpending.gov**, as verified through regular audits of the posted data; and to streamline and simplify reporting requirements through clear data standards. The FTC successfully transmitted the data files, and certified the quarterly submissions as required by the government-wide requirements set by OMB and the U.S. Department of Treasury.

Debt Collection Improvement Act

The Debt Collection Improvement Act of 1996 prescribes standards for the administrative collection, compromise, suspension, and termination of Federal agency collection actions and referrals to the proper agency for litigation. The FTC monitors, administers, and collects on debts less than 120 days delinquent. The FTC also monitors, administers, and collects on debts more than 120 days delinquent. Eligible, nonexempt debts more than 120 days old are transferred to the U.S. Department of the Treasury for cross-servicing. In addition, recurring payments were processed by electronic funds transfer in accordance with the provisions of the Debt Collection Improvement Act.

Prompt Payment Act

The Prompt Payment Act requires that federal agencies automatically pay interest to vendors when a payment is not timely and report how much interest was paid each year because of late payments. In FY 2024, the FTC processed 3,735 invoices totaling $123 million that were subject to prompt payment. Of these invoices, 99.8 percent were paid on time. During FY 2024, the FTC paid a total of $212 in interest penalties, or 0.000173 percent of the total dollar amount invoiced.

Agency Financial Management Systems Strategy

The FTC's overall strategy for its financial management systems is to ensure that the systems provide accurate, reliable, and timely information for management decision-making, maintain effective internal controls, and comply with applicable laws and regulations. It is also critical that the financial management systems support both operational efficiency and effectiveness in meeting the agency's strategic goals.

Through FY 2019, the Department of the Interior's Interior Business Center (IBC) provided financial management system services for the FTC. Beginning in FY 2020, the FTC moved its needs for financial management systems and support services to the Department of the Treasury's Administrative Resource Center (ARC) to improve operational efficiencies and effectiveness. The IBC continues to provide personnel and payroll support services for the FTC, which it has been providing for the agency since 1998.

The FTC uses the Oracle Federal Financials (OFF) system as its core financial management system and the Oracle Business Intelligence (OBI) reporting capabilities to produce timely reports that support agency requirements. The FTC also uses several systems that integrate with OFF to support agency operations, including the Invoice Processing Platform (IPP) for efficient and secure processing of invoices, the Concur Government Edition (CGE) to manage travel transactions, and the Procurement Information System for Management (PRISM) for contract actions.

Since migrating to the new shared services provider, the agency continued its efforts to maintain and enhance financial management systems to promote operational effectiveness, efficiency, reliability, and timeliness of data to support the agency’s strategic goals. The FTC redesigned and improved several financial management business processes and procedures and developed new tools and reports to assess its financial management operations that ultimately contribute to its mission success.

The FTC recognizes the importance of financial management systems and oversight as part of serving as a good steward of taxpayer dollars entrusted to it. Accordingly, in FY 2024, the FTC continued to work to refine its financial management processes and procedures to optimize the performance of operations and reporting.

Federal Civil Penalties Inflation Adjustment Act Of 1990

As established by statutory civil penalty provisions, the FTC has jurisdiction to charge civil penalties for violations specified in the FTC Act and several other laws the Commission is responsible for administering and enforcing. The FTC adjusts these civil penalty amounts for cost of living, as required by Federal Civil Penalties Inflation Adjustment Act of 2015.

Details about the FTC’s types of civil penalties, the authority for the penalty, adjustment dates, and current penalty amount can be found in the Other Information section of this report.

Fraud Reduction Data Analytics Act

The Fraud Reduction and Data Analytics Act of 2015 was passed to improve federal agency financial and administrative controls and procedures to assess and mitigate fraud risks, and to improve Federal agencies’ development and use of data analytics for the purpose of identifying, preventing, and responding to fraud, including improper payments.

During FY 2021, the FTC expanded its fraud risk program, strengthened the agency’s processes, and improved internal controls to prevent, detect, and mitigate fraud risks. The FTC continued to expand its fraud program in FY 2023 and consistently monitors how it assesses fraud risk.

Antideficiency Act

The Antideficiency Act prohibits federal agencies from spending or obligating funds in excess of amounts and purposes approved by Congress, and from accepting voluntary services. The FTC’s funds controls and continuing reviews of funds usage and availability ensure it complies with requirements of the Antideficiency Act.

Forward Looking Information

The Federal Trade Commission's (FTC) mission is protecting the public from deceptive or unfair business practices and from unfair methods of competition through law enforcement, advocacy, research, and education.

The FTC recognizes the four Management Challenges identified by the Inspector General (IG) and agrees that these are critically important areas to focus on and to improve in FY 2025. These challenges are (1) addressing challenges to FTC litigation; (2) successfully managing merger transactions; (3) combating sophisticated scams and enhancing the public's awareness of them; and (4) securing information systems and networks from destruction, data loss, compromise, or other disruptions.

In FY 2024 the FTC took numerous steps to address these challenges and will continue to do so going forward into FY 2025. Regarding the securing of our information systems, the agency continues to prioritize zero-trust architecture implementation, however, given potential resource constraints, anticipates that this work may extend beyond FY 2025.

To continue addressing challenges to FTC litigation from the loss of 13(b) authority after the Supreme Court decision in *AMG Capital Management v. FTC*, the agency has focused enforcement efforts on cases that involve rule violations for which they can obtain monetary relief directly in federal court under Section 19(a)(1) and cases involving order violations for which the FTC can obtain monetary relief in the form of a compensatory contempt sanction. This strategy has led to hundreds of millions of dollars in judgements obtained, but overall amounts returned to consumers each year are still lower than those obtained by agency law enforcement prior to the *AMG* case.

The FTC's enacted budget for FY 2024 of $425.7 million was a one percent reduction coupled with unfunded pay raises and inflation resulting in net reductions of approximately $28.2 million. These reductions left the FTC challenged in FY 2024 to keep pace with the demands of its expansive mission. While the Commission requested additional funding in its FY 2025 Congressional Budget Justification, the agency continued throughout FY 2024 to ensure effective use of appropriations to address dominant firms whose business practices affected large numbers of Americans. The FTC remains committed to long-term fiscal responsibility and will continue to focus on effective choices to ensure the agency maintains a strong position in the years to come.

FY 2024 was the fifth year the FTC received financial management services from the Department of the Treasury's Administrative Resource Center (ARC). Since migrating to the new shared services provider, the agency is continuing its efforts to maintain and enhance financial management systems to promote operational effectiveness, efficiency, reliability, and timeliness of data to support the agency's strategic goals. In FY 2024, the FTC leveraged reporting tools to automate several financial management business processes. In FY 2025, we will continue efforts to document end-to-end business processes and identify opportunities to improve.

Financial Highlights

Introduction

The FTC's accounting practices continue to be accurate and transparent, directly supporting the agency's mission to protect the public from deceptive or unfair business practices and from unfair methods of competition through law enforcement, advocacy, research and education. For the 28th straight year, the FTC received a "clean" or unmodified opinion on its audited financial statements. Independent auditors issue an unmodified opinion when an entity's financial statements are presented fairly, in all material aspects, in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The following discussion provides an overview of the agency's financial position and results of operations. The complete audited financial statements with accompanying notes, including the independent auditor's report, are presented in the Financial Section of this report.

Balance Sheet

The FTC's Balance Sheet includes both entity and non-entity assets and liabilities. Entity assets, by law, are authorized by the Congress for the FTC to use in its operations, i.e., Property, Plant, and Equipment (PP&E). Entity liabilities consist of probable and measurable future outflows of FTC entity resources.

Non-entity assets (which are not available for the FTC's use) are those assets held on behalf of others, i.e., collections and accounts receivable that arise from civil monetary penalties and court-ordered judgments for monetary relief in the agency's consumer redress program. Non-entity assets are equal to, and offset by, non-entity liabilities.

Condensed Balance Sheet as of September 30, 2024 and 2023 (Restated):

(Dollars in Millions)		FY 2024		Restated FY 2023	% Change
Entity Assets					
Fund Balance with Treasury	$	140	$	162	-14%
General Property, Plant and Equipment, Net		27		24	13%
Total Entity Assets		167		186	-10%
Non-Entity Assets					
Fund Balance with Treasury		538		649	-17%
Accounts Receivable		168		40	320%
Total Non-Entity Assets		706		689	2%
Total Assets	$	873	$	875	0%
Entity Liabilities					
Employee-Related Liabilities	$	27		23	17%
Accounts Payable and Other		16		14	14%
Total Entity Liabilities		43		37	16%
Non-Entity Liabilities					
Redress Collections not yet Disbursed		538		649	-17%
Liability for Amounts to be Collected		168		40	320%
Total Non-Entity Liabilities		706		689	2%
Total Liabilities	$	749	$	726	3%
Total Unexpended Appropriations		3		3	0%
Total Cumulative Results of Operations		121		146	-17%
Total Net Position		124		149	-17%
Total Liabilities and Net Position	$	873	$	875	0%

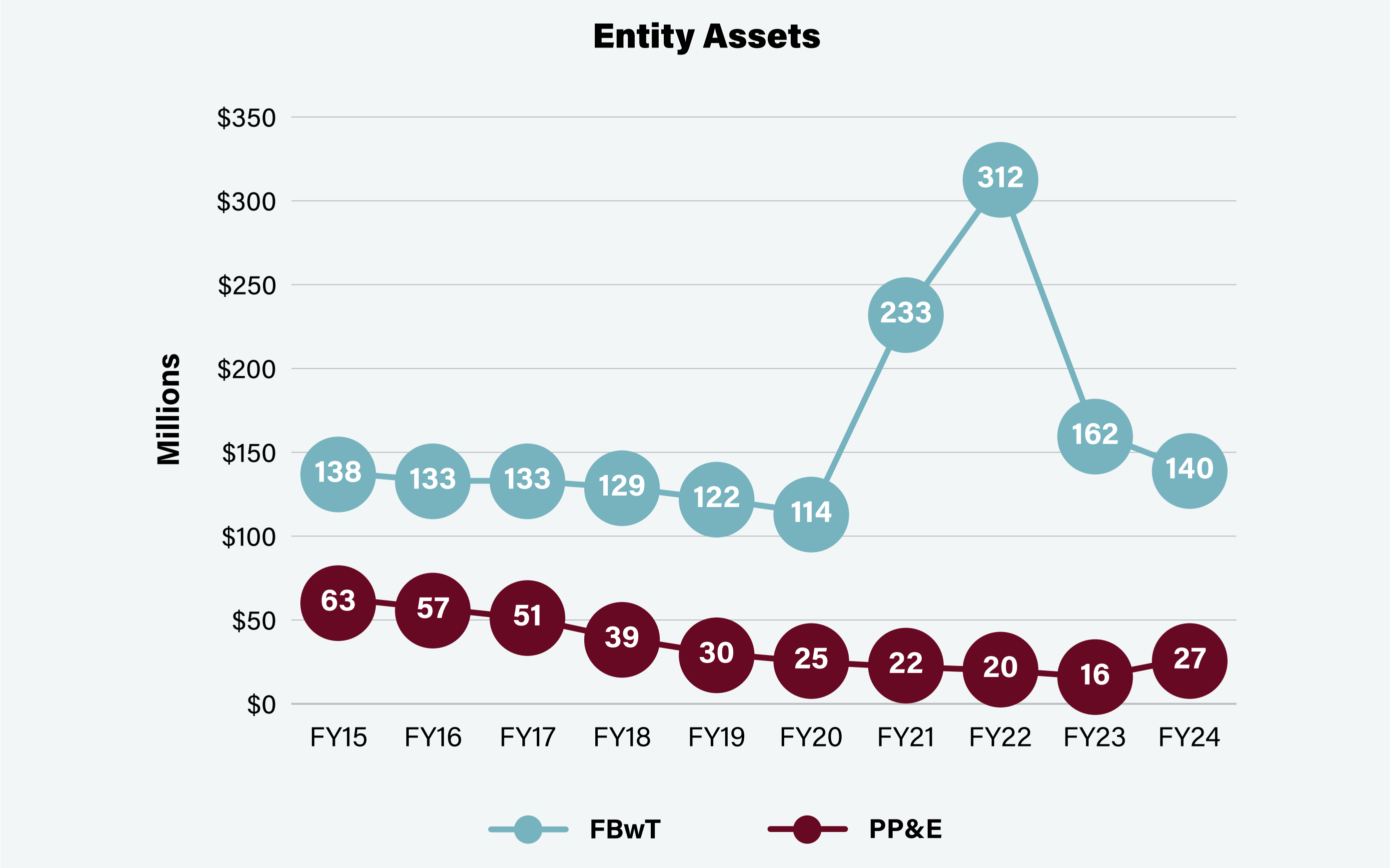
Balance Sheet—Entity

Entity assets totaled $167 million, or 19 percent of all FTC assets, as of September 30, 2024, a decrease of $19 million, or 10 percent, from the FY 2023 total of $186 million.

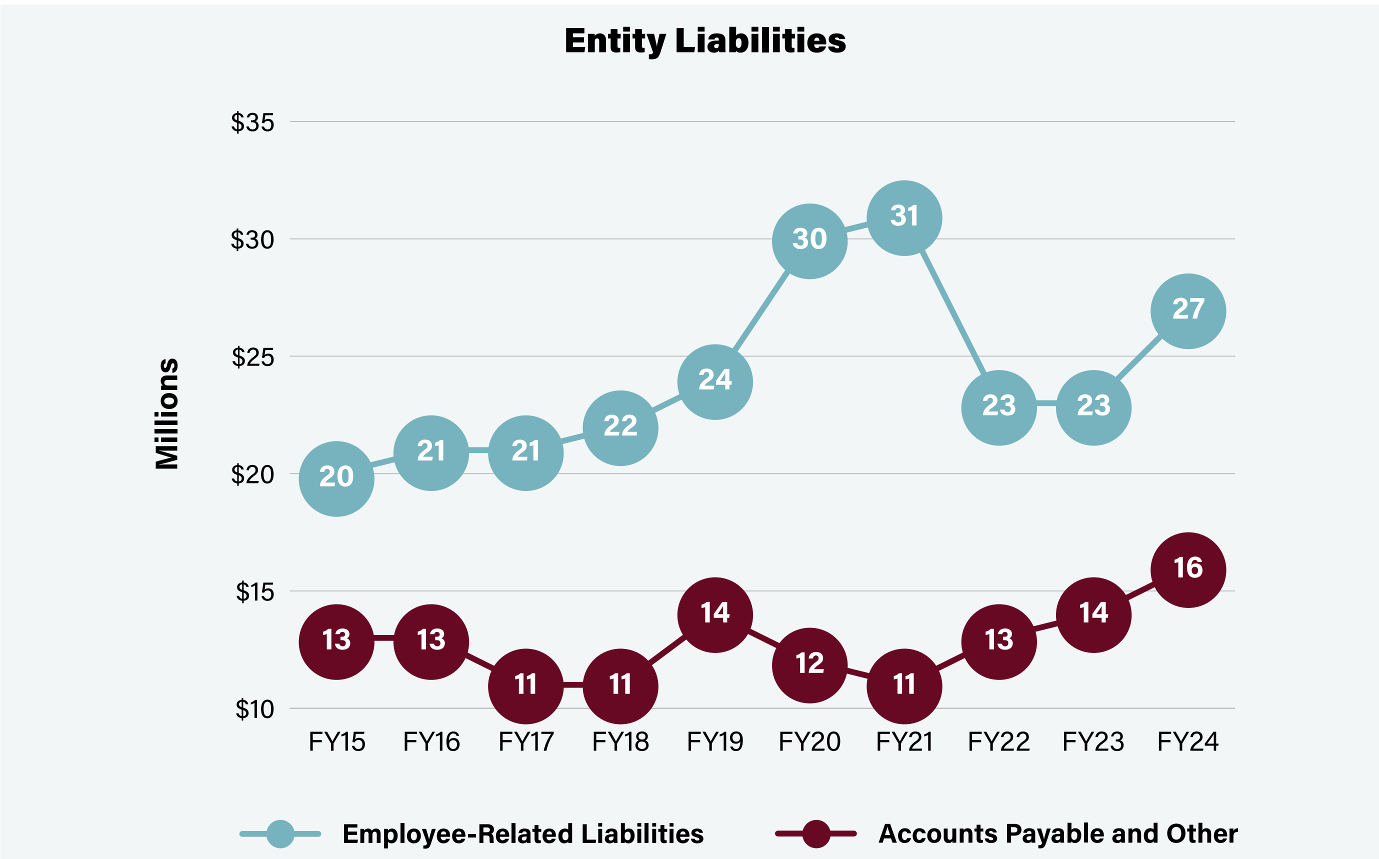
The Fund Balance with Treasury (FBwT) of $140 million decreased by $22 million, or 14 percent, from the FY 2023 total of $162 million.

General property, plant, and equipment (PP&E), net of accumulated depreciation/amortization, is $27 million, which consists of $13 million in leasehold improvements, $3 million in equipment, $9 million in software, and $2 million in lessee right-to-use assets. Total PP&E has increased by $3 million, compared to FY 2023. This increase is primarily due to the addition of new assets (see **Note 14** to the Financial Statements).

The annual trend in the FTC's entity assets reflects a short-term increase in the amount of PP&E during FY 2014 for the relocation of staff to office space at Constitution Center. Upon completion, over $46 million had been spent on capitalized assets. Since these assets were placed in service, the FTC's PP&E balance has decreased, primarily due to depreciation and amortization. FBwT increased significantly between FY 2020 and FY 2022 due to large increases in the volume of Premerger fee collections. These increased fee collections resulted in offsetting collections amounts above what Congress authorized for retention and use to pay for necessary expenses of the agency. These amounts were precluded from obligation and in FY 2023, the FTC received authority and returned $172 million in prior excess collections to Treasury.



Entity liabilities totaled $43 million, or 6 percent of all FTC liabilities, as of September 30, 2024, which represents an increase of $6 million, or 16% from FY 2023. Entity liabilities normally have a smaller range of fluctuation in comparison to entity assets. Accounts payable balances fluctuate based on the dollar amount and volume of capitalized purchases as well as the timing between the receipt of goods and the disbursement to the vendors. Accounts payable have increased by $2 million in FY 2024 from the prior year due to a higher expense accrual for unbilled activity at the end of the fiscal year. Employee-related liabilities fluctuate based on the full-time employee count and the timing of the payroll disbursement cycle. These liabilities consist of accrued payroll and benefits, accrued annual leave wages earned by employees but not yet paid, and workers compensation liabilities under the Federal Employees Compensation Act (FECA).



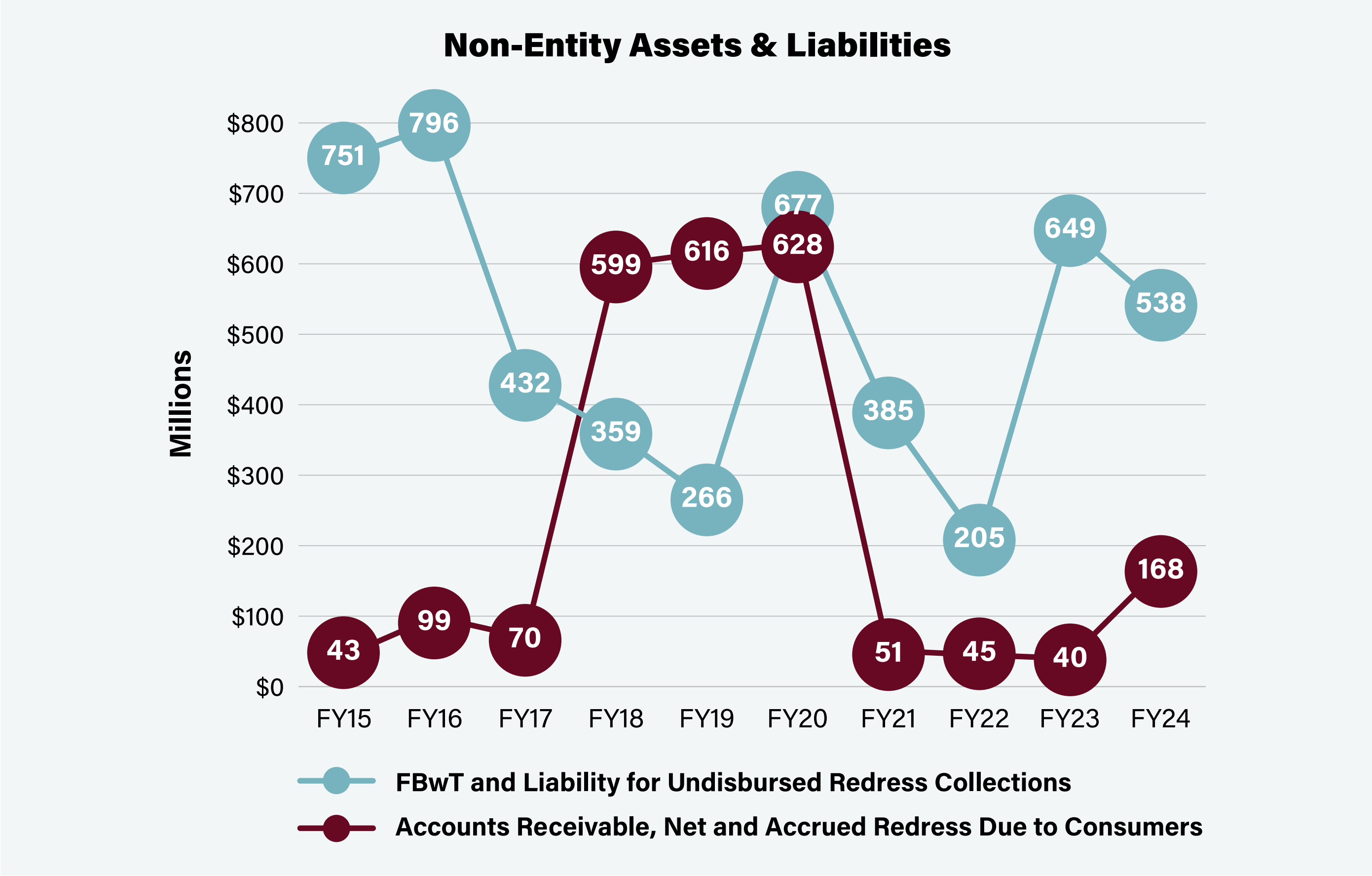
Balance Sheet—Non-Entity

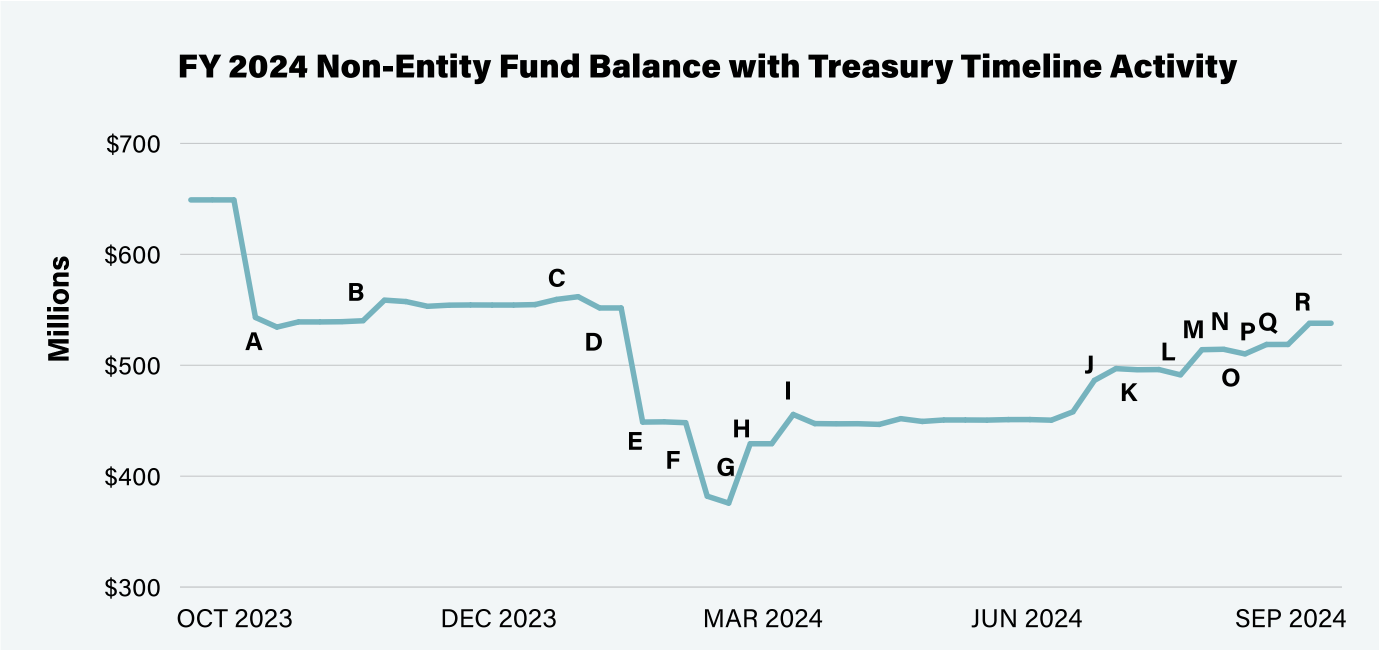
Non-entity assets totaled $706 million, or 81 percent of all FTC assets, as of September 30, 2024. This represents an increase of $17 million, or 2 percent, from the FY 2023 total of $689 million. This increase is primarily attributed to an increase in non-entity Fund Balance with Treasury (FBwT), shown in further detail in the charts on the next page.

Non-entity assets are equal to, and offset by, non-entity liabilities. The $168 million net accounts receivable balance is offset by the $168 million liability for amounts to be collected, while the $538 million FBwT is offset by the $538 million liability for redress collections.

The FY 2024 ending net accounts receivable balance of $168 million reflects amounts to be paid to the FTC from court-ordered judgments in the consumer redress program. This represents a $128 million increase in net accounts receivable from the FY 2023 total of $40 million.

The remaining ending net accounts receivable balance of $168 million consists of amounts to be paid to the FTC from the twenty-four cases in the consumer redress program. One case is Legion Media, LLC which allegedly defrauded consumers nationwide by enrolling them into continuity plans for CBD and keto-related products without their knowledge. Another case involves Invitation Homes, Inc., the country's largest landlord of single-family homes, for unlawful actions against consumers such as deceiving renters about lease costs, charging undisclosed junk fees, failure to inspect homes before residents moved in and unfairly withholding tenants' security deposits.





FY 2024 Non-Entity Fund Balance with Treasury Timeline Activity			
	$649M	**Beginning Balance—FY 2024 Non-Entity Fund Balance with Treasury** (All amounts rounded to the million)	
A	($100M)	**Vonage**	Disbursed **$100M** (389,106 payments) in refunds to consumers who lost money as a result of internet phone service provider Vonage imposing junk fees and creating obstacles to those who try to cancel their service. Refunds are a result of a **2022 settlement**.
B	$18M	**Bridge It, Inc.**	Collected $18M from a **2023 settlement** with personal finance app provider Brigit, to settle charges that that its promises of "instant" cash advances of up to $250 for people living paycheck-to-paycheck were deceptive and the company locked consumers into a monthly membership they couldn't cancel.
C	$3M	**FloatMe Corp.**	Collected $3M from a **2024 settlement** against an online cash advance provider. FloatMe, Corp and its cofounders, allegedly used empty promises of quick and free cash advances to entice consumers to join its service.
D	($10M)	**Nudge, LLC**	Disbursed **$10M** (4670 payments) in refunds to consumers who paid for a real estate investment training program that allegedly made empty promises about earning big profits "flipping" houses. Refunds were a result of a **2023 settlement**.
E	($99M)	**Benefytt Technologies, et al.**	Disbursed **$99M** (463,629 payments) in refunds to consumers who were charged for sham health plans marketed by Benefytt Technologies. Refunds are a result of a **2022 settlement**.

FY 2024 Non-Entity Fund Balance with Treasury Timeline Activity			
F	($62M)	**Opendoor Labs, Inc.**	Disbursed **$62M** (54,689 payments) to sellers deceived by advertising and marketing claims made by the online real estate business Opendoor Labs, Inc. Opendoor allegedly cheated potential home sellers by tricking them into thinking that they could make more money selling their home to Opendoor than on the open market using the traditional sales process. Refunds are a result of a **2022 settlement**.
G	$26M	**Restoro Cyprus Limited**	Collected $26M from a **2024 settlement** with two tech support companies Restoro Cyprus Limited and Reimage Cyprus Limited to settle charges that they bilked tens of millions of dollars from consumers, particularly older consumers, by duping them into buying computer repair services through deceptive marketing.
H	$33M	**Biz2Credit, Inc.**	Collected $33M from a **2024 settlement** with Biz2Credit, Inc to settle charges that it made false promises to small businesses seeking to take part in the Paycheck Protection Program (PPP), delaying and sometimes preventing them from obtaining funds they needed to keep their businesses afloat during the COVID-19 pandemic.
I	$26M	**Womply**	Collected $26M from a **2024 settlement** with Womply to settle charges that that it made false promises to small businesses seeking to take part in the Paycheck Protection Program (PPP), delaying and sometimes preventing them from obtaining funds they needed to keep their businesses afloat during the COVID-19 pandemic.
J	$16M	**Avast Limited**	Collected $16M from a **2024 settlement** with software provider Avast Limited to settle charges that the company and its subsidiaries sold web browsing information to third parties after promising that its products would protect consumers from online tracking.
K	($12M)	**ZURIXX, LLC**	Disbursed **$12M** (25,563 payments) in refunds to consumers who paid Zurixx, LLC for a real estate investment training program that allegedly made empty promises about earning big profits by flipping houses. Refunds are a result of a **2022 settlement**.
L	$20M	**Aqua Finance, Inc.**	Collected $20M from a **2024 settlement** with household water treatment funding company Aqua Finance, Inc and an additional $23.6M in debt forgiveness for consumers harmed by its dealers' deceptive sales tactics that left consumers with thousands of dollars in unexpected debt and huge interest payments, while its financing terms impaired some consumers ability to sell their homes.
M	$7M	**Arise Virtual Solutions, Inc.**	Collected $7M from a **2024 settlement** with gig work company Arise Virtual Solutions for allegedly misleading consumers about the money they could make on Arise's platform and marketing its business opportunity without truthfully disclosing the basis for earning claims to consumers.
N	$4M	**NGL Labs, LLC**	Collected $4M from a **2024 settlement** with NGL Labs, LLC and two of its co-founders, Raj Vir and Joao Figueiredo. The FTC alleged NGL Labs violated a host of law related to their anonymous messaging app, including unfairly marketing the service to children and teens.

FY 2024 Non-Entity Fund Balance with Treasury Timeline Activity			
O	$7M	**Financial Education Services, Inc.**	Collected $7M from a **2024 settlement** with Financial Education Services, Inc. alleging that Financial Education Services and its owners, operators and associated companies deceived consumers about their credit repair products and charged them upfront for the service.
P	$16M	**Career Step, LLC**	Collected $16M from a **2024 order** with online career-training company, Career Step, LLC to resolve charges that alleged the company lured consumers, specifically servicemembers and their families, with deceptive ads that falsely touted inflated employment outcomes, job placement and partnerships with prominent companies. Career Step will pay $27.8M in debt cancellation and $15.7M in cash to provide redress to consumers.
Q	$8M	**Care.com, Inc.**	Collected $8M from a **2024 settlement** with **Care.com** to settle charges that the child and older adult care gig platform has systematically deceived caregivers who were looking for jobs while failing to give families seeking care a simple way to cancel their paid memberships.
R	$10M	**NRRM, LLC**	Collected $10M from a **2024 settlement** with NRRM, LLC which does business as CarShield, along with American Auto Shield, LLC. The FTC charged that its advertisements and telemarketing for vehicle service contracts were deceptive and misleading, and that many purchasers found that many repairs were not "covered," despite making payments of up to $120 per month. The FTC also alleged CarShield's celebrity and consumer endorsers made false statements in its ads.
	($22M)	Net of other activities: $51M collections - $73M disbursement, related to over 146 additional matters.	
	$538M	**Ending Balances—FY 2024 Non-Entity Fund Balance with Treasury** (all amounts rounded to the million)	

Statement of Net Cost

Condensed Statement of Net Cost for the Years Ended September 30, 2024 and 2023 (Restated):

(Dollars in Millions)	FY 2024	Restated FY 2023	% Change
Protect Consumers:			
Gross Costs	$ 239	$ 218	10%
Earned Revenue	(16)	(15)	7%
Net Cost, Protect Consumers	223	203	10%
Maintain Competition:			
Gross Costs	239	199	20%
Earned Revenue	(246)	(173)	42%
Net Cost, Maintain Competition	(7)	26	(127%)
Net Cost of Operations	$ 216	$ 229	(6%)

The Statement of Net Cost presents the FTC's gross costs less earned revenue for the agency's two primary strategic goals: Protect the public from unfair or deceptive acts or practices in the marketplace (Protect Consumers) and protect the public from unfair methods of competition in the marketplace and promote fair competition (Maintain Competition). A third goal, advance the FTC's effectiveness and performance, has its costs distributed to the other two strategic goals based on the percentage of dollars directly traceable to each goal. The FTC's net cost of operations was $216 million in FY 2024, which consists of $478 million in gross costs offset by $262 million in earned revenue.

The FY 2024 net cost of operations for the Protect Consumers strategic goal is $223 million, consisting of $239 million in gross costs offset by $16 million in earned revenue, the majority of which is attributable to fees collected for the National Do Not Call (DNC) Registry. The FTC receives fees from telemarketers who pay an annual subscription fee to download telephone numbers of consumers who do not wish to receive calls. The DNC fees are based on the number of area codes that a telemarketer downloads.

The FY 2024 net cost of operations for the Maintain Competition strategic goal is ($7) million, consisting of $239 million in gross costs offset by $246 million in earned revenue, which is primarily revenue from fees collected for premerger notification filings, with a small portion (approximately $1 million) from reimbursable agreements with other Federal agencies. Premerger notification filings are made under the **Hart-Scott-Rodino (HSR) Antitrust Improvement Act of 1976**, which gives the federal government the opportunity to investigate and challenge certain mergers that are likely to harm consumers before injury occurs. The HSR Act requires the filing of premerger notifications with the FTC and the Department of Justice (DOJ) Antitrust Division. The filing fees are determined by the size of the merging parties and the value of the proposed transaction. By law, the premerger filing fees are split evenly between the FTC and the DOJ upon collection.

The $13 million decrease in overall net cost of operations from FY 2023 to FY 2024 is primarily due to increased revenues from premerger filing fees.

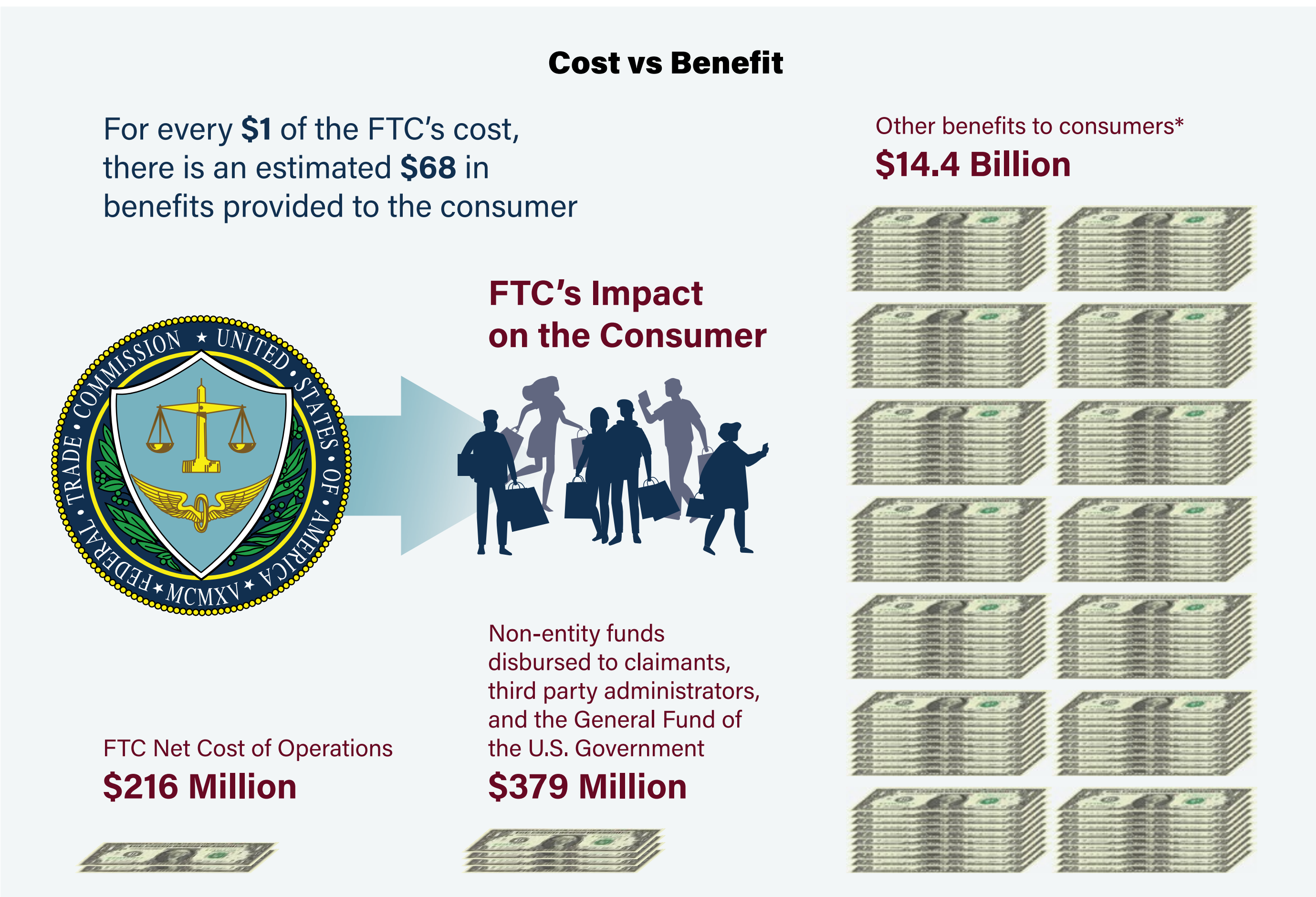
FTC Net Cost of Operations vs. Benefit to Consumers

The FTC had gross costs of $478 million in FY 2024, offset by $262 million in earned revenue, resulting in a total net cost of operations of $216 million. However, a large portion of the FTC's operations result in activity whose benefits are not reflected on the Statement of Net Cost. These important benefits to the public should be considered in determining the overall impact of the agency's strategic goals.

The Statement of Net Cost includes only entity activity. During FY 2024, the FTC returned $345 million in non-entity collections to consumers and the U.S. Treasury General Fund.

Additionally, the FTC saved consumers an estimated $14.4 billion through its merger and non-merger competition law enforcement actions and its consumer protection law enforcement actions.

The FTC's cost to protect consumers and maintain competition is a small fraction of the amount the FTC has saved consumers. For FY 2024, the FTC provided an estimated total of $14.8 billion in benefits to consumers. When this benefit is compared to the $216 million in net costs, it equates to an estimated $68 in FTC-provided benefits to consumers for every $1 of the FTC's cost.



*These estimates were calculated based on performance measures 1.1.2 (consumer savings from consumer protection law enforcement), 2.1.1 (consumer savings and other measurable benefits generated by antitrust enforcement). For more details on measurement and data quality, see the **FTC Data Quality Appendix**.

Budget Authority

The FTC receives an annual appropriation that is available until expended, subject to Office of Management and Budget (OMB) apportionment and Congressional restrictions on the expenditure of funds. The FTC’s budget authority is derived from a direct appropriation and offsetting collections.

New budget authority for FY 2024 is $437 million (including FY 2024 Appropriation, FY 2024 Recoveries, FY 2024 Reimbursable Authority), which includes $177 million in a direct appropriation and $260 million in spending authority from offsetting collections. Offsetting collections consist of FY 2024 collections of $245 million from fees collected for premerger notification filings under the HSR Antitrust Improvements Act of 1976, $14 million from fees collected for the National Do Not Call Registry, and $1 million from reimbursable work on behalf of other Federal agencies.

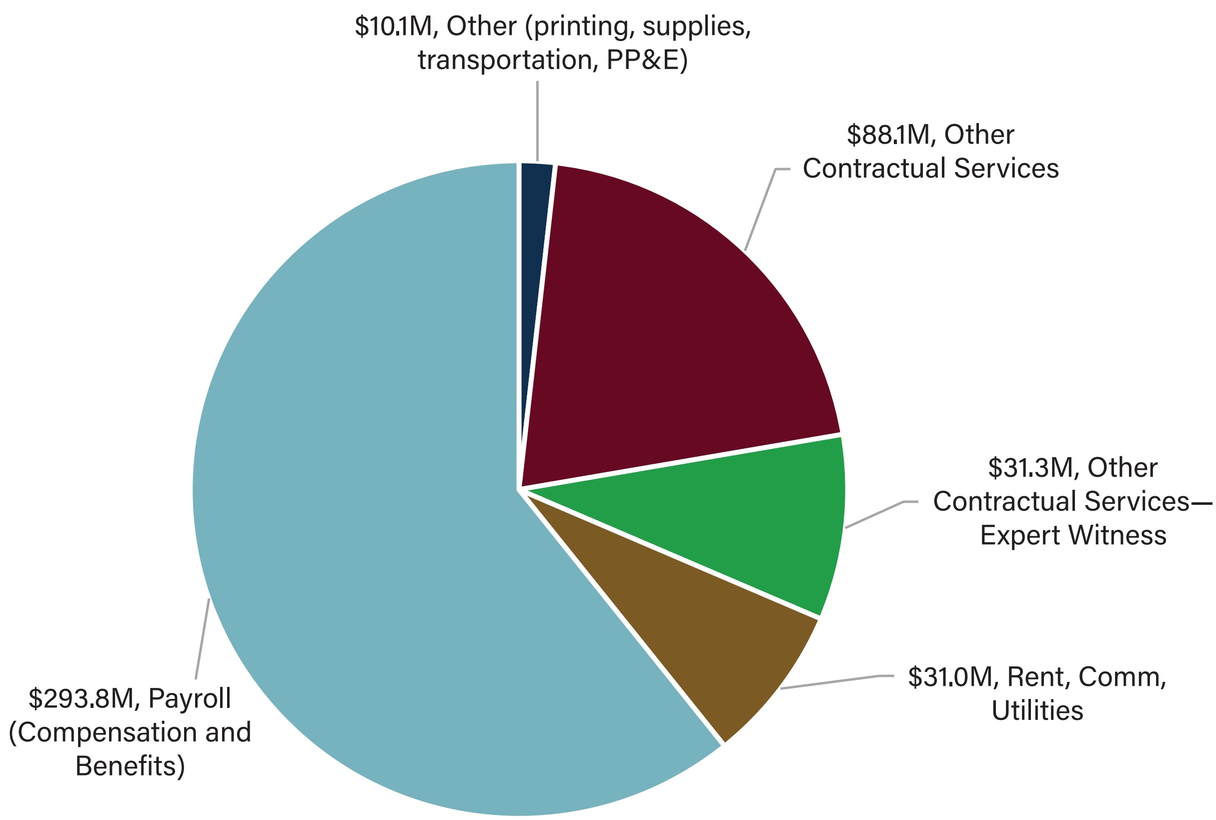
Because current year offsetting collections up to the congressionally authorized amount are deducted from gross budget authority and outlays, only 38 percent of the FTC’s net budget authority comes from Treasury General Fund appropriations. This reduces the burden the FTC places on the federal budget to $177 million, which is less than 1/10 of 1 percent of the total non-defense discretionary spending for FY 2024.

New Budget Authority

The FTC's FY 2024 Obligations

In FY 2024, the FTC received $437 million in new budget authority and authority to obligate $65 million in its unobligated balance brought forward in addition to $11 million in recoveries of prior-year obligations and $3 million in non-expenditure transfers. Pursuant to these authorities, the FTC obligated $454 million in FY 2024. This was an increase of $26.5 million, or 6 percent, compared to new obligations in FY 2023. The increase in obligations incurred in FY 2024 was primarily attributable to higher costs for payroll (personnel salaries and benefits) and expert witnesses. Payroll spending has increased by 13 percent to $294 million in FY 2024 from $260 million in FY 2023. This is the result of the FTC's FY 2024 FTE levels and the unfunded FY 2024 5.2% pay raise. Obligations related to expert witness support services have decreased by 20% to $31 million in FY 2024 from $39 million in FY 2023. While the FTC is committed to limiting costs for expert witness services, the agency continues to face pressure from resource constraints as it performs mission-critical work in increasingly complex markets. Obligations for other contractual services have not fluctuated staying at $88 million in FY 2024 and FY 2023. Spending on rent, communications, and utilities has decreased by 7% to $31 million in FY 2024 from $33.4 million in FY 2023.

FY 2024 FTC Obligations by Category:



FTC Profile on USA Spending

Additional details of agency spending are captured on **usaspending.gov** where, beginning in FY 2017, federal agencies have certified to the accuracy of data. Federal spending is available for public consumption to ensure taxpayers can see how their money is being used in communities across America.

FTC's Agency profile page on usaspending.gov.

Financial Management Indicators for FY 2024

The following table shows standard indicators developed by the Chief Financial Officers Council and used by the OMB to monitor agencies' financial management practices.

Debt Management	
Eligible debt transferred to Treasury	100%
Funds Management	
Fund balance with Treasury (identifies the difference between the fund balance reported in Treasury reports and the agency fund balance with Treasury recorded in its general ledger)	100% reconciled
Payment Management	
Percentage invoices paid on time (per Prompt Payment Act)	99.8%
Percentage Interest penalties paid to total dollars invoiced	.00017%
Percentage of total dollars outstanding in current status (good standing) for individually billed travel account holders	100%
Percentage of total dollars outstanding in current status (good standing) for centrally billed travel accounts	100%
Percentage of total dollars outstanding in current status (good standing) for purchase cards	100%

Limitations of Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of **31 U.S.C. § 3515(b)**. The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Financial Section

Message from the Chief Financial Officer

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

I am pleased to present the Agency Financial Report (AFR) for Fiscal Year 2024. The AFR provides a comprehensive view of the FTC's financial activities and demonstrates the FTC's stewardship and management of public funds. The financial statements and corresponding financial analysis, together with the Agency's Performance Highlights, demonstrate how the FTC optimizes its financial resources to protect American consumers and maintain competition in the marketplace.

In FY 2024, the FTC has achieved, for the twenty-eight consecutive year, an unmodified audit opinion from independent auditors. We are very proud of this accomplishment. This sustained achievement is due to the efforts of the Financial Management Office (FMO) staff, as supported by senior leadership, fund managers, and FTC personnel throughout the agency. This past year, the FTC has demonstrated its commitment to continuous improvement with the following accomplishments:

- No material weaknesses in Internal Controls Over Financial Reporting;
- No open internal control findings at fiscal year-end were considered material or high risk;
- Continued monitoring fraud risk by collecting and analyzing fraud control data from FTC program areas;
- Updated the FTC risk profile to identify and monitor agency risk including the Supreme Court ruling that removed the authority to return money to consumers per Section 13(b) of the FTC Act;
- Continued work to streamline our internal processes to leverage efficiencies with our Shared Service Provider (ARC);
- Established budget tracking tools to guide important decisions for maintaining mission critical needs of the agency despite the significant reductions in funding;

One significant deficiency in internal controls over financial reporting was noted during the FY 2024 Financial Statement Audit. The FTC concurs with this finding and has already begun to implement processes and procedures to resolve this deficiency.

The accomplishments outlined in this report are the result of FTC employees' hard work and dedication. The unmodified audit opinion and financial accomplishments reflect an organizational commitment to sound financial management and accountability that the agency hopes earns the trust of the American public. This agency is steadfastly committed to its mission, returning substantial value to the American consumer, and being an exemplary steward of the funds entrusted to it.

Stephen Laurance, Chief Financial Officer
November 15, 2024

Inspector General's Transmittal Letter for Audit Report

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

Office of Inspector General

November 15, 2024

MEMORANDUM

FROM: Andrew Katsaros
Inspector General

TO: Lina M. Khan, Chair

SUBJECT: Report on Audit of the FTC's Fiscal Year 2024 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's) fiscal year 2024 financial statements. We commend the FTC for attaining an unmodified (clean) opinion for the 28th consecutive year.

We contracted with the independent public accounting firm of Allmond & Company, LLC, to audit the financial statements of the FTC as of September 30, 2024, and 2023, and to provide a report on internal control over financial reporting and on compliance with laws and other matters. The audit was performed in accordance with U.S. generally accepted auditing standards, the Government Accountability Office's *Government Auditing Standards*, and Office of Management and Budget guidance.

In its audit of the agency, Allmond & Company reported

- that the financial statements 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;[1] and
- no reportable noncompliance with provisions of laws tested or other matters.

Allmond & Company is responsible for the attached auditor's report dated November 15, 2023, and the conclusions expressed in the report. We do not express opinions on FTC's financial statements or internal control over financial reporting, or conclusions on compliance and other matters.

We appreciate the cooperation given by management to Allmond & 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.

[1] A *material weakness* is a deficiency, or a 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.

Report of Independent Auditors

FEDERAL TRADE COMMISSION

AUDIT REPORT
SEPTEMBER 30, 2024

ALLMOND & COMPANY, LLC
Certified Public Accountants
7501 Forbes Boulevard, Suite 200
Lanham, Maryland 20706
(301) 918-8200

Allmond & Company, LLC
Certified Public Accountants
7501 Forbes Boulevard, Suite 200
Lanham, Maryland 20706
(301) 918-8200
Facsimile (301) 918-8201

Independent Auditor's Report

Chair, Federal Trade Commission
Inspector General, Federal Trade Commission

Report on the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act of 2002, we have audited the Federal Trade Commission (FTC) financial statements. FTC's financial statements comprise the balance sheets as of September 30, 2024 and 2023; the related statements of net cost, changes in net position, budgetary resources, and custodial activities for the fiscal years then ended; and the related notes to the financial statements.

In our opinion, FTC's financial statements present fairly, in all material respects, FTC's financial position as of September 30, 2024, and 2023, and its net cost of operations, changes in net position, budgetary resources, and custodial activities for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the FTC 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 opinion.

Emphasis-of-Matter

As discussed in Note 14 to the financial statements, four projects relating to internal use software in development were improperly expensed during fiscal years 2020 to 2023, resulting in material misstatement of FTC's prior year financial statements. FTC corrected these errors, including related depreciation, during fiscal year 2024 and has accordingly restated its fiscal year 2023 financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in FTC's Agency Financial Report, and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective 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 Responsibilities for the Audit of the Financial Statements

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 (2) issue an auditor's report that includes our opinion. 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 conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 24-02 will always detect a material misstatement or 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 in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures that are 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 an audit 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 FTC's internal control over financial reporting. Accordingly, no such opinion is expressed.
- 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.

Required Supplementary Information (RSI)

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in 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

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. Management is responsible for the other information included in FTC's Agency Financial Report. The other information comprises the following sections: *Message from the Chair; Performance Highlights, Forward Looking Information; Message from the Chief Financial Officer,* and *Other Information.* Other information 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 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 responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies[1] or to express an opinion on the effectiveness of FTC's internal control over financial reporting. Given these limitations, during our 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our fiscal year 2024 audit, we identified a deficiency in FTC's internal control over financial reporting that we consider to be a significant deficiency. This deficiency is described in the accompanying *Exhibit I, Findings and Recommendations*, to this report. We considered this significant deficiency in determining the nature, timing, and extent of our audit procedures on FTC's fiscal year 2024 and 2023 financial statements. Although the significant deficiency in internal control did not affect our opinion on FTC's fiscal year 2024 and 2023 financial statements, misstatements may occur in unaudited financial information reported internally and externally by FTC because of this significant deficiency.

We identified additional deficiencies in FTC's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies that, nonetheless, warrant management's attention. We have communicated these matters to FTC management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to FTC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

FTC management is responsible for 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.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of FTC's financial statements as of and for the fiscal year ended September 30, 2024, in accordance with U.S. generally accepted government auditing standards, we considered FTC's internal control relevant to the financial statement audit 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 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

[1] 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 the attention by those charged with governance.

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 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.

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 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 responsibilities discussed below.

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 2024 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.

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

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

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

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

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

Our responsibility is to test compliance with selected provisions of 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 to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to FTC. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose for 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 provision 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

We provided FTC with a draft of our report on November 12, 2024, and received FTC's response on November 14, 2024. FTC's response to our report was not subjected to the auditing procedures that we applied to our audit of the financial statements and, therefore, we express no opinion on the response.

Allmond & Company, LLC

Lanham, MD
November 15, 2024

Financial Statements and Footnotes are Not in Accordance with Generally Accepted Accounting Principles and Office of Management and Budget (OMB) Circular A-136 Reporting Requirements (2024-01)

CONDITION

Internal control relating to the preparation and review of the financial statements and footnotes was not properly designed and implemented to prevent, detect, or correct errors and omissions. During our review of FTC's financial statements and footnotes for the interim reporting period ended June 30, 2024, we identified the following conditions:

- Unfunded Leave and Employer Contributions and Payroll Taxes Payable were incorrectly classified as Federal Employee and Veteran Benefits Payable on the Balance Sheet and Note 7.
- Accrued Funded Payroll and Leave was incorrectly classified as Other Liabilities on the Balance Sheet and incorrectly included in Note 7.
- A Commitments and Contingencies footnote was required to report a reasonably possible loss contingency with a range of $130,000 to $650,000, but was not prepared.
- Note 13 – Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation) included the following errors:
    - a $9,300,000 prior period restatement of capitalized asset balances was reported as Purchases of Assets in error;
    - the Intragovernmental and With the Public variances relating to the change in asset balances were misstated by +/- $845,000;
    - the Intragovernmental and With the Public variances relating to the change in liability balances were misstated by +/- $2,014,000;
- Balances were not always reported consistently between the current year financial statements and footnotes or between prior and current year financial statements and footnotes.
- Additional errors relating to the form, content, and presentation of the financial statements or footnotes.

At year-end, we reviewed FTC's restatements of the FY 2023 Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position and related notes due to the addition of capitalized assets and Internal Use Software in Development with a total net (i.e., remaining undepreciated) amount of $7,437,270 that had been expensed in error during fiscal years 2020 – 2023. We determined that the presentation was not accurate, as follows:

- We noted that the adjustment to Cumulative Results of Operation (CRO) for the FY 2020 – FY 2022 expenditures ($5,743.340) should have been made to the beginning CRO balance of the Statement of Changes in Net Position and the FY 2023 expenditures and depreciation expense ($1,693,929) should have been reported in the Net Cost of Operations balance in the FY 2023 Statement of Net Cost and included in the ending balance of the FY 2023 Statement of Changes in Net Position.

- FTC reported an adjustment for the correction of errors for all affected years in the amount of $7,437,270 in the FY 2023 Statement of Net Cost and ending CRO balance in the Statement of Changes in Net Position in error.
- In addition, the adjustment amount was included in the FY 2023 ending balance of CRO in the restated FY 2023 column and presented on the Statement of Changes in Net Position as a FY 2024 adjustment.

CRITERIA

Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements (May 2024), Section II.3.2.4. Liabilities, states,

> "**Federal Employee Salary, Leave, and Benefits Payable** include salaries; wages; funded and unfunded annual leave; sick leave; the employer portion of payroll taxes and benefit contributions, excluding intragovernmental amounts (e.g., the employer contributions to the Thrift Savings Plan); the employer share of health benefit payments due to benefit carriers, and employment-related liabilities not included in Pension, Post-Employment, and Veterans Benefits Payable….Unfunded annual leave previously shown in Other Liabilities should be reclassified to this line item for the prior year if it is material and referenced as a change in presentation in Note 1.
>
> **[Pension,] Post-Employment, [and Veterans] Benefits Payable** include pensions; post-employment benefits, including other retirement benefits (ORB) and other post-employment benefits (OPEB); veterans benefits, including veterans compensation, burial, education, and training benefits; life insurance actuarial liability; and the Federal Employees' Compensation Act actuarial liability."

Statement of Federal Financial Accounting Standards (SFFAS) 12, *Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS 5, Accounting for the Liabilities of the Federal Government*, states, "SFFAS No. 5 uses the same general framework for evaluating loss contingencies as Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 5, Accounting for Contingencies (SFAS No. 5). Contingencies can be "probable," "reasonably possible," or "remote;" and, based on that, are recognized on the balance sheet, disclosed in footnotes, or not mentioned in the financial statements, respectively.

SFFAS 7, as amended by SFFAS 53, and OMB Circular A-136, Section II.3.8.31. Note 31: Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation) require agencies to "disclose a reconciliation of net cost to net outlays as required by SFFAS7…. Entities should explain significant line items in the reconciliation and are strongly encouraged to follow the [Treasury Financial Manual] TFM crosswalk."

OMB Circular A-136 (May 2024), Section II.3.2.4. Liabilities. Commitments and Contingencies, states, "A contingent liability should be recorded when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable (i.e., more likely than not), and the future outflow or sacrifice of resources is measurable. Contingencies that do not meet all three of the conditions for liability recognition, but for which there is at least a reasonable possibility that a loss or an additional loss may have been incurred, should be disclosed pursuant to SFFAS 5."

OMB Circular A-136 (May 2024), Section II.3.1, Instructions for the Annual Financial Statements. Financial Statements and Notes, states, "Schedule totals presented in the notes in support of amounts presented in financial statements must agree with the amounts presented in the financial statements."

SFFAS 21: Reporting Corrections of Errors and Changes in Accounting Principles, Amendment of SFFAS 7, Accounting for Revenue and Other Financing Sources, Section 10(b), states, "If comparative financial statements are presented, then the error should be corrected in the earliest affected period presented by correcting any individual amounts on the financial statements. If the earliest period presented is not the period in which the error occurred and the cumulative effect is attributable to prior periods, then the cumulative effect should be reported as a prior period adjustment. The adjustment should be made to the beginning balance of cumulative results of operations, in the statement of changes in net position for the earliest period presented."

The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, Principle 10.01: Design Control Activities, states, "Management should design control activities to achieve objectives and respond to risks. The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Objectives and Risks
- Design of Appropriate Types of Control Activities
- Design of Control Activities at Various Levels
- Segregation of Duties."

CAUSE

- Incorrect or outdated guidance, such as superseded Treasury crosswalks, was used to prepare the financial statements and footnotes. Changes in reporting requirements are not implemented timely by preparers and reviewers of the financial statements and footnotes.
- Information regarding contingent liabilities relating to legal matters is not provided to the preparer and reviewer of the financial statements and footnotes timely (i.e., prior to the end of the reporting period) so that entries can be recorded when needed and the footnote can be accurately prepared;
- Communications between the General Counsel's Office and Financial Management Office occur as a result of the auditor's inquiries and not as a routine part of the preparation process.
- Control activities relating to the review and approval of the financial statements and footnotes were not fully implemented to prevent or detect and correct errors and omissions in the financial statements and footnotes.
- The presentation relating to the correction of errors and restatement of prior period adjustments per authoritative guidance was not strictly followed.

EFFECT

- Noncompliance with generally accepted accounting principles (GAAP) relating to the reporting of contingent liabilities and with OMB and Treasury financial reporting requirements.

- Material misstatements of the Reconciliation of Net Costs to Net Outlays footnote (Note 13).

- Increased risk of material misstatement, errors, and omissions in the financial statements and other required footnote disclosures.

- The financial statements were not presented in accordance with generally accepted accounting principles, as described in the Condition section of the finding.

RECOMMENDATION

We recommend that FTC management should:

- Timely implement the most current version of OMB Circular A-136 and the USSGL Treasury Crosswalks to identify changes in data elements, classification, and presentation and ensure that these changes are incorporated into financial statement and footnote templates for current year reporting. A search for new versions of the USSGL Crosswalks and OMB Circular A-136 should be performed each time the financial statements are prepared.

- Increase the precision of the preparation and review process to verify the mathematical accuracy, classification, consistency, and completeness of the financial statements and footnotes.

- Proactively and independently initiate discussions with Legal Counsel at least quarterly in order to identify contingent liabilities which should be recognized and/or disclosed in FTC's financial statements and footnotes so that appropriate entries can be recorded prior to the GTAS reporting deadline for that reporting period and all required footnote disclosures can be prepared.

- Document the process for determining the appropriate accounting entries and/or presentation for corrections of errors and other unusual accounting events, including the authoritative guidance that supports the actions to be taken.

MANAGEMENT RESPONSE

Management's response was provided in a separate memo that follows the independent auditor's report.

AUDITOR RESPONSE

We will perform follow up procedures during the FY 2025 audit to determine if corrective actions have been fully implemented.

FTC Response

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

November 15, 2024

From: Stephen Laurance
Chief Financial Officer

To: Andrew Katsaros
Inspector General

Thank you for your audit report on the FTC's Financial Statements for Fiscal Years (FY) 2024 and 2023. We are pleased to have received an unmodified opinion for the twenty-eighth consecutive year, a testament to the FTC's commitment to transparent and accurate financial reporting.

While we did not receive a material weakness, we acknowledge the significant deficiency in internal controls over financial reporting identified by Allmond & Company, LLC during the FY 2024 audit. The FTC concurs with this finding and is committed to taking the necessary steps to address and resolve it. We have already initiated a plan to strengthen our internal controls over financial reporting. In FY 2025, we will focus on performing additional peer reviews, reassessing our current procedures, and implementing targeted improvements to enhance our control environment.

Our commitment to remediating this deficiency remains steadfast, and we are confident these measures will bring our controls to a heightened level of rigor. We value the insights provided through the audit process, which continually guide our efforts to maintain financial integrity and uphold the highest standards in financial reporting.

Thank you again for your dedication and collaboration. We look forward to continuing our partnership with the Inspector General and the independent public accounting firm, Allmond & Company, LLC, as we work together to achieve these goals.

Principal Financial Statements

Financial Statement Descriptions

A brief description of the five principal financial statements presented on the following pages is provided:

Balance Sheet

Presents the combined amounts the agency had to use or distribute (assets) versus the amounts the agency owed (liabilities), and the difference between the two (net position).

Statement of Net Cost

Presents the annual cost of agency operations. The gross cost less offsetting revenue is used to determine the net cost.

Statement of Changes in Net Position

Reports the accounting activities that caused the change in net position during the reporting period.

Statement of Custodial Activity

Reports collections and their disposition by the agency on behalf of the Treasury General Fund and one other Federal agency. The FTC acts as custodian and does not have use of these funds. The accompanying Notes to the Financial Statements describe significant accounting policies as well as detailed information on select statement lines.

Statement of Budgetary Resources

Reports how budgetary resources were made available and the status of those resources at fiscal year-end.

Balance Sheet

As of September 30, 2024 and 2023 (Restated):

(Dollars in thousands)	FY 2024	Restated FY 2023
Assets (Note 2 and Note 14):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	$ 677,362	$ 810,370
Accounts Receivable, Net (Note 4)	45	84
Advances and Prepayments	509	845
Total Intragovernmental Assets	677,916	811,299
Other Than Intragovernmental:		
Accounts Receivable, Net (Note 4)	167,666	39,914
General Property, Plant, and Equipment, Net (Note 5)	27,479	23,785
Total Other Than Intragovernmental Assets	195,145	63,699
Total Assets	$ 873,061	$ 874,998
Liabilities (Note 6 and Note 7)		
Intragovernmental:		
Accounts Payable	$ 2,426	$ 873
Other Liabilities (Note 7)	22,530	1,724
Total Intragovernmental Liabilities	24,956	2,597
Other Than Intragovernmental:		
Accounts Payable	11,564	12,846
Federal Employee Salary, Leave, and Benefits		
Accrued Funded Payroll and Leave	5,969	3,729
Unfunded Leave	19,019	17,749
Accrued Redress Due to Claimants (Note 6)	147,368	39,427
Undisbursed Redress Collections (Note 13)	537,849	649,018
Other Liabilities (Note 7)	2,604	967
Total Other Than Intragovernmental Liabilities	724,373	723,736
Total Liabilities	749,329	726,333
Commitments and Contingencies (Note 9)		
Net Position (Note 1(o) and Note 14):		
Total Unexpended Appropriations	3,224	3,372
Total Cumulative Results of Operations	120,508	145,293
Total Net Position	123,732	148,665
Total Liabilities and Net Position	$ 873,061	$ 874,998

The accompanying notes are an integral part of these statements.

Statement of Net Cost

For the Years Ended September 30, 2024 and 2023 (Restated):

(Dollars in thousands)	FY 2024	Restated FY 2023
Strategic Goal 1: Protect Consumers		
Intragovernmental Costs	$ 62,688	$ 56,302
Public Costs	176,302	161,245
Gross Costs, Protect Consumers	238,990	217,547
Intragovernmental Earned Revenue	(5)	-
Public Earned Revenue	(15,920)	(14,952)
Earned Revenue, Protect Consumers	(15,925)	(14,952)
Net Cost, Protect Consumers	223,065	202,595
Strategic Goal 2: Maintain Competition		
Intragovernmental Costs	62,688	51,556
Public Costs	176,302	147,653
Gross Costs, Maintain Competition	238,990	199,209
Intragovernmental Earned Revenue	(1,027)	(1,183)
Public Earned Revenue	(244,966)	(171,824)
Earned Revenue, Maintain Competition	(245,993)	(173,007)
Net Cost, Maintain Competition	(7,003)	26,202
Net Cost of Operations	$ 216,062	$ 228,797

The accompanying notes are an integral part of these statements.

Statement of Changes in Net Position

For the Years Ended September 30, 2024 and 2023 (Restated):

(Dollars in thousands)	FY 2024	Restated FY 2023
Unexpended Appropriations:		
Beginning Balance	$ 3,372	$ 20,821
Appropriations Received	166,750	70,724
Appropriations Transferred In	2,601	-
Other Adjustments	-	(11,072)
Appropriations Used	(169,499)	(77,101)
Net Change in Unexpended Appropriations	(148)	(17,449)
Total Unexpended Appropriations	3,224	3,372
Cumulative Results of Operations:		
Beginning Balance	145,294	275,205
Correction of Errors (**Note 14**)	-	5,743
Beginning Balance (As Adjusted)	$ 145,294	$ 280,948
Appropriations Used	169,499	77,101
Transfers In	237	-
Imputed Financing (**Note 10**)	21,572	16,063
Other	(32)	(21)
Net Cost of Operations	(216,062)	(228,797)
Net Change in Cumulative Results of Operations	(24,786)	(135,654)
Cumulative Results of Operations	120,508	145,294
Net Position (Note 1(o)):	$ 123,732	$ 148,666

The accompanying notes are an integral part of these statements.

Statement of Custodial Activity

For the Years Ended September 30, 2024 and 2023:

(Dollars in thousands)	FY 2024	FY 2023
Revenue Activity (Note 12):		
Civil Penalties and Fines	$ 15,995	$ 317,525
Consumer Redress	2,088	4,406
Other Miscellaneous Receipts	12	15
Total Cash Collections	18,095	321,946
Accrual Adjustments	19,770	280
Total Custodial Revenue	37,865	322,226
Disposition of Custodial Collections (Note 12):		
Transferred to Treasury General Fund	18,095	321,946
Non-Cash Accrual Adjustment	19,770	280
Total Disposition of Collections	37,865	322,226
Net Custodial Activity	$ -	$ -

The accompanying notes are an integral part of these statements.

Statement of Budgetary Resources

For the Years Ended September 30, 2024 and 2023:

(Dollars in thousands)	FY 2024	FY 2023
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1	$ 66,868	$ 63,455
Recoveries of Unpaid Prior Year Obligations	10,842	10,609
Other Changes in Unobligated Balance	3,300	341
Unobligated Balance from Prior Year Budget Authority, Net	81,010	74,405
Appropriations	166,750	59,652
Spending Authority from Offsetting Collections	259,010	360,260
Total Budgetary Resources	$ 506,770	$ 494,317
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total) (**Note 11**)	$ 454,247	$ 427,449
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	46,639	60,921
Unapportioned, Unexpired Accounts	5,884	5,947
Unexpired Unobligated Balance, End of Year	52,523	66,868
Unobligated Balance, End of Year (Total)	52,523	66,868
Total Budgetary Resources	$ 506,770	$ 494,317
Outlays, Net:		
Outlays, Gross	$ 453,815	$ 398,543
Actual Offsetting Collections	(262,035)	(188,202)
Outlays, Net	191,780	210,341
Distributed Offsetting Receipts	(2,133)	(4,442)
Agency Outlays, Net	$ 189,647	$ 205,899

The accompanying notes are an integral part of these statements.

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 Funds

Salaries and Expenses (TAS 29X0100): Each year, this account receives budget authority from an appropriation and offsetting collections, 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. In FY 2023 the FTC received authority to return all prior year collections in excess of previously established congressional limits that were unavailable by law and had been included in the FTC's unavailable – excess offsetting collections (See **Note 3, Fund Balance with Treasury**.)

Salaries and Expenses (TAS 29 0100): In FY 2021, the FTC received an appropriation under the American Rescue Plan Act (ARPA). ARPA provides funding to cover cost increases as a result of the COVID-19 pandemic of 2020–2022. Funding for the FTC under ARPA includes payroll costs, consumer education, and monitoring of consumer complaints received into the Consumer Sentinel Network. In May 2023, the Fiscal Responsibility Act of 2023 rescinded all unobligated funds at the time, leaving only funds to cover current obligations.

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 13, Consumer Redress Activities**.) For reporting purposes, 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.

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 are recorded in this account. An example is fees collected under the Freedom of Information Act (FOIA). Furthermore, collections for the consumer redress program for which redress to consumers is not practicable are also recorded in this account. These funds are ultimately disgorged to the U.S. Treasury. 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.

Clearing/Suspense Account

Budget Clearing and Suspense (TAS 29F3875): Prior to a systems process change in the first quarter of FY 2021, fees collected for premerger notification filings under the HSR Act were 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). Premerger receipts are now split evenly upon collection between the FTC and the DOJ, eliminating the custodial activity transactions. The Budget Clearing and Suspense account is still used to process refund payments to vendors. (See **Note 1(p), Revenues and Other Financing Sources**.)

Horseracing Integrity and Safety Authority (HISA)

The FTC reporting entity does not include the Horseracing Integrity and Safety Authority (HISA), a private self-regulatory organization that has been setup to develop rules related to horseracing, including anti-doping, medication control and racetrack safety. The FTC is given broad oversight over the Authority. The FTC, after providing an opportunity for public comment, must approve or disapprove any rule, standard or procedure proposed by HISA. Civil sanctions imposed by the Authority for violations of its rules or standards may be appealed to the Commission.

(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 May 2024). Transactions are recorded on both an accrual and a 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, primarily in the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities. The purpose of federal budgetary accounting is to control, monitor, and report on funds made available to federal agencies by law and help ensure compliance with the law. Budget terms commonly used are defined in OMB **Circular A-11, Section 20.3**. Further information about budget terms and concepts is available in the "Budget Concepts" chapter of the **Analytical Perspectives** volume of the President's Budget.

As described in **Note 1(a), Reporting Entity**, the FTC maintains a primary fund to account for salaries and operating expenses. There are limited intra-entity transactions with any other fund (e.g., deposit fund) that require eliminating entries to present consolidated statements. Furthermore, the FTC does not currently have any funds classified as dedicated collections which require separate reporting under FASAB Statement of Federal Financial Accounting Standards (SFFAS) 43, Funds from Dedicated Collections. Accordingly, the proprietary financial 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 accruals 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 2024 Congressional Budget Justification, pages 14-15, "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 direct appropriations and offsetting collections. The FTC accounts for budget authority in its General Fund accounts (29X0100 and 29 0100) 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.

(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 and civil monetary penalties. 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

Fund 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 funds, 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 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 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 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:

Asset Type	Capitalization Threshold
Furniture	$ 50,000
General Equipment	$ 50,000
Information Technology (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**.)

Starting in FY 2024, Federal reporting entities are required to report a right-to-use (RTU) lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

(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 18.4 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 16.5 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 (FICA), 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 2024, the annual contribution limit is $23,000 and employees aged 50 and over may contribute an additional $7,500 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 13, 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 15, 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) Net Position

The portion of the FTC's budget authority funded by its no-year direct appropriation is fully expended during the year. Therefore, the remaining unexpended appropriation balance in net position at the end of the fiscal year reflects the unspent ARPA funds.

Cumulative results of operations represent the net results of operations since the agency's inception, the cumulative amount of prior period adjustments, the remaining net book value of capitalized assets, and future funding requirements. (See Statement of Changes in Net Position.)

(p) 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.

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.

(q) 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.

(r) Significant Changes in Presentation

As per OMB Circular A-136, some changes have been made to the presentation of these financial statements that may affect how the reader interprets them. Specifically on the Balance Sheet, some items in Other Liabilities have been split out into individual line items. These include Federal Employee Salary, Leave and Benefits which is disaggregated into Accrued Funded Payroll and Leave and Unfunded Leave lines. **Note 7 (Other Liabilities)** will no longer include either of these accounts.

Furthermore, in accordance with the requirements of SFFAS 21, paragraphs 10 and 11, the FTC is reporting a material misstatement from September FY 2023, that has been restated (See **Note 14**) and **Note 8** has been updated per SFFAS 54.

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 for transit subsidies on behalf of FTC employees as well as amounts paid to the Department of Defense for employee background investigations. The FTC's non-entity assets include fund balance with Treasury and accounts receivable. The fund balance with Treasury consists of amounts held temporarily in a deposit fund pending disbursement to harmed consumers for redress. Accounts receivable, net, is the estimated amount collectible on consumer redress judgments and civil penalties. FY 2023 Restatement impacted prior year note as presented in the FY 2023 table below.

Entity and Non-Entity Assets consisted of the following as of September 30, 2024:

(Dollars in thousands)	2024 Entity	2024 Non-Entity	2024 Total
Intragovernmental			
Fund balance with Treasury:			
General Funds	$ 139,513	$ -	$ 139,513
Deposit Funds—Consumer Redress	-	537,849	537,849
Accounts Receivable, Net	45	-	45
Advances and Prepayments	509	-	509
Total Intragovernmental Assets	140,067	537,849	677,916
Accounts Receivable, Net	90	167,576	167,666
Property, Plant and Equipment, Net	27,479	-	27,479
Total Assets	$ 167,636	$ 705,425	$ 873,061

Entity and Non-Entity Assets consisted of the following as of September 30, 2023 (Restated):

(Dollars in thousands)	2023 Entity	2023 Non-Entity	2023 Total
Intragovernmental			
Fund balance with Treasury:			
General Funds	$ 161,352	$ -	$ 161,352
Deposit Funds—Consumer Redress	-	649,018	649,018
Accounts Receivable, Net	84	-	84
Advances and Prepayments	845	-	845
Total Intragovernmental Assets	162,281	649,018	811,299
Accounts Receivable, Net	49	39,865	39,914
Property, Plant and Equipment, Net	23,785	-	23,785
Total Assets	$ 186,115	$ 688,883	$ 874,998

Note 3—Fund Balance with Treasury

There are no material differences between amounts reported by the FTC and those reported to U.S. Treasury as of September 30, 2024, and 2023. 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.

Fund Balance with Treasury consisted of the following as of September 30, 2024 and 2023:

(Dollars in thousands)	2024	2023
Status of Fund Balance with Treasury:		
Unobligated Balance:		
Available—Apportioned	$ 46,639	$ 60,921
Unavailable—Unapportioned	5,884	5,947
Unavailable—Excess Offsetting Collections	1,904	-
Total Unobligated Balance	54,427	66,868
Obligated Balance Not Yet Disbursed	85,086	94,484
Non-Budgetary Fund Balance with Treasury	537,849	649,018
Total Status of Fund Balance with Treasury	$ 677,362	$ 810,370

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. Non-entity redress gross accounts receivable is the court ordered judgment amount, usually a calculated amount of ill-gotten gains by the defendant(s).

Accounts Receivable, Net consisted of the following as of September 30, 2024:

(Dollars in thousands)	Gross Receivables	Allowance for Uncollectible Accounts	2024 Net
Entity Accounts Receivable:			
Intragovernmental	$ 45	$ -	$ 45
With the Public	90	-	90
Total Entity Accounts Receivable	135	-	135
Non-Entity Accounts Receivable:			
Consumer Redress	791,040	(643,672)	147,368
Civil Penalties	29,853	(9,645)	20,208
Total Non-Entity Accounts Receivable	820,893	(653,317)	167,576
Total Accounts Receivable	$ 821,028	$ (653,317)	$ 167,711

Accounts Receivable, Net consisted of the following as of September 30, 2023:

(Dollars in thousands)	Gross Receivables	Allowance for Uncollectible Accounts	2023 Net
Entity Accounts Receivable:			
Intragovernmental	$ 84	$ -	$ 84
With the Public	49	-	49
Total Entity Accounts Receivable	133	-	133
Non-Entity Accounts Receivable:			
Consumer Redress	846,322	(806,895)	39,427
Civil Penalties	938	(500)	438
Total Non-Entity Accounts Receivable	847,260	(807,395)	39,865
Total Accounts Receivable	$ 847,393	$ (807,395)	$ 39,998

Note 5—General Property, Plant, and Equipment, Net

The following represents the FTC's capital assets and accumulated depreciation as of September 30, 2024, and 2023. No asset impairments were recognized in either year. Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement (See **Note 8**). The net book value of capitalized assets has increased compared to the previous fiscal year as a result of newly added assets and new lease guidance. Current year depreciation and amortization expense is $4,732 thousand, including $668 thousand of Lessee Lease Amortization from FY24 SFFAS 54 Guidance. Asset retirements equaled $18,358 thousand but had no impact to the Net Book Value as the assets were fully depreciated. FY 2023 Restatement impacted prior year note as shown on FY 2023 portion of chart below.

Property, Plant, and Equipment, Net consisted of the following as of September 30, 2024:

Asset Class (Dollars in thousands)	Service Life	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	5–20 years	$ 11,148	$ (8,629)	$ 2,519
Leasehold Improvements	15 years	47,933	(34,529)	13,404
Software	5 years	19,098	(9,813)	9,285
Lessee Right-to-Use Asset	4–5 years	2,939	(668)	2,271
Total Property, Plant, and Equipment		$ 81,118	$ (53,639)	$ 27,479

Property, Plant, and Equipment, Net consisted of the following as of September 30, 2023 (Restated):

Asset Class (Dollars in thousands)	Service Life	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	5–20 years	$ 18,962	$ (18,218)	$ 744
Leasehold Improvements	15 years	47,085	(31,849)	15,236
Software	5 years	25,003	(17,198)	7,805
Total Property, Plant, and Equipment		$ 91,050	$ (67,265)	$ 23,785

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 fees owed to other federal agencies. In FY 2022, the FTC received funding for information technology enhancements through GSA's Technology Modernization Fund (TMF) with a requirement to repay a portion of the monies back to GSA in fiscal years 2023 and 2024. Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement (See **Note 8**). This has been added to both the unfunded and funded liabilities lines.

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, 2024:

(Dollars in thousands)	Not Covered by Budgetary Resources	Not Requiring Budgetary Resources	FY 2024 Total
Intragovernmental Liabilities:			
FECA Liability	$ 1	$ -	$ 1
Employment-Related Liability	21	-	21
Fees Owed under Interagency Agreements	769	-	769
Accrued Civil Penalties and Receipts Due to Treasury	-	20,208	20,208
Total Intragovernmental Liabilities	791	20,208	20,999
Non-Federal Liabilities:			
Accrued Leave	19,019	-	19,019
Actuarial FECA	3	-	3
Undisbursed Redress Collections	-	537,849	537,849
Accrued Redress Due to Claimants	-	147,368	147,368
Unfunded Lessee Lease Liabilities	1,737	-	1,737
Total Non-Federal Liabilities	20,759	685,217	705,976
Total Unfunded Liabilities	21,550	705,425	726,975
Liabilities Covered by Budgetary Resources			22,354
Total Liabilities			$ 749,329

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2023:

(Dollars in thousands)	Not Covered by Budgetary Resources	Not Requiring Budgetary Resources	FY 2023 Total
Intragovernmental Liabilities:			
FECA Library	$ -	$ -	$ -
Employment-Related Liability	10	-	10
Fees Owed under Interagency Agreements	135	-	135
Accrued Civil Penalties and Receipts Due to Treasury	-	438	438
Total Intragovernmental Liabilities	145	438	583
Non-Federal Liabilities:			
Accrued Leave	17,749	-	17,749
Actuarial FECA	791	-	791
Undisbursed Redress Collections	-	649,018	649,018
Accrued Redress Due to Claimants	-	39,427	39,427
Total Non-Federal Liabilities	18,540	688,445	706,985
Total Unfunded Liabilities	18,685	688,883	707,568
Liabilities Covered by Budgetary Resources			18,765
Total Liabilities			$ 726,333

Note 7—Other Liabilities

As of September 30, 2024, and 2023, components of amounts reported on the Balance Sheet as Other Intragovernmental Liabilities and Other Liabilities (Other Than Intragovernmental) are presented below. FECA liabilities are long-term in nature and are not funded with budgetary resources while accrued employee benefits and accrued funded payroll and leave are covered by budgetary resources. For Government-wide reporting, the liabilities for Accrued Redress Due to Claimants and Undisbursed Redress Collections are reported as Other Liabilities in the Financial Report of the U.S. Government. Because these liabilities are material to the FTC, they are displayed as separate line-items on the agency's Balance Sheet. (See **Note 6, Liabilities Not Covered by Budgetary Resources**.)

Other Liabilities consisted of the following as of September 30, 2024 and 2023:

(Dollars in thousands)	2024	2023
Intragovernmental Liabilities:		
Accrued Employee Benefits	$ 1,552	$ 1,151
FECA Liability	1	-
Fees Owed under Interagency Agreements	769	135
Accrued Civil Penalties and Receipts Due to Treasury	20,208	438
Total Intragovernmental Liabilities	22,530	1,724
Other Than Intragovernmental Liabilities:		
Employer Contributions and Payroll Taxes Payable	237	176
Actuarial FECA Liability	3	791
Lessee Lease Liability	627	-
Unfunded Lessee Lease Liability	1,737	-
Total Other Than Intragovernmental Liabilities	2,604	967
Total Other Liabilities	$ 25,134	$ 2,691

Note 8—Leases

Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement. Intragovernmental 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 undersigned lease agreements.

The FTC currently leases spaces from four government-owned properties and seven commercial properties totaling approximately 590 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 2033. Currently the Constitution Center lease is expired and in holdover status with GSA. A holdover is a tenancy that is created when the tenant continues to occupy the premises beyond the expiration date of the lease term. Future annual lease expenses owed to GSA on contracts for space and fleet with remaining terms in excess of one year are presented in the table below. The FY24 Intragovernmental Lease Expense was $22,897 thousand.

Intragovernmental Annual Lease Expense for the fiscal year ended September 30, 2024:

Fiscal Year (Dollars in thousands)	Asset Category	
	Space	Fleet
2025	10,274	
2026	9,945	
2027	9,841	
2028	8,937	
2029	8,330	
Thereafter	2,254	
Total Intragovernmental Lease Expense	$ 49,581	$ -

FTC also has two leases that are other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases. The two leases are Right-To-Use operating leases with no cancellation clause. The first lease is a 5-year lease with Park America, Inc. for parking spaces, with no expected variable lease payments beyond what is in the lease liability and a discount rate of 4.4%. The second lease is a 4-year lease with Supply Source DC LLC for warehouse storage, with no expected variable lease payments beyond what is in the lease liability and a discount rate of 4.45%. Both discount rates were determined by Circular A-94, Appendix C. These leases are included in **Note 5 PP&E** and **Note 6 & 7 (Liabilities)**, and shown separately in the tables below.

For the fiscal year ended September 30, 2024:

RTU Lease Assets (Separate from PP&E/Dollars in thousands)	Asset Amount	Accumulated Amortization	Net Asset Amount
Parking Spaces	$ 1,336	$ (267)	$ 1,069
Warehouse Storage	1,603	(401)	1,202
Totals	$ 2,939	$ (668)	$ 2,271

For the fiscal year ended September 30, 2024:

Fiscal Year (Dollars in thousands)	Principal	Interest	Total
2025	$ 627	$ 87	$ 714
2026	680	61	741
2027	738	31	769
2028	320	8	328
Totals	$ 2,365	$ 187	$ 2,552

Note 9—Commitments and Contingencies

The FTC has 1 Reasonably Possible legal contingency with a range of $490,439.68 and $5,371,925.15 as of 9/30/2024.

	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Current FY			
Legal Contingencies			
Probable			
Reasonably Possible		$490,439.68	$5,371,925.15

Note 10—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 and judgments paid out of the Treasury Judgment Fund. No other unreimbursed costs of goods and services are included in the FTC's financial statements as imputed costs and imputed financing sources.

Note 11—Statement of Budgetary Resources

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. Aggregate undelivered orders are presented in the table below.

Undelivered obligations consisted of the following as of September 30, 2024 and 2023:

(Dollars in thousands)	2024	2023
Non-Federal Undelivered Orders Unpaid	$ 54,818	$ 68,138
Non-Federal Undelivered Orders Paid	-	-
Total Non-Federal Undelivered Orders	54,818	68,138
Federal Undelivered Orders Unpaid	9,877	9,929
Federal Undelivered Orders Paid	509	845
Total Federal Undelivered Orders	10,386	10,774
Total Undelivered Orders	$ 65,204	$ 78,912

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 2025 President's Budget, which contains FY 2023 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 2023 Statement of Budgetary Resources and the FY 2023 actual amounts as reported in the FY 2025 President's Budget; however, the Statement of Budgetary Resources includes Distributed Offsetting Receipts, which are excluded from the President's Budget. The FY 2026 Budget of the United States Government is not available to compare FY 2024 actual amounts to the FY 2024 Statement of Budgetary Resources. The expected availability for this report is February 2025 on the **OMB's website**.

Note 12—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. In FY 2021, the FTC implemented a new collection process for the Premerger filing fees. Collections are now split evenly between the FTC and the DOJ upon receipt. Under the previous method, the FTC collected the full amount and remitted half to the DOJ, which resulted in a custodial liability and custodial transfers. As of September 30, 2024 and 2023, the FTC collected $244,950 and $171,814 thousand in HSR premerger filing fees.

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 2023, the FTC collected $266.75 million from EPIC Games, Inc., creator of the popular video game Fortnite for violating the Children's Online Privacy Protection Act (COPPA)—the largest penalty ever obtained for violating an FTC rule. Additionally, in a first-of-its-kind provision, Epic will be required to adopt strong privacy default settings for children and teens, ensuring that voice and text communications are turned off by default.

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 $2,088 thousand as of September 30, 2024 and $4,406 thousand as of September 30, 2023.

Other line items on the Statement of Custodial Activity include:

Accrual Adjustments and Amounts Yet to Be Transferred

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 represent 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 13—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 $345,098 and $41,841 as of September 30, 2024, and 2023.

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, 2024 and 2023:

(Dollars in thousands)	2024	2023
Consumer Redress:		
Fund Balance with Treasury		
Beginning Balance	$ 649,018	$ 204,704
Collections	236,017	490,561
Disbursements to Claimants and Third Party Administrators for Redress, Net	(345,098)	(41,841)
Disgorgements to Treasury, Net	(2,088)	(4,406)
Total Fund Balance with Treasury, Ending	$ 537,849	$ 649,018
Accounts Receivable, Net		
Beginning Balance	$ 39,427	$ 44,976
Net Activity	107,941	(5,549)
Total Fund Balance with Treasury, Ending	$ 147,368	$ 39,427

Note 14—Restatements

In accordance with the requirements of SFFAS 21, paragraphs 10 and 11, the FTC is reporting a material misstatement from September FY 2023, that has been restated. This resulted from 4 software projects, one Internal Use Software (Premerger Software) in development and three in-service projects (Admin E-Filing, Print Tracking, and FTC.gov) not being classified correctly starting in 2020. Once discovered, management notified the auditors and reclassified the projects from being expensed into asset accounts, netting out any depreciation expense. The amount of the Restatement is $7,437 thousand, split between $1,694 thousand in FY 2023 and $5,743 thousand in prior periods. This restatement only affected the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position. It did not impact the Statement of Budgetary Resources. Upon FTC's discovery and correction of the error, the current year comparative financial statements were to be issued within 90 days; therefore FTC restated the FY 2023 financial statements as part of the current year's comparative financial statements and labeled the prior year comparative column as "restated" for each statement and note affected by the correction.

Summary of Changes to the Balance Sheet Balance as of September 30, 2023:

(Dollars in thousands)	FY 2023 As Stated	Adjustment	FY 2023 Restated
Assets (Note 2 and Note 13):			
General Property, Plant, and Equipment, Net (**Note 5**)	$ 16,348	$ 7,437	$ 23,785
Total Assets	$ 867,561	$ 7,437	$ 874,998
Net Position (Note 1(o) and Note 13):			
Total Cumulative Results of Operations	$ 137,856	$ 7,437	$ 145,293
Total Net Position	$ 141,228	$ 7,437	$ 148,665
Total Liabilities and Net Position	$ 867,561	$ 7,437	$ 874,998

Summary of Changes to the Statement of Net Cost Balance as of September 30, 2023:

(Dollars in thousands)	FY 2023 As Stated	Adjustment	FY 2023 Restated
Strategic Goal 1: Protect Consumers			
Public Costs	$ 162,129	$ (884)	$ 161,245
Gross Costs, Protect Consumers	$ 218,431	$ (884)	$ 217,547
Net Costs, Protect Consumers	$ 203,479	$ (884)	$ 202,595
Strategic Goal 2: Maintain Competition			
Public Costs	$ 148,463	$ (810)	$ 147,653
Gross Costs, Maintain Competition	$ 200,019	$ (810)	$ 199,209
Net Costs, Maintain Competition	$ 27,012	$ (810)	$ 26,202
Net Cost of Operations	$ 230,491	$ (1,694)	$ 228,797

Summary of Changes to the Statement of Changes in Net Position Balance as of September 30, 2023:

(Dollars in thousands)	FY 2023 As Stated	Adjustment	FY 2023 Restated
Cumulative Results of Operations:			
Beginning Balance	$ 275,205	$ -	$ 275,205
Correction of Errors	$ -	$ 5,743	$ 5,743
Beginning Balance (As Adjusted)	$ 275,205	$ 5,743	$ 280,948
Net Cost of Operations	$ (230,491)	$ 1,694	$ (228,797)
Net Change in Cumulative Results of Operations	$ (137,348)	$ 1,694	$ (135,654)
Cumulative Results of Operations	$ 137,857	$ 7,437	$ 145,294
Net Position (Note 1(o)):	$ 141,229	$ 7,437	$ 148,666

Note 15—Reconciliation of Net Operating Cost and Net Budgetary Outlays

In accordance with the requirements of SFFAS 7, Accounting for Revenue and Other Financing Sources, as amended by SFFAS 53, Budget and Accrual Reconciliation, the 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, 2024, and 2023. Net cost is calculated on an accrual basis while net outlays consist of the receipt and use of cash from a budgetary basis. This reconciliation assures the integrity of relationships between proprietary and budgetary accounting.

Reconciliation of Net Operating Cost and Net Budgetary Outlays for the Fiscal Year ended September 30, 2024:

	FY 2024		
(Dollars in thousands)	**Intragovernmental**	**With the Public**	**Total**
Net Operating Cost (SNC)	$ 124,344	$ 91,718	$ 216,062
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization	-	(4,732)	(4,732)
Increase/(Decrease) in Assets	(376)	42	(334)
(Increase)/Decrease in Liabilities	(1,955)	(1,500)	(3,455)
Imputed Costs	(21,572)	-	(21,572)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(23,903)	(6,190)	(30,093)
Components of Budget Outlays Not Part of Net Operating Cost			
Purchases of Assets	690	4,797	5,487
Transfers Out (In) Without Reimbursement	(238)	-	(238)
Total Components of Budget Outlays Not Part of Net Operating Cost	452	4,797	5,249
Other Reconciling Items			
Miscellaneous Receipts	-	(2,100)	(2,100)
SFFAS 54 NPV Payments	-	574	574
Judgment Fund Liability	-	(45)	(45)
Total Other Reconciling Items	-	(1,571)	(1,571)
Net Outlays (Calculated)	$ 100,893	$ 88,754	$ 189,647
Budgetary Agency Outlays, Net—Statement of Budgetary Resources			**$ 189,647**

Reconciliation of Net Operating Cost and Net Budgetary Outlays for the Fiscal Year ended September 30, 2023 (Restated):

(Dollars in thousands)	Restated FY 2023 Intragovernmental	Restated FY 2023 With the Public	Restated FY 2023 Total
Net Operating Cost (SNC)	$ 106,675	$ 122,122	$ 228,797
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization	-	(3,963)	(3,963)
Increase/(Decrease) in Assets	916	8	924
(Increase)/Decrease in Liabilities	288	(2,176)	(1,888)
Imputed Costs	(16,063)	-	(16,063)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(14,859)	(6,131)	(20,990)
Components of Budget Outlays Not Part of Net Operating Cost			
Purchases of Assets	-	2,513	2,513
Transfers Out (In) Without Reimbursement	-	-	-
Total Components of Budget Outlays Not Part of Net Operating Cost	-	2,513	2,513
Other Reconciling Items			
Miscellaneous Receipts	-	(4,421)	(4,421)
Total Other Reconciling Items	-	(4,421)	(4,421)
Net Outlays (Calculated)	$ 91,816	$ 114,083	$ 205,899
Budgetary Agency Outlays, Net—Statement of Budgetary Resources			**$ 205,899**

Other Information

Summary of Financial Statement Audit and Management Assurances

Table 1: Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2: Summary of Management Assurances

Effectiveness of Internal Control Over Financial Reporting (Federal Managers' Financial Integrity Act (FMFIA) Para. 2)					
Statement of Assurance	Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Effectiveness of Internal Control Over Operations (FMFIA Para. 2)					
Statement of Assurance	Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Conformance with Financial Management System Requirements (FMFIA Para. 4)					
Statement of Assurance	Systems conform to financial management system requirements				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Federal Trade Commission	Auditor
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
3. USSGL at Transaction Level	No lack of compliance noted	No lack of compliance noted

Summary of the Top Management and Performance Challenges Identified by the Office of Inspector General

As required by the *Reports Consolidation Act of 2000,* the OIG has identified the following issues as the most serious management and performance challenges facing the FTC.[1]

1. Addressing Challenges to FTC Litigation

Recent Supreme Court decisions, lack of funds for the expert witness program, and unauthorized disclosures of nonpublic information (NPI) have made it increasingly challenging for the FTC to effectively bring cases in support of its consumer protection and competition enforcement missions. Due to recent Supreme Court decisions (e.g., 2021's *AMG Capital Management, LLC v. FTC*; 2023's *Axon Enterprise, Inc. v. FTC*; and 2024's *Loper Bright Enterprises v. Ramondo*), it has become increasingly difficult for the FTC to obtain monetary relief for consumers in federal court and via the FTC's administrative process. In addition, after 9 months of the fiscal year, the FTC had nearly exhausted its $18 million budget for expert witnesses, requiring an additional $15 million to cover expected shortfalls for the remainder of the fiscal year. Finally, the volume of unauthorized disclosures of FTC leaks of NPI to the media has been steadily increasing. Although it is possible that some of the leaks could have originated from outside sources, it appears that the media may be obtaining significant amounts of NPI from sources within the FTC.

FTC Progress in Addressing the Challenge. The FTC reports taking several steps (e.g., initiating administrative cases, using alternative remedial authorities, and finalizing key rules) to maximize its ability to bring successful cases and obtain monetary relief for consumers, despite recent Supreme Court decisions. For its upcoming budget, the agency has requested a $15 million increase from Congress for expert witness contracts. And the agency reports regular trainings, remindings, and warnings on the proper handling of NPI, as well as implementing heightened security and technical protocols on it closed Commission meetings.

2. Successfully Managing Merger Transactions

The FTC's management of its workload related to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act)—and the difficulties encountered by attorneys reviewing and investigating mergers—has persisted as one of the agency's top management and performance challenges. The volume of FTC merger activity decreased significantly between FY 2022 and FY 2024. Nevertheless, the agency reports experiencing a significant increase in document volume per transaction, a 4-fold increase in many instances; additionally, the agency notes that the complexity of transactions has increased significantly. Relatedly, as we noted last year, the FTC's workload reviewing and investigating mergers is also increasing as merging parties take a more adversarial stance in their relationship with the agency.

[1] The entire FY 2024 report is available at https://oig.ftc.gov/sites/default/files/reports/2024-10/2024-09-30the-FY-2024-TMC.pdf.

FTC Progress in Addressing the Challenge.

To combat these issues and to increase the overall efficiency and effectiveness of the FTC's HSR review process, the FTC issued a proposed rulemaking in June 2023 that would amend the Premerger Notification and Report Form and require additional information critical to the FTC and U.S. Department of Justice's (DOJ's) initial review. The agency also looks forward to resuming development of a new e-filing system that reflects changes to the Premerger Notification and Report Form and allows for easier data entry and analysis.

3. Combating Increasingly Sophisticated Scams and Enhancing the Public's Awareness of Them

Despite the efforts of the FTC and other agencies, scam proliferation continues to rise. In 2024, fraud losses reported to the FTC are on track to top 2023's reported $10.3 billion in losses—with actual consumer losses likely much higher than reported to the FTC. Imposter scams remain a significant fraud type reported to the FTC—the most often reported fraud type, imposter scams resulted in reported losses of $2.7 billion in FY 2023. In 2024, the FTC spotlighted new data on its website on the most commonly reported forms of government and business impersonation scams: copycat account security alerts; phony subscription renewals; fake giveaways, discounts, or money to claim; bogus problems with the law; and made-up package delivery issues. We note that the FTC continues to take measures to protect consumers and educate them about scams and other types of fraud, as perpetrators adapt, and their methods evolve. Its efforts include public engagement, rulemaking, further work on combatting robocalls, and joint efforts with other federal agencies.

FTC Progress in Addressing the Challenge. In addition to the aforementioned efforts, the FTC continues to enforce a newly finalized rule banning the impersonation of government and businesses—as well as warn consumers about FTC impersonations through tactics such as placing warnings on its websites, such as FTC.gov. These support the agency's belief that continuing to take proactive actions to identify such deceptive schemes and warn consumers is critical toward preventing economic harm to consumers.

4. Securing Information Systems and Networks from Destruction, Data Loss, Compromise, or Other Disruptions

This year's *TMC* reports on further changes to Federal Information Security Modernization Act of 2014 (FISMA) reporting requirements, as the federal government continues to ramp up its focus on cybersecurity. Along with other federal agencies' OIGs, the FTC OIG adjusted its FISMA audit according to the Office of Management and Budget (OMB) Memorandum M-23-03—which marked a transition to a multiyear cycle of measuring agencies against FISMA metrics, with certain core metrics evaluated annually and the remainder evaluated on a 2-year cycle. In addition, this year's annual *TMC* IT security challenge examines an additional category of disruption—a vendor's enterprise-focused security software update failure—that emerged after the Windows–CrowdStrike incident of July 19, 2024. That morning, the FTC—along with many other government agencies, airlines, railroads, banks, hospitals, 911 systems, and other critical industries worldwide—encountered days-long disruptions to Windows servers and end-user devices. Microsoft estimates that 8.5 million machines were affected when enterprise IT security vendor CrowdStrike pushed out a software update that led customers' computers to crash and fail. By noon Friday, the FTC's Office of Technology (OT) informed agency staff that the disruption, CrowdStrike users' second outage of summer 2024, was caused by the vendor's lack of proper testing on the update. OT assured FTC users that, most likely, the massive disruption was caused by CrowdStrike (as opposed to a wider Microsoft issue) and not the result of a malicious attack. The FTC Office of the Chief Information Officer (OCIO) maintained a robust line of communication with staff, as well as a multi-day Helpdesk effort to process staff requests for assistance.

FTC Progress in Addressing the Challenge.

The FTC OCIO worked diligently to restore devices and services that were disrupted during the global technical outage on July 19, 2024, and reports that it continues to focus on becoming more cyber-resilient and prepared for incidents. With the adoption of cloud and shared services, the agency asserts that it has balanced reducing the impact of disruptions by focusing on aspects of IT that are under the FTC's control. The agency asserts that its alerting and monitoring systems provide the early problem indicators needed to help isolate disruptions and assist in developing service restoration plans. Contingency plans are periodically tested and updated to ensure continuous improvement, according to the agency; it also reports that the disaster recovery plan is scheduled for completion in the first quarter of FY 2025.

Watch List Item

The OIG also maintains a "watch list," currently with one issue that does not rise to the level of a serious management and performance challenge but, nonetheless, requires management's continued attention.

Records Management

In FY 2023, management reported completing several initiatives aimed at modernizing recordkeeping and making records management progressively more integral to agency operations. The agency implemented a records management training program that ensures all staff receives onboarding, offboarding, and annual records management training. The National Archives and Records Administration (NARA) has approved nine of the agency's records schedules, including implementing NARA's Capstone approach to managing its email. Progress in FY 2024 has stalled, however, as the FTC has been unable to contract for records schedule services necessary to complete the remaining records schedules to meet NARA requirements

Payment Integrity

The Payment Integrity Information Act of 2019 (Pub. L. No. 116-117) requires agencies to annually identify and report on programs that may be susceptible to significant improper payments, estimate annual improper payments in the susceptible programs, and report the results of their improper payment activities.

In accordance with the OMB A-123 Appendix C guidance, the FTC performed a FY 2024 qualitative risk assessment for all major payment programs including payroll, procurement, redress payments to consumers, travel, charge card, premerger filing fee refunds, training, and two miscellaneous payment processes. The FTC evaluated each payment program using the following qualitative risk factors identified in OMB Circular A-123 Appendix C:

- The relative complexity of the program or activity operation
- The extent and significance of recent changes in the program that may be reason for improper payment in funding, authorities, practices, and procedure
- The extent and significance of recent changes in program volume of payments
- The level, experience, and quality of training for personnel responsible for program eligibility determination or certifying that payments are accurate
- The inherent risks of improper payments due to the nature of programs or operation
- Known control deficiencies (i.e., reported by OIG, or GAO) that might hinder accurate payment certification
- Lack of information or data systems

The FTC also performed a quantitative risk assessment which assessed risks related to the amounts of payments processed relative to the OMB specified threshold amounts that define payment programs susceptible to improper payments. As a result of the FY 2024 risk assessment the FTC determined that none of the agency's programs or activities are high risk or considered 'susceptible programs' of significant amounts of improper payments.

The FTC also concluded in its FY 2024 risk assessment that recovery audits were not cost-effective for its payment programs. The FTC employs a triennial review framework, conducting comprehensive internal control evaluations for its payment programs. For programs processing $100M or more in payments annually, the FTC conducted statistically random tests in its FY 2024 risk assessment to assess improper payment occurrences. These tests resulted in no improper payment findings related to the payroll program. Furthermore, in FY 2023, the FTC conducted a review of the Payroll and Contract processes, affirming the effectiveness of existing controls in mitigating improper payment risk. In addition, the FTC's shared service provider compares FTC payee records in Do Not Pay databases to prevent improper payments.

FTC has published its payment integrity information in accordance with applicable guidance on **paymentaccuracy.gov**.

Civil Monetary Penalty Adjustment for Inflation

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to improve the effectiveness of civil monetary penalties and to maintain their deterrent effect. The 2015 Act requires agencies to: (1) adjust the level of civil monetary penalties with an initial "catch-up" adjustment; and (2) make subsequent annual adjustments for inflation. Accordingly, the Federal Trade Commission increased its maximum civil penalty amounts to address inflation since the initial catch-up adjustment.

The following table lists the civil monetary penalties that the FTC may impose, the authority for imposing the penalty, penalty description, year enacted, latest year of adjustment, current penalty level, the Bureau that administers the penalty, and location for penalty update details. Additional information about these penalties and the latest adjustment is available in the Federal Register.

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty ($ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
Section 7A(g)(1) of the Clayton Act, 15 U.S.C. 18a(g)(1)	Premerger filing notification violations under the Hart-Scott-Rodino Improvements Act	1976	January 10, 2024	$ 51,744	BC	**Federal Register Vol.89, January 10, 2024, pages 1445–1447**
Section 11(l) of the Clayton Act, 15 U.S.C. 21(l)	Violations of cease and desist orders issued under Clayton Act section 11(b)	1959	January 10, 2024	$ 27,491	BC	**Federal Register Vol.89, January 10, 2024, pages 1445–1447**
Section 5(l) of the FTC Act, 15 U.S.C. 45(l)	Unfair or deceptive acts or practices	1973	January 10, 2024	$ 51,744	BC and BCP	**Federal Register Vol.89, January 10, 2024, pages 1445–1447**
Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. 45(m)(1)(A)	Unfair or deceptive acts or practices	1975	January 10, 2024	$ 51,744	BC and BCP	**Federal Register Vol.89, January 10, 2024, pages 1445–1447**
Section 5(m)(1)(B) of the FTC Act, 15 U.S.C. 45(m)(1)(B)	Unfair or deceptive acts or practices	1975	January 10, 2024	$ 51,744	BC and BCP	**Federal Register Vol.89, January 10, 2024, pages 1445–1447**

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty ($ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
Section 10 of the FTC Act, 15 U.S.C. 50	Failure to file required reports	1914	January 10, 2024	$ 680	BC and BCP	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**
Section 5 of the Webb-Pomerene (Export Trade) Act, 15 U.S.C. 65	Failure by associations engaged solely in export trade to file required statements	1918	January 10, 2024	$ 680	BC	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**
Section 6(b) of the Wool Products Labeling Act, 15 U.S.C. 68d(b)	Failure by wool manufacturers to maintain required records	1940	January 10, 2024	$ 680	BCP	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**
Section 3(e) of the Fur Products Labeling Act, 15 U.S.C. 69a(e)	Failure to maintain required records regarding fur products	1951	January 10, 2024	$ 680	BCP	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**
Section 8(d)(2) of the Fur Products Labeling Act, 15 U.S.C. 69f(d)(2)	Failure to maintain required records regarding fur products	1951	January 10, 2024	$ 680	BCP	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**
Section 333(a) of the Energy Policy and Conservation Act, 42 U.S.C. 6303(a)	Knowing violations of EPCA § 332, including labeling violations	1975	January 10, 2024	$ 560	BCP	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**
Section 525(a) of the Energy Policy and Conservation Act, 42 U.S.C. 6395(a)	Recycled oil labeling violations	1975	January 10, 2024	$ 27,491	BCP	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**
Section 525(b) of the Energy Policy and Conservation Act, 42 U.S.C. 6395(b)	Willful violations of recycled oil labeling requirements	1975	January 10, 2024	$ 51,744	BCP	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**
Section 621(a)(2) of the Fair Credit Reporting Act, 15 U.S.C. 1681s(a)(2)	Knowing violations of the Fair Credit Reporting Act	1996	January 10, 2024	$ 4,857	BCP	**Federal Register Vol.89, January 10, 2024, pages 1445-1447**

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty ($ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
Section 1115(a) of the Medicare Prescription Drug Improvement and Modernization Act of 2003, Public Law 108–173, as amended by Public Law 115–263, 21 U.S.C. 355	Failure to comply with filing requirements	2003	January 10, 2024	$ 18,293	BC	**Federal Register Vol.89, January 10, 2024, pages 1445–1447**
Section 814(a) of the Energy Independence and Security Act of 2007, 42 U.S.C. 17304	Violations of prohibitions on market manipulation and provision of false information to federal agencies	2007	January 10, 2024	$ 1,472,546	BC	**Federal Register Vol.89, January 10, 2024, pages 1445–1447**

Appendices

Appendix A: Acronyms

Because many of the acronyms used in this document are not commonly used, or have multiple meanings, this Appendix is provided as a reference. This is not all-inclusive, and only meant to show how these acronyms are used in the context of this AFR.

Acronym	Definition
AFR	Agency Financial Report
APP	Annual Performance Plan
APR	Annual Performance Report
ARC	Administrative Service Center
ARPA	American Rescue Plan Act of 2021
ATO	Authorized to Operate
BC	Bureau of Competition
BCP	Bureau of Consumer Protection
CGE	Concur Government Edition
COPPA	Children’s Online Privacy Protection Act
CSRS	Civil Service Retirement System
DATA Act	Digital Accountability and Transparency Act of 2014
DNC	Do Not Call
DOJ	Department of Justice
DOL	Department of Labor
DQA	Data Quality Appendix
ERM	Enterprise Risk Management
ESI	Express Scripts
FASAB	Federal Accounting Standards Advisory Board
FBwT	Fund Balance with Treasury
FECA	Federal Employees’ Compensation Act
FedRAMP	Federal Risk and Authorization Management Program
FEVS	Federal Employee Viewpoint Survey
FEGLIP	Federal Employees’ Group Life Insurance Program
FEHBP	Federal Employees’ Health Benefit Program
FERS	Federal Employees’ Retirement System
FERS-RAE	Federal Employees’ Retirement System—Revised Annuity Employees
FERS-FRAE	Federal Employees’ Retirement System—Further Revised Annuity Employees
FFMIA	Federal Financial Management Improvement Act
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers’ Financial Integrity Act
FMO	Financial Management Office
FOIA	Freedom of Information Act
FTC	Federal Trade Commission

Acronym	Definition
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GPO	Group Purchasing Organization
GSA	General Services Administration
HISA	Horseracing Integrity and Safety Authority
HSR	Hart-Scott-Rodino Act
IBC	Department of the Interior Business Center
ICOR	Internal Control Over Reporting
IG	Inspector General
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IPP	Invoice Processing Platform
IT	Information Technology
NARA	National Archives and Records Administration
NIST	National Institute of Standards and Technology
NPI	Nonpublic Information
OBI	Oracle Business Intelligence
OCIO	Office of the Chief Information Officer
OFF	Oracle Federal Financials
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OT	Office of Technology
PBM	Prescription drug Benefit Managers
PIO	Performance Improvement Officer
PMRO	Performance Measure Reporting Official
PPE	Product Pricing and Eligibility Engines
PP&E	Property, Plant, and Equipment
PPP	Paycheck Protection Program
PRISM	Procurement Information System for Management
RTU	Right-to-Use
SAT	Senior Assessment Team
SBR	Statement of Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SMC	Senior Management Council
SSAE	Statement on Standards for Attestation Engagements
TAS	Treasury Account Symbol
TMC	Top Management and Performance Challenges
TMF	Technology Modernization Fund
TSP	Thrift Savings Plan

Appendix B: Contact Information and Acknowledgements

Federal Trade Commission

Mailing Address	600 Pennsylvania Avenue, NW Washington, D.C. 20580
General Information Number	202-326-2222
Internet Home Page	**https://www.ftc.gov**
FTC Spanish Home Page	**https://www.ftc.gov/espanol**
Strategic Plan Internet Site	**https://www.ftc.gov/about-ftc/budget-strategy/strategic-plan**
FTC Press Releases	**https://www.ftc.gov/news-events/news/press-releases**

Agency Financial Report (AFR) Specific

The FTC welcomes comments or suggestions for improvement of its AFR. Please contact the agency to provide feedback.

AFR Internet Site	**https://www.ftc.gov/about-ftc/budget-strategy/budget-performance-financial-reporting**
AFR Contact	Randall Salzer
AFR Telephone	202-326-2028
AFR Mailing Address	Federal Trade Commission Attn: AFR, M/D H-701 600 Pennsylvania Avenue, NW Washington, D.C. 20580

Consumer Response Center

FTC Complaint Assistant	**https://reportfraud.ftc.gov**
Identity Theft Education, Complaints, and Recovery Plan	**https://www.identitytheft.gov**
National Do Not Call Registry	**https://www.donotcall.gov**
General Complaints	877-FTC-HELP (877-382-4357)
Identity Theft Complaints	877-ID-THEFT (877-438-4338)
TTY (Teletype Consumer Response Center)	866-653-4261

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