November 16, 2015

Financial report of the Consumer Financial Protection Bureau

Fiscal year 2015

Consumer Financial Protection Bureau

Director Cordray at the ROADS to Financial Independence Launch in Oakton, VA

Message from Richard Cordray

Director of the CFPB

It has been five years since the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act and four years since the Consumer Bureau opened its doors. Congress created the Bureau in response to the financial crisis to ensure that consumers have access to financial markets that are fair, transparent, and competitive. Through fair rules, consistent oversight, appropriate enforcement of the law, and broad-based consumer engagement, the Consumer Bureau is working to protect consumers, ensure they are treated fairly, and restore people's trust and confidence in the markets they use for everyday financial products and services.

As we continue our work, consumer financial markets are showing increasing signs of health. For example, the latest Home Mortgage Disclosure Act (HMDA) data, released by federal agencies in September 2015, shows increasing numbers of consumers are taking out mortgages. In 2014, the first year of our new mortgage rules, mortgage originations for owner-occupied home purchases increased between four and five percent. The upward trend appears to have accelerated over the first half of this year. And while we saw some continuing consolidation in parts of the mortgage market, there is no evidence of the decline some predicted. In particular, after adjusting for consolidations, the number of community banks and credit unions that originated home-purchase mortgages last year was up from the year before.

Other consumer credit markets also show encouraging signs. For example, in the first half of this year, over 14 million consumers obtained new auto loans, up eight percent over the prior year. For auto loans this marks a 45 percent increase since 2011 and a nine-year high. Similarly, 54 million new consumer credit card accounts were opened in the first half of 2015, which is 12 percent more than in the same period last year and 48 percent higher than in the same period of 2011. At the same time, the percentage of loan balances that are seriously delinquent dropped below four percent last quarter for the first time since 2007 and down from seven percent four years ago.

Equally heartening is the strength being exhibited by community banks and credit unions. Last quarter, lending by community banks grew by 8.8 percent compared to the prior year, growing at almost twice the rate of non-community banks. Credit union lending grew at an even faster pace, and credit union membership over the past year grew at the fastest rate in over twenty years.

As consumers gain more confidence, lenders are responding and credit standards are becoming less tight across all these markets. Consumers appear to be carrying their debt burdens more effectively, which has contributed to the fact that the delinquency rate in each of these markets is at or near record lows. These are all positive trends for the consumer financial marketplace and very much aligned with the Bureau's mission.

The Bureau helps consumer finance markets work by making rules more effective, by consistently enforcing those rules, and by empowering consumers to take more control over their economic lives. As of the end of the fiscal year, the Bureau's enforcement activity has resulted in more than $11 billion in relief for over 25 million consumers. Our supervisory actions have resulted in financial institutions providing more than $248 million in redress to nearly 2 million consumers, as well as the cessation of numerous practices that may cause consumer harm. And as of September 2015, we have handled over 700,000 complaints from consumers addressing all manner of financial products and services. These consumers are from all 50 states, and their complaints raise issues of serious concern. The voices of these consumers help us prioritize our enforcement, supervisory, rulemaking, and market-monitoring activity.

We took action against a company for illegal debt collection practices resulting in $2.5 million in relief for servicemembers. We also stopped an illegal kickback scheme for marketing services, which resulted in $11.1 million in redress for wronged consumers. And we worked with the Department of Education to obtain $480 million in debt relief to student loan borrowers who were wronged by Corinthian Colleges, a for-profit chain of colleges that violated the law and has since declared bankruptcy.

Over the past year, the Bureau also issued a number of proposed and final rules. In October 2014, we issued a final rule to reduce burdens on industry by promoting more effective privacy disclosures from financial institutions to their customers. In November 2014, the Bureau issued a Notice of Proposed Rulemaking to provide strong new federal consumer protections for prepaid accounts. In December 2014, the Bureau issued a proposal to clarify various provisions of our mortgage servicing rules. The Bureau is in the process of developing new rules governing payday, vehicle title, and certain installment loans. In September 2015, the Bureau finalized further changes to some of our mortgage rules to facilitate mortgage lending by small creditors, particularly in rural or underserved areas. These changes will increase the number of financial institutions able to offer certain types of mortgages in rural or underserved areas, and help small creditors adjust their business practices to comply with the new rules.

As a data-driven institution, the Consumer Bureau published several reports during this reporting period that highlight important topics in consumer finance such as medical debt, arbitration agreements, reverse mortgages, and consumer perspectives on credit scores and credit reports. We also released a new "Know Before You Owe" mortgage toolkit that will help encourage consumers to shop for mortgages and better understand how to go about buying a home.

As required by the Dodd-Frank Act, the CFPB prepared comparative financial statements for fiscal year 2015 and 2014. The Government Accountability Office (GAO) rendered an unmodified audit opinion on our financial statements. GAO noted no material weaknesses and cited no instances of noncompliance with laws and regulations.

I wholeheartedly applaud the hard work and dedication of all CFPB employees over the past year to achieve the overall outcomes reflected in this report. All of our colleagues perform at a very high level to help achieve our goals to serve the public, protect consumers, support responsible businesses, and help safeguard the American economy.

Sincerely,

Richard Cordray

Richard Cordray

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1. Management's discussion and analysis

1.1 The CFPB at a glance: Overview of the Consumer Financial Protection Bureau

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

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

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

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

Organizational structure

Under the Dodd-Frank Act, the Secretary of the Treasury was responsible for establishing the CFPB and performing certain functions of the Bureau until a Director of the CFPB was in place. The Bureau's day-to-day operations were managed by the Special Advisor to the Secretary of the Treasury for the Consumer Financial Protection Bureau until January 4, 2012, when President Obama appointed Richard Cordray to be the first Director of the CFPB. Subsequently, after first being nominated in July 2011 and again in January 2013, the U.S. Senate confirmed the nomination of Richard Cordray on July 16, 2013, and Director Cordray was sworn in as the first Senate-confirmed Director of the CFPB on July 17, 2013.

To accomplish its mission, the CFPB is organized into six primary divisions:

1. **Consumer Education and Engagement:** provides, through a variety of initiatives and methods, including offices on specific populations, information to consumers to empower them to make financial decisions that are best for them.
2. **Supervision, Enforcement and Fair Lending:** ensures compliance with Federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.
3. **Research, Markets and Regulations:** conducts research to understand consumer financial markets and consumer behavior, evaluates whether there is a need for regulation, and determines the costs and benefits of potential or existing regulations.

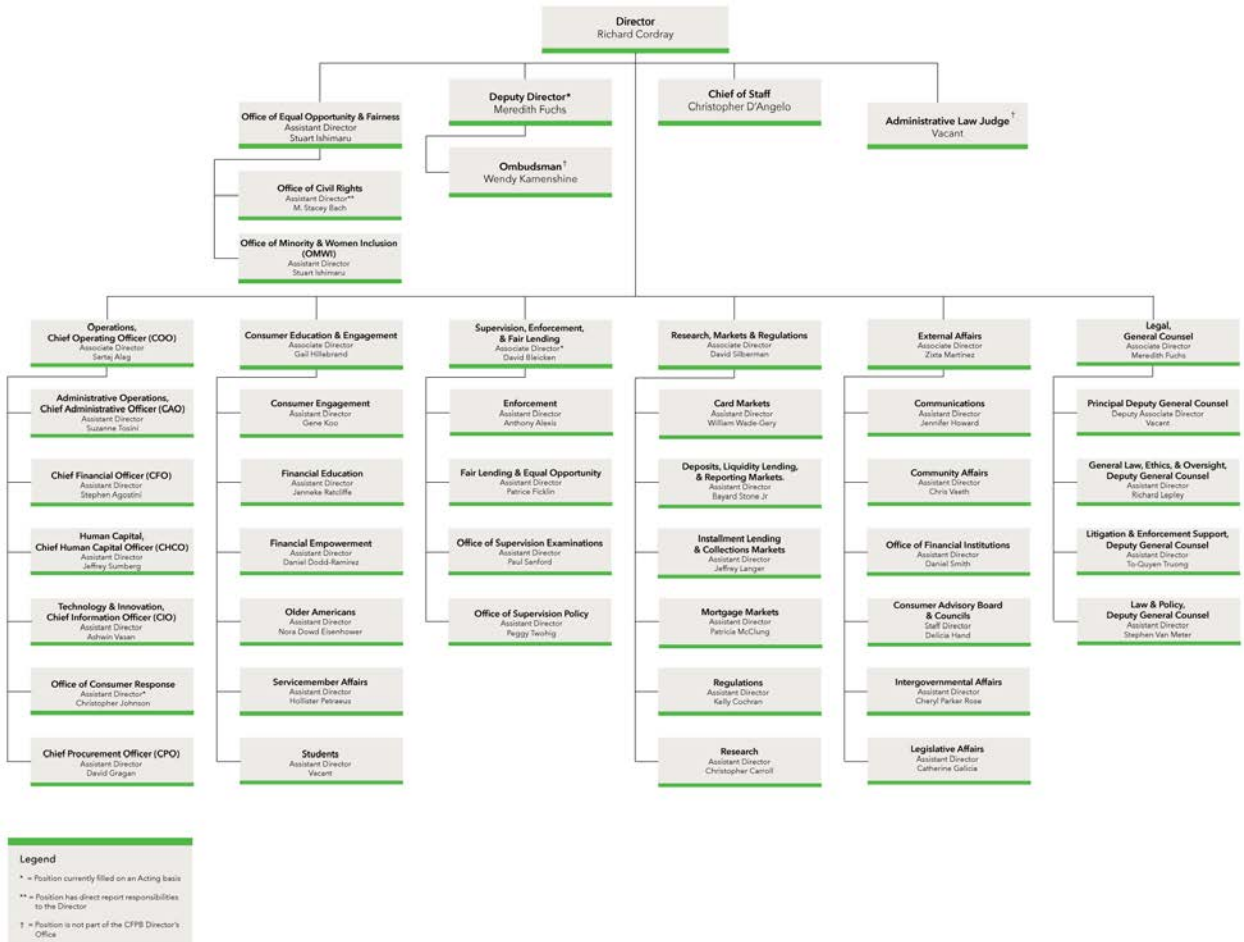
4. **Legal Division:** ensures the Bureau's compliance with all applicable laws and provides advice to the Director and the Bureau's divisions.

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

6. **Operations:** builds and sustains the CFPB's operational infrastructure to support the entire organization and hears directly from consumers about challenges they face in the marketplaces through their complaints, questions, and feedback.

The CFPB workforce is spread across the country with its headquarters in Washington, D.C. and regional offices in Chicago, New York City, and San Francisco. The headquarters is temporarily spread across locations within Washington, D.C., utilizing space pursuant to interagency agreements with the Department of the Treasury (Treasury), the Office of the Comptroller of the Currency, the General Services Administration and the Federal Housing Finance Agency (FHFA). The workforce in the CFPB's regional offices is predominantly mobile and therefore relatively minimal office space is used in the regions.

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



Advisory groups

The CFPB established four independent advisory bodies to provide consultation and advice to the Director on a range of issues within the CFPB's authority. Specifically, the CFPB has formally chartered the following advisory groups:

- **Consumer Advisory Board –** Through a public process, the Bureau invited external experts, industry representatives, consumers, community leaders, and advocates to nominate individuals to serve as members of this advisory group. The Consumer Advisory Board (CAB) is a group of experts on consumer protection, consumer financial products or services, community development, fair lending, civil rights, underserved communities, and communities that have been significantly impacted by higher-priced mortgage loans. They are a source of market intelligence and expertise, and they advise and consult on Federal consumer finance issues. The CAB informs the Director about emerging practices or trends in the consumer finance industry, and shares analysis and recommendations. Members are charged with identifying and assessing the impact of emerging products, practices, or services on consumers and other market participants. During fiscal year 2015 the CAB met two times – February 2015 in Washington, D.C. and June 2015in Omaha, Nebraska.

Director Cordray along with Tim Pawlenty of the Financial Services RoundTable at the CFPB Financial Education Session held in Washington, D.C.

- **Community Bank Advisory Council –** The Community Bank Advisory Council (CBAC) advises on the market impact of consumer financial products or services, specifically from the unique perspectives of community banks. Members share information, analysis, and recommendations to better inform the CFPB's policy development, rulemaking, and engagement work. During fiscal year 2015 the CBAC met three times – in Washington, D.C. in October 2014, as well as in April and September 2015.

- **Credit Union Advisory Council –** The Credit Union Advisory Council (CUAC) advises on the market impact of consumer financial products or services, specifically from the unique perspectives of credit unions. Members share information, analysis, and recommendations to inform the CFPB's policy development, rulemaking, and engagement work. During fiscal year 2015 the CUAC met two times – in Washington, D.C. in October 2014 and March 2015.

- **Academic Research Council –** The Academic Research Council (ARC) was established to assist the CFPB with research, analysis, and reports on topics relating to CFPB's mission, including developments in markets for consumer financial products and services, consumer awareness, and consumer behavior. The Council is made up of scholars with relevant methodological and subject-matter expertise. The Council advises the CFPB on research methodologies, data collection, and analytic strategies, and provides feedback about research and strategic planning. During fiscal year 2015, the ARC held one full Council meeting and another subcommittee meeting in Washington, D.C. in May 2015

Growth of the CFPB

Since its inception, the CFPB has grown in the number of employees and the corresponding funding needed to carry out its duties and responsibilities. At the end of fiscal year 2015, the CFPB was still below the steady-state employment levels and funding it estimates it will need to achieve the mission and responsibilities mandated by Congress in the Dodd-Frank Act. The CFPB's growth to date has been relatively steady and consistent. The charts below provide a historical depiction of the growth for employees and funding levels.

FIGURE 1: CFPB EMPLOYEES BY FISCAL YEAR

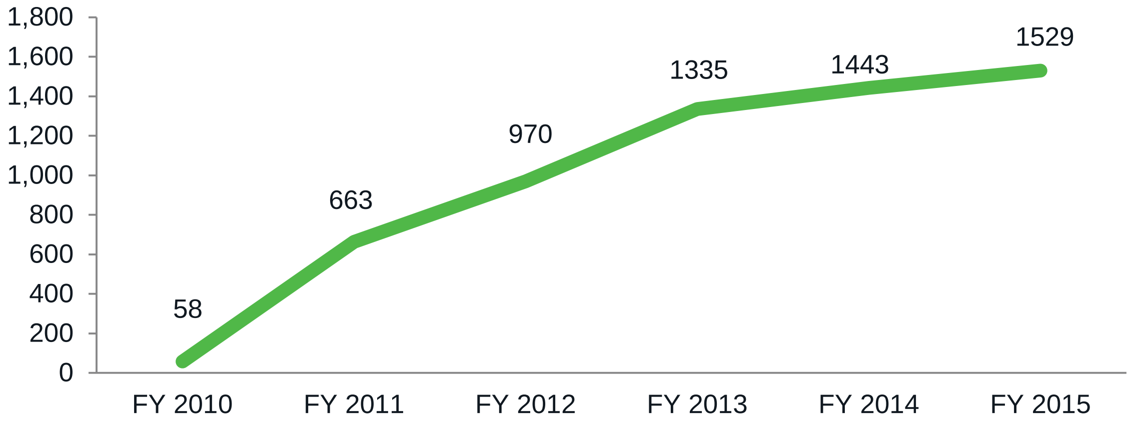
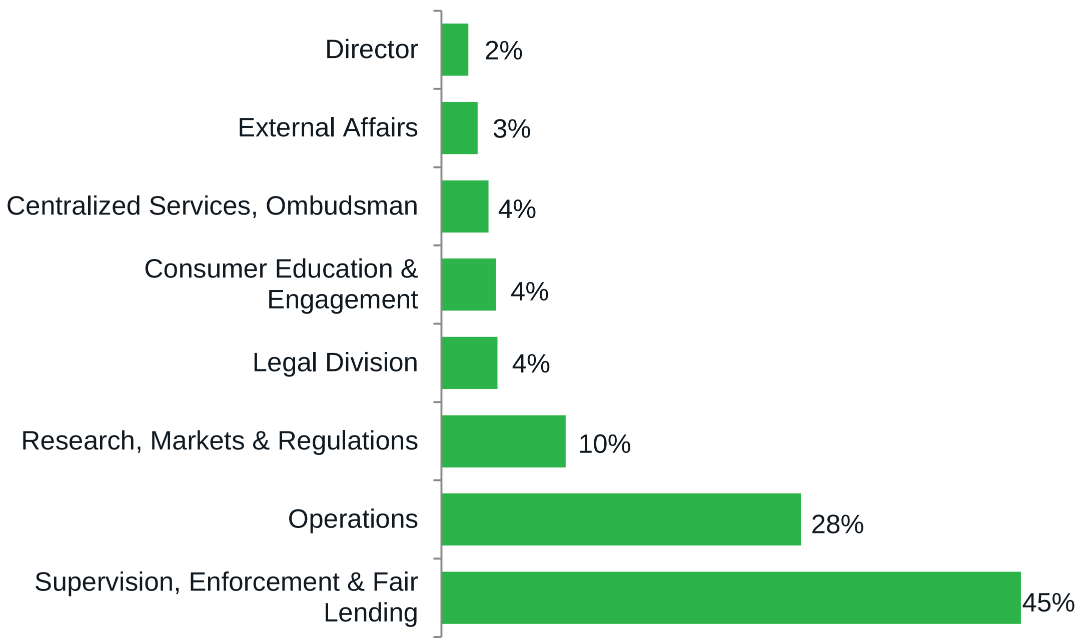
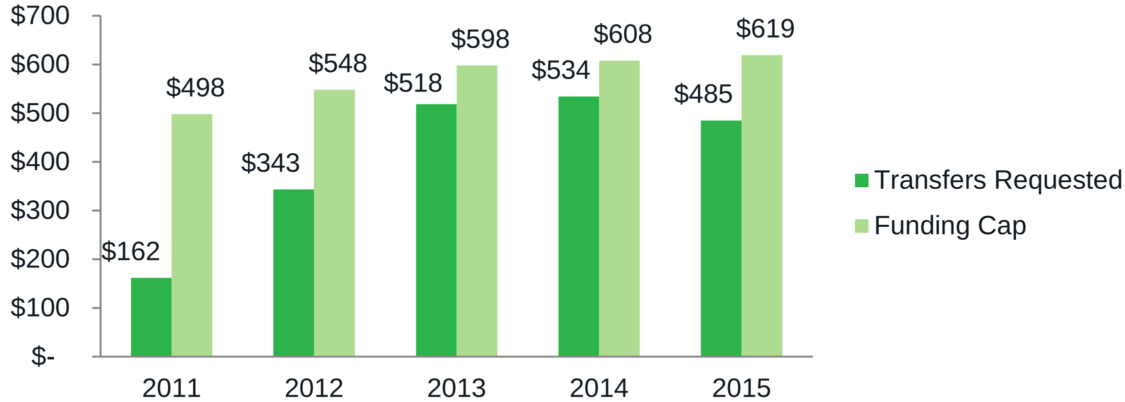


FIGURE 2: OFFICE PERCENTAGE OF TOTAL POSITIONS (AS OF SEPTEMBER 30, 2015)



Within the Operations Division, displayed as 28% of total CFPB positions, the Office of Consumer Response comprises 9% of total CFPB positions, while all other Operations functions comprise 19%. All percentages provided above are rounded.

FIGURE 3: FISCAL YEAR TRANSFERS REQUESTED COMPARED TO THE FUNDING CAP ($ IN MILLIONS)



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

Mission, Vision, and Values

Our Mission

The CFPB is a 21st century agency that helps consumer financial markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

Our Vision

If we achieve our mission, then we will have encouraged the development of a consumer financial marketplace –

- Where customers can see prices and risks up front and where they can easily make product comparisons;
- In which no one can build a business model around unfair, deceptive, or abusive practices; and
- That works for American consumers, responsible providers, and the economy as a whole.

We will achieve our mission and vision through:

DATA-DRIVEN ANALYSIS

The CFPB is a data-driven agency. We take in data, manage it, store it, share it appropriately, and protect it from unauthorized access. Our aim is to use data purposefully, to analyze and distill data to enable informed decision-making in all internal and external functions.

INNOVATIVE USE OF TECHNOLOGY

Technology is core to the CFPB accomplishing its mission. This means developing and leveraging technology to enhance the CFPB's reach, impact, and effectiveness. We strive to be recognized as an innovative, 21st century agency whose approach to technology serves as a model within government.

VALUING THE BEST PEOPLE AND GREAT TEAMWORK

At the CFPB, we believe our people are our greatest asset. Therefore, we invest in world-class training and support in order to create an environment that encourages employees at all levels to tackle complex challenges. We also believe effective teamwork extends outside the walls of the CFPB. We seek input from and collaborate with consumers, industry, government entities, and other external stakeholders.

We aim to embody the following values in everything we do:

SERVICE

Our mission begins with service to the consumer and our country. We serve our colleagues by listening to one another and by sharing our collective knowledge and experience.

LEADERSHIP

Fostering leadership and collaboration at all levels is at the core of our success. We believe in investing in the growth of our colleagues and in creating an organization that is accountable to the American people.

INNOVATION

Our organization embraces new ideas and technology. We are focused on continuously improving, learning, and pushing ourselves to be great.

1.2 The CFPB performance and results

This section provides a summary of the CFPB's key performance outcomes as well as selected accomplishments that it has achieved this past fiscal year. This marks only the beginning of the Bureau's work on behalf of consumers and providers of financial products and services.

The CFPB developed and issued a strategic plan consistent with the Government Performance and Results Act (GPRA) that was compiled by the Office of the Chief Strategy Officer (see http://www.consumerfinance.gov/strategic-plan). The CFPB published its fiscal years 2013 to 2017 strategic plan in April 2013, which identifies four strategic goals and 28 associated performance measures. In order to meet the required due date of preparing and issuing this financial report not all performance measures could be included. However, a full Performance Report will be published in calendar year 2016, which will include the results of all 28 performance measures, along with an analysis of CFPB's efforts to achieve its performance goals. Results reported below for the selected measures contained in this report show that the CFPB has met or exceeded 12 of the 12 measures (100 percent).

Goal 1: Prevent financial harm to consumers while promoting good practices that benefit them

Prior to Congress enacting the Dodd-Frank Act, consumer financial protection had not been the primary focus of any one federal agency, and no agency could set the rules for the entire consumer financial market. The result was a system without sufficiently effective rules or consistent enforcement of the law. Consumer financial protection is the CFPB's singular focus.

Performance goal

Complete consumer protection related rulemakings within nine months of receipt of final public comments.

TABLE 1: PERCENTAGE OF PROPOSED RULEMAKINGS, CONDUCTED SOLELY BY THE CFPB, FINALIZED OR OTHERWISE RESOLVED WITHIN NINE MONTHS OF THE DUE DATE FOR RECEIPT OF THE FINAL PUBLIC COMMENTS

	FY 2015	FY 2014
Target	75%	75%
Actual	86%	100%

In fiscal year 2015, the Bureau finalized and issued a number of rulemakings within nine months of the closing of a final comment period occurring in 2014.

The Bureau finalized a number of technical and clarifying amendments to the mortgage rules issued in January 2013 to implement consumer protection provisions enacted by the Dodd-Frank Act. The Bureau finalized a rule in October 2014 that provides an alternative small servicer definition for nonprofit entities that meet certain requirements and amends the existing exemption from the ability-to-repay rule for nonprofit entities that meet certain requirements. This rule also provides a cure mechanism for the points and fees limit that applies to qualified mortgages. While not included in this calculation, the Bureau issued an interpretive rule providing guidance to clarify that the Bureau's Ability-to-Repay Rule incorporates the existing definition of “assumption” under Regulation Z.

In January 2015, the Bureau finalized amendments to the TILA-RESPA Integrated Disclosures rulemaking. This rule extends the timing requirement for revised disclosures when consumers lock a rate or extend a rate lock after the Loan Estimate is provided and permits certain language related to construction loans for transactions involving new construction on the Loan Estimate. This rule also amended the 2013 Loan Originator Final Rule to require placement of the Nationwide Mortgage Licensing System and Registry ID (NMLSR ID) on the integrated disclosures. Additionally, the Bureau made non-substantive corrections, including citation and cross-reference updates and wording changes for clarification purposes, to various provisions of Regulations X and Z, as amended or adopted by the 2013 TILA-RESPA Final Rule.

During FY 2015, and at the end of FY 2014, the Bureau finalized two larger participant rulemakings. The first rule defines larger participants in the market for international money transfers. Specifically, this rule identifies a market for international money transfers and defines “larger participants” of this market that are subject to the Bureau's supervisory authority. In June 2015, the Bureau finalized the rule defining larger participants in market for automobile financing. Among other things, the final rule defines certain automobile leasing activity as a financial product or service.

Performance goal

Ensure that all rulemakings are informed by public outreach processes, such as Small Business Regulatory Enforcement Fairness Act (SBREFA) panels and consumer and industry roundtables.

TABLE 2: PERCENTAGE OF SIGNIFICANT CONSUMER PROTECTION RELATED, NOTICE-AND-COMMENT RULEMAKINGS INFORMED BY PUBLIC OUTREACH PROCESSES

	FY 2015	FY 2014
Target	100%	100%
Actual	100%	100%

In March 2015, under the Small Business Regulatory Enforcement Fairness Act (SBREFA), the Bureau released an outline of proposals under consideration for the rulemaking. As part of SBREFA process, in April 2015, the Bureau along with the Office of Management and Budget and the Small Business Administration's Chief Counsel for Advocacy, met with small lenders that may be affected by the rulemaking to obtain feedback on the proposals. This rulemaking builds on Bureau research, including a white paper the Bureau published on these products in April 2013, a data point providing additional research in March 2014, and ongoing analysis.

Throughout fiscal year 2015, staff continued to participate in numerous outreach meetings and external events to monitor implementation issues in connection with its mortgage rules. Following the issuance of the final TILA-RESPA Integrated Disclosures rule in November 2013, Bureau staff participated in numerous roundtables, outreach meetings, and external events to allow stakeholders an opportunity to provide input and discuss any issues presented by the implementation of the rule. The Bureau considered this feedback as it formulated and issued additional proposals to clarify or address some of the matters and issues raised in connection with these rules. The CFPB also encouraged all stakeholders to submit formal written comments on these proposals.

Performance goal

Successfully resolve the cases the CFPB files in court and administrative adjudicative proceedings whether by litigation, settlement, issuance of default judgment, or other means.

TABLE 3: PERCENTAGE OF ALL CASES FILED BY THE CFPB SUCCESSFULLY RESOLVED THROUGH LITIGATION, A SETTLEMENT, ISSUANCE OF DEFAULT JUDGMENT, OR OTHER MEANS

	FY 2015	FY 2014
Target	75%	75%
Actual	100%	100%

During fiscal year 2015, the CFPB successfully resolved 56 cases against corporate or individual entities through litigation, a settlement, issuance of default judgment, or other means. Through our successfully resolved cases, we helped secure restitution, principal reductions, cancelled debt, and other relief. Many of our actions also resulted in civil penalties, which are paid to the Bureau's Civil Penalty Fund, which is used to compensate harmed consumers and, to the extent that compensating harmed consumers is not practicable, to and provide financial education.

Goal 2: Empower consumers to live better financial lives

The CFPB works to arm consumers with the knowledge, tools, and capabilities they need in order to make better-informed financial decisions by engaging them in the right moments of their financial lives, in moments when they are most receptive to seeking out and acting on assistance. To that end, the CFPB will develop and maintain a variety of tools, programs and initiatives that provide targeted, meaningful, and accessible assistance and information to consumers at the moment they need them.

Performance goal

Decrease time between receiving and closing a complaint.

TABLE 4: INTAKE CYCLE TIME

	FY 2015	FY 2014
Target	2 Days	3 Days
Actual	1 Day	1 Day

TABLE 5: COMPANY CYCLE TIME

	FY 2015	FY 2014
Target	15 Days	15 Days
Actual	11 Days	12 Days

TABLE 6: CONSUMER CYCLE TIME

	FY 2015	FY 2014
Target	30 Days	30 Days
Actual	1 Day	2 Days

TABLE 7: INVESTIGATION CYCLE TIME

	FY 2015	FY 2014
Target	N/A	45 Days
Actual	N/A	56 Days

Complaint volume increased about 10 percent from 240,600 in fiscal year 2014 to 265,500 complaints in fiscal year 2015. Consumer Response continued to refine its complaint handling processes and systems in fiscal year 2015, increasing efficiencies through process improvements and automation where possible. Based on increased complaint volume necessitating an operational shift, beginning in fiscal year 2015 the Bureau began to focus on the continued success of its efforts surrounding complaint intake, company response, and consumer review cycle times.

Performance goal

Facilitate the timely response to consumer complaints by companies.

TABLE 8: PERCENTAGE OF COMPLAINTS ROUTED THROUGH THE DEDICATED COMPANY PORTAL

	FY 2015	FY 2014
Target	89%	87%
Actual	94%	91%

In fiscal year 2014, the CFPB established company portal access and trained staff of approximately 700 companies to respond to complaints on the portal. In fiscal year 2015, the Bureau continued its work to ensure companies could access and use the company portal to provide timely responses to consumer complaints.

Performance goal

Expand capacity to handle consumer complaints.

TABLE 9: NUMBER OF CONSUMER COMPLAINTS HANDLED

	FY 2015	FY 2014
Target	225,000	200,000
Actual	265,500	240,600

In fiscal year 2014, the Bureau expanded the products and services about which it accepts complaints beyond credit cards, mortgages, bank accounts and services, consumer loans, private student loan, money transfers, credit reporting, and debt collection complaints. In fiscal year 2014, the CFPB began to accept complaints about payday loans, prepaid cards, credit repair and debt settlement services, title and pawn loans, and virtual currency. Accepting complaints about this broad range of consumer financial products and services and growing public awareness of the Bureau likely contributed to exceeding the total volume target. The Bureau will continue to expand its complaint handling capacity to accept other products and services under its authority over time.

The Bureau also expanded its public Consumer Complaint Database, which was initially launched in June 2012 and populated with credit card complaints, to include complaints about additional products. In fiscal year 2013, the Bureau added complaint data about mortgages, bank accounts and services, private student loans, other consumer loan complaints, credit reporting, and money transfer complaints as well as fields for sub-issue and state. In November 2013, debt collection complaints were added to the database. Payday complaints were added to the database in July 2014 and in January 2015 the Bureau added prepaid cards, other consumer loans (pawn and title loans), and other financial services to the database. In June 2015, the Bureau began publishing consented to consumer complaint narratives and optional public company responses for complaints submitted on or after March 19, 2015 with consumer opt-in consent.

Performance goal

Significantly increase targeted outreach activities and digital education materials in order to engage consumers at the right moment.

TABLE 10: TARGETED POPULATIONS OR ORGANIZATIONS DIRECTLY SERVING TARGETED POPULATIONS REACHED BY DIGITAL CONTENT, DECISION TOOLS, EDUCATIONAL MATERIALS AND RESOURCES

	FY 2015	FY 2014
Target	6,500,000	5,000,000
Actual	6,804,997	5,600,000

In fiscal year 2015, the CFPB continued to serve consumers with just-in-time financial information through Ask CFPB, an online database of consumers' common questions around financial products and services. The CFPB launched a major release of Owning a Home, an online suite of information and tools designed to enable mortgage shopping and help consumers make better mortgage decisions. The CFPB also made investments in building awareness of this and other Bureau resources that will maximize the awareness and value of the Bureau's various products for consumers.

Goal 3: Inform the public, policy makers, and the CFPB's own policy-making with data-driven analysis of consumer finance markets and consumer behavior

Understanding how consumer financial markets work, the avenues for innovation in financial products and services, and the potential for risk to consumers is a core component of the CFPB's mission. The CFPB's aim is to ground all of its work – from writing rules and litigating enforcement actions to its outreach and financial literacy efforts – in the realities of the marketplace and the complexities of consumer behavior.

Performance goal

Increase the number of reports produced about specific consumer financial products, markets, or regulations and on consumer decision-making.

TABLE 11: REPORTS PRODUCED ABOUT SPECIFIC CONSUMER FINANCIAL PRODUCTS, MARKETS, OR REGULATIONS AND ON CONSUMER DECISION-MAKING

	FY 2015	FY 2014
Target	5	5
Actual	6	8

Preparing reports is central to the Bureau's commitment to evidence-based policy-making. The Bureau issued six prominent reports in fiscal year 2015. These reports are intended to deepen the public's understanding of these issues and provide the Bureau and other policy makers with a stronger factual foundation on which to make policy judgments.

The Bureau has information gathering and other data analysis underway that will yield public reports in fiscal year 2016. The Bureau continues to regard knowledge creation and sharing through research reports as an important Bureau goal and is on schedule to meet the fiscal year 2016 goal of publishing at least six reports.

Assistant Directors Holly Petraeus and Daniel Dodd-Ramirez at the Financial Coaching Launch in Arlington, VA

Goal 4: Advance the CFPB's performance by maximizing resource productivity and enhancing impact

In order to maximize the effectiveness of consumer protections established by Federal consumer financial law, the CFPB must acquire, maintain, support, and direct its resources in a way that enables it to operate efficiently, effectively, and transparently. This means developing, maintaining, and continuously improving the policies and controls in place to ensure the CFPB has the resources it needs and puts those resources to the best use possible.

A key mission of the CFPB is to make financial products and services more transparent in the consumer marketplace. The CFPB strives to achieve the same level of commitment to transparency in its own activities, while respecting consumer privacy and confidentiality. To accomplish this, the CFPB develops and implements mechanisms and provides channels to maintain an open, collaborative dialogue with the public.

Performance goal

Release new datasets to the public, where legally permissible and appropriate, to allow for innovative uses of the data by individuals, non-profit entities, and businesses for the benefit of consumers.

TABLE 12: PROVISION OF DATA TO THE PUBLIC IN LEGALLY PERMISSIBLE AND APPROPRIATE INSTANCES

	FY 2015	FY 2014
Target	7 Data Sets	7 Data Sets
Actual	8 Data Sets	7 Data Sets

In fiscal year 2015 the Bureau launched the Owning a Home tool. It includes a data-driven tool that helps consumers benchmark against current mortgage rates and terms in the market. Also in 2015 the Bureau expanded the Consumer Complaint Database. The latest release now includes consumer complaint narratives for which the consumer has consented to have his or her narrative published once it has been scrubbed of personal information. The release also includes the company's public response.

Performance goal

Engage the public by hosting public field hearings, town hall meetings, Consumer Advisory Board meetings, and other events on consumer finance issues.

TABLE 13: NUMBER OF PUBLIC HEARINGS, TOWN HALL MEETINGS, CONSUMER ADVISORY BOARD MEETINGS, AND OTHER PUBLIC EVENTS HOSTED ANNUALLY.

	FY 2015	FY 2014
Target	13 Events	9 Events
Actual	15 Events	13 Events

The Bureau hosted 15 public events in fiscal year 2015, focused on key issues affecting consumer financial markets such as student loans, debt collection, mortgages, arbitration, and payday lending. These included two meetings of its Consumer Advisory Board (CAB), three meetings of its Community Bank Advisory Council, and two meetings of its Credit Union Advisory Council. The Bureau also participated in dozens of public events hosted by others in fiscal year 2015, including testifying before Congress on four occasions to discuss policy, operations and budget matters.

1.3 Civil Penalty Fund annual report

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

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

On May 7, 2013, the Bureau published the Civil Penalty Fund rule, 12 C.F.R. part 1075, a final rule governing the Bureau's use of the funds in the Civil Penalty Fund. That rule requires the Bureau to issue regular reports on the Civil Penalty Fund. Included in this Annual Report, within the initial table provided below, is a summary of the Civil Penalty Fund activity since inception through September 30, 2015. The remaining tables provide the schedule for Civil Penalty Fund allocations, a description of Civil Penalty Fund allocations in fiscal years 2013, 2014, and 2015 and the basis for those allocations, and an overview of the distribution of those funds.

Additional background information on the Civil Penalty Fund can be found at: http://www.consumerfinance.gov/budget/civil-penalty-fund/

As of September 30, 2015, the Civil Penalty Fund had $136.6 million in funds available for future allocation to harmed consumers and/or financial education. Table 14 below summarizes significant activity of the fund since inception through September 30, 2015:

TABLE 14: CIVIL PENALTY FUND SIGNIFICANT ACTIVITY

Activity	Amount	Amount
Cash Collections:		
FY 2012	$32,000,000	
FY 2013	$49,520,001	
FY 2014	$77,502,001	
FY 2015	$183,120,079	
Total Cash Collections		$342,142,081
Less Allocations:		
Victim Compensation		
FY 2013	$10,488,815	
FY 2014	$20,803,560	
FY 2015	$158,827,932	
Total Allocations to Victim Compensation		$190,120,307
Consumer Education and Financial Literacy Programs		
FY 2013	$13,380,000	
FY 2014	$0	
FY 2015	$0	
Total Allocations to Consumer Education and Financial Literacy Programs		$13,380,000
Total Allocations		$203,500,307
Less Administrative Set-aside:		
FY 2013		($1,573,322)
FY 2015		($500,000)
Total Available for Future Allocations		$136,568,451

Civil Penalty Fund collections

TABLE 15: FISCAL YEAR 2014 COLLECTIONS

Defendant name	Civil Penalty Collected	Collection date
Washington Federal	$34,000	October 11, 2013
Mortgage Master, Inc.	$425,000	October 15, 2013
Castle & Cooke Mortgage, LLC	$4,000,000	November 13, 2013
Cash America International, Inc.	$5,000,000	November 25, 2013
Meracord LLC	$1,376,000[1]	November 26, 2013 July 16, 2014
Republic Mortgage Insurance Company	$100,000	December 5, 2013
American Express Bank, FSB	$2,000,000	December 23, 2013
American Express Centurion Bank	$3,600,000	December 23, 2013
American Express Travel Related Services Company, Inc.	$4,000,000	December 23, 2013
Ally Bank	$18,000,000	December 30, 2013
Fidelity Mortgage Corporation	$54,000	January 21, 2014
1st Alliance Lending, LLC	$83,000	March 5, 2014
Bank of America, N.A.	$20,000,000	April 17, 2014
RealtySouth	$500,000	June 4, 2014
Synchrony Bank (GE Capital Retail Bank)	$3,500,000	June 20, 2014
Stonebridge Title Services, Inc.	$30,000	June 24, 2014

[1] Meracord LLC paid $1.4 million in civil penalties in two installments, $555,000 on November 26, 2013, and $821,000 on July 16, 2014.

Defendant name	Civil Penalty Collected	Collection date
Ace Cash Express, Inc.	$5,000,000	July 18, 2014
Colfax Capital Corporation, Culver Capital, LLC	$1	August 5, 2014
USA Discounters, Ltd.	$50,000	August 19, 2014
Amerisave Mortgage Corporation	$6,000,000	August 22, 2014
First Investors Financial Services Group, Inc.	$2,750,000	August 29, 2014
Global Client Solutions, LLC	$1,000,000	September 5, 2014
Total	$77,502,001	

In fiscal year 2014, the Bureau collected civil penalties from 22 defendants totaling $77.5 million. [2]

TABLE 16: FISCAL YEAR 2015 COLLECTIONS

Defendant name	Civil Penalty Collected	Collection date
U.S. Bank National Association	$5,000,000	October 3, 2014
Lighthouse Title, Inc.	$200,000	October 3, 2014
Flagstar Bank, F.S.B.	$10,000,000	October 9, 2014
Manufacturers and Traders Trust Company	$200,000	October 17, 2014

[2] Three additional civil penalty fund cases, U.S. Bank, Lighthouse Title, and Flagstar Bank, F.S.B., resulted in accounts receivable in fiscal year 2014 and collection fiscal year 2015. A civil penalty of $1 was imposed in the 3DResorts- Bluegrass, LLC case. The civil penalty in this case is not reasonably expected to be received and has not resulted in an accounts receivable.

Defendant name	Civil Penalty Collected	Collection date
DriveTime Automotive Group, Inc.	$8,000,000	November 25, 2014
Premier Consulting Group LLC	$69,075[3]	December 12, 2014 March 05, 2015 June 03, 2015
Freedom Stores, Inc.	$100,000	January 16, 2015
College Education Services LLC	$25,000	January 30, 2015
Continental Finance Company, LLC	$250,000	February 11, 2015
Wells Fargo Bank, N.A. (Genuine Title Matter)	$21,000,000	February 13, 2015
JPMorgan Chase Bank, N.A. (Genuine Title Matter)	$500,000	February 18, 2015
NewDay Financial, LLC	$2,000,000	February 19, 2015
Todd Cohen & Elaine Oliphant Cohen (Genuine Title Matter)	$30,000	February 20, 2015
American Preferred Lending, Inc.	$85,000[4]	February 20, 2015 March 20, 2015 April 21, 2015
Flagship Financial Group, LLC	$225,000	March 2, 2015
National Corrective Group, Inc.	$50,000	April 7, 2015
R M K Financial Corporation	$250,000	April 20, 2015
S/W Tax Loans, Inc.	$438,000	April 30, 2015
Regions Bank	$7,500,000	April 30, 2015
Green Tree Servicing LLC	$15,000,000	April 30, 2015

[3] Premier Consulting Group paid $69,075 in civil penalties in three installments, $23,025 on December 12, 2014, $23,025 on March 05, 2015, and $23,025 on June 03, 2015.

[4] American Preferred Lending, Inc. paid $85,000 in civil penalties, $35,000 on February 20, 2015, $35,000 on March 20, 2015, and $15,000 on April 21, 2015.

Defendant name	Civil Penalty Collected	Collection date
Hoffman Law Group, P.A.	$3[5]	May 12, 2015 May 18, 2015 September 25, 2015
PayPal, Inc., and Bill Me Later, Inc.	$10,000,000	May 29, 2015
Guarantee Mortgage Corporation	$228,000	June 10, 2015
RPM Mortgage, Inc.	$2,000,000	June 15, 2015
Union Workers Credit Services, Inc.	$70,000	June 26, 2015
Syndicated Office Systems, LLC	$500,000	June 23, 2015
Intersections Inc.	$1,200,000[6]	July 13, 2015 July 24, 2015 August 27, 2015
Chase Bank, USA N.A.	$30,000,000	July 15, 2015
Citibank, N.A.	$35,000,000	July 24, 2015
Discover Bank	$2,500,000	July 27, 2015
LoanCare, LLC	$100,000	July 29,2015
Paymap Inc.	$5,000,000	August 4, 2015
Residential Credit Solutions, Inc.	$100,000	August 7, 2015
RBS Citizens Financial Group, Inc.	$7,500,000	August 14, 2015
Encore Capital Group, Inc.	$10,000,000	September 16, 2015

5 Individuals named in the Hoffman Law Group case paid $3 in the civil penalties, $1 on May 12, 2015, $1 on May 18, 2015, and $1 on September 25, 2015. An additional $10,000,000 in civil penalties was ordered against the corporate defendants in this case. It is not reasonably expected to be received by the Bureau and has not resulted in an accounts receivable.

6 Intersections Inc. paid $1,200,000 in the civil penalties, $400,000 on July 13, 2015, $400,000 on July 24, 2015, and $400,000 on August 27, 2015.

Defendant name	Civil Penalty Collected	Collection date
Portfolio Recovery Associates, LLC	$8,000,000	September 17, 2015
Student Financial Aid Services, Inc.	$1	September 18, 2015
Total	$183,120,079	

In fiscal year 2015, the Bureau collected civil penalties in 37 cases totaling $183.1 million.[7]

Allocations from the Civil Penalty Fund

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

[7] Two additional civil penalty fund cases, Fifth Third Bank, and Westlake Services, LLC, resulted in accounts receivable in fiscal year 2015. These accounts receivable total $4.8 million. In particular, the Bureau expects civil penalty collections of $500,000 from Fifth Third Bank and $4.3 million from Westlake Services.

TABLE 17: SCHEDULE FOR ALLOCATIONS, PERIODS 1-6

Period	Start	End	Allocation Deadline
1	July 21, 2011	March 31, 2013	May 30, 2013
2	April 1, 2013	September 30, 2013	November 29, 2013
3	October 1, 2013	March 31, 2014	May 30, 2014
4	April 1, 2014	September 30, 2014	November 29, 2014
5	October 1, 2014	March 31, 2015	May 30, 2015
6	April 1, 2015	September 30, 2015	November 29, 2015

The table above displays the dates by which funds have been or will be allocated following the first six six-month periods. Allocations must occur within 60 days after the end of each six-month period. Therefore, under the current schedule, subsequent allocations will also occur between April 1 and May 30 and between October 1 and November 29 of each year.

Allocations in fiscal year 2013

Period 1: July 21, 2011 – March 31, 2013

The Bureau made its first allocation from the Civil Penalty Fund on May 30, 2013. As of March 31, 2013, $46.1 million was in the Civil Penalty Fund. Of that, $1.6 million was set aside for any administrative costs and $44.5 million was available for allocation under 12 C.F.R. § 1075.105(c).

TABLE 18: PERIOD 1: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant Name	Date of Final Order[8]
Capital One Bank, (USA) N.A.	July 18, 2012
Discover Bank	September 24, 2012
American Express Centurion Bank	October 1, 2012
American Express Bank, FSB	October 1, 2012
American Express Travel Related Services Company, Inc.	October 1, 2012
Payday Loan Debt Solution, Inc.	December 21, 2012
Abraham M. Pessar (Gordon, *et al.*)	February 1, 2013

During Period 1, final orders in Bureau enforcement actions imposed civil penalties in seven cases. The table above lists the date of the final order in each of those cases. Under the Civil Penalty Fund rule, the victims of the violations for which the civil penalties were imposed in these cases are eligible to receive payment from the Civil Penalty Fund to compensate their uncompensated harm.

Of those cases, two cases—Payday Loan Debt Solution, Inc. (PLDS), and Gordon, *et al.*—had classes of victims with uncompensated harm that was compensable from the Civil Penalty Fund.[9] In particular, the PLDS victims had $488,815 in uncompensated harm, and the Gordon

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[8] Under Section 1075.101 of the Civil Penalty Fund rule, for purposes of Civil Penalty Fund allocations, a "Final Order" is a consent order or settlement issued by a court or by the Bureau, or an appealable order issued by a court or by the Bureau as to which the time for filing an appeal has expired and no appeals are pending. Appeals include petitions for reconsideration, review, rehearing, and certiorari. For reporting purposes, "date of final order" for all consent orders is defined as the date the order was entered on the docket.

[9] Under the Civil Penalty Fund rule victims' compensable harm is determined by looking to the terms of the relevant court or administrative order. If the amount of a victim's compensable harm cannot be determined based on the terms of the relevant order, the victim's compensable harm generally will be his or her out-of-pocket losses that resulted from the violation. To determine the amount of a victim's uncompensated harm, the Bureau will take the

victims had $10 million in uncompensated harm. The victims in the other five cases had no uncompensated harm that was compensable from the Civil Penalty Fund.

The Bureau allocated $488,815 to the PLDS class of victims and $10 million to the Gordon class of victims, enough to compensate fully each class's uncompensated harm. After making that allocation, $34 million remained available for allocation. Of this figure, the Bureau allocated $13.4 million for consumer education and financial literacy programs.

Period 1 Allocation Summary:

Victim Compensation: $10,488,815

- Payday Loan Debt Solution, Inc.
  - Victim Class Allocation: $488,815
- Gordon, et al.
  - Victim Class Allocation: $10,000,000

Consumer Education and Financial Literacy Programs: $13,380,000

Total Allocation: $23,868,815

Allocations in fiscal year 2014

Period 2: April 1, 2013 – September 30, 2013

On November 29, 2013, the Bureau made its second allocation from the Civil Penalty Fund. As of September 30, 2013, the Civil Penalty Fund contained an unallocated balance of $56.1 million. This amount was available for allocation pursuant to 12 C.F.R. § 1075.105(c).

victim's total compensable harm and subtract out any compensation that the victim has received—or is reasonably expected to receive—for that harm. *See* 12 C.F.R. § 1075.104.

TABLE 19: PERIOD 2: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant Name	Date of Final Order
United Guaranty Corporation	April 8, 2013
Genworth Mortgage Ins. Corp.	April 5, 2013
Mortgage Guaranty Ins. Corp.	April 5, 2013
Radian Guaranty Inc.	April 9, 2013
American Debt Settlement Solutions, Inc.	June 7, 2013
JPMorgan Chase Bank, N.A.	September 19, 2013
National Legal Help Center, Inc.[10]	September 23, 2013

During Period 2, final orders in Bureau enforcement actions imposed civil penalties in seven cases. The table above lists the date that the order in each of those cases became a "final order" within the meaning of the Civil Penalty Fund rule. Under the Civil Penalty Fund rule, the victims of the violations for which the civil penalties were imposed in these cases are eligible to receive payment from the Civil Penalty Fund to compensate their uncompensated harm.

Of those seven cases, the Civil Penalty Fund Administrator determined that one case did not have a class of victims with uncompensated harm that is compensable from the Civil Penalty Fund, and that two cases included classes of victims with uncompensated harm that is compensable from the Civil Penalty Fund. As of the time of the allocation, the Fund Administrator did not yet have sufficient information to determine whether classes of victims in the remaining four cases had "compensable harm" or "uncompensated harm" as defined by the Civil Penalty Fund rule. The two cases with classes of victims with uncompensated harm that is compensable from the Civil Penalty Fund were American Debt Settlement Solutions, Inc.

[10] In the National Legal Help Center case, the defendants were ordered to pay $1.1 million in civil penalties. At the time of this report, the Bureau does not reasonably expect to receive these penalties.

(ADSS) and National Legal Help Center, Inc. (NLHC). Specifically, the ADSS victims had $499,248 in uncompensated harm and the NLHC victims had $2.1 million in uncompensated harm.

The Bureau allocated $499,248 to two classes of victims in ADSS and $2.1 million to the NLHC class of victims, enough to compensate fully those victim classes' uncompensated harm. No funds were allocated to consumer education and financial literacy programs. The remaining unallocated Civil Penalty Fund balance remained available for future allocations.

Period 2 Allocation Summary:

Victim Compensation: $2,557,231

- American Debt Settlement Solutions, Inc.
  - Victim Classes Allocation: $499,248
- National Legal Help Center, Inc.
  - Victim Class Allocation: $2,057,983

Consumer Education and Financial Literacy Programs: $0

Total Allocation: $2,557,231

Period 3: October 1, 2013- March 31, 2014

On May 30, 2014, the Bureau made its third allocation from the Civil Penalty Fund. As of March 31, 2014, the Civil Penalty Fund contained an unallocated balance of $91.4 million. This amount was available for allocation pursuant to 12 C.F.R. § 1075.105(c).

TABLE 20: PERIOD 3: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant Name	Date of Final Order
Meracord LLC	October 4, 2013
Washington Federal	October 9, 2013
Mortgage Master, Inc.	October 9, 2013
Castle & Cooke Mortgage, LLC	November 12, 2013
Republic Mortgage Insurance Company	November 19, 2013
Cash America International, Inc.	November 21, 2013
3D Resorts- Bluegrass, LLC	December 3, 2013
Ally Bank	December 20, 2013
American Express Bank, FSB	December 24, 2013
American Express Centurion Bank	December 24, 2013
American Express Travel Related Services Company, Inc.	December 24, 2013
Fidelity Mortgage Corporation	January 16, 2014
1st Alliance Lending, LLC	February 24, 2014

During Period 3, final orders in Bureau enforcement actions imposed civil penalties in 13 cases. Under the Civil Penalty Fund rule, the victims of the violations for which the civil penalties were imposed in these cases are eligible to receive payment from the Civil Penalty Fund to compensate their uncompensated harm.

Of those cases, the Civil Penalty Fund Administrator determined that two cases did not have eligible classes of victims, and seven cases had classes of eligible victims with no uncompensated harm that is compensable from the Civil Penalty Fund. Additionally, as of the time of the Period 3 allocation, the Fund Administrator did not have sufficient information to determine whether classes of victims in one Period 3 case, along with four cases from Period 2, had “compensable harm” or “uncompensated harm” as defined in the Civil Penalty Fund rule.

Of the three cases that had classes of eligible victims with uncompensated harm, victims in one case were expected to receive full compensation pursuant to an order issued by another federal regulator. The two remaining cases with victims with uncompensated harm that is compensable from the Civil Penalty Fund were Meracord LLC and 3D Resorts-Bluegrass, LLC. Specifically, the Meracord victims had $11.5 million in estimated uncompensated harm, and the 3D Resorts-Bluegrass victims had $6.7 million in estimated uncompensated harm.

The Bureau allocated $11.5 million to the Meracord victim class and $6.7 million to the 3D Resorts-Bluegrass victim class, enough to compensate fully those victim classes' uncompensated harm. No funds were allocated to consumer education and financial literacy programs. The remaining unallocated Civil Penalty Fund balance remained available for future allocation.

Period 3 Allocation Summary:

Victim Compensation: $18,246,329

- Meracord
  - Victim Class Allocation: $11,542,229
- 3D Resorts- Bluegrass
  - Victim Class Allocation: $6,704,100

Consumer Education and Financial Literacy Programs: $0

Total Allocation: $18,246,329

Allocations in fiscal year 2015

Period 4: March 31, 2014- September 30, 2014

On November 28, 2014, the Bureau made its fourth allocation from the Civil Penalty Fund. As of September 30, 2014, the Civil Penalty Fund had an unallocated balance of $112.8 million. This amount was available for allocation pursuant to 12 C.F.R. § 1075.105(c).

TABLE 21: PERIOD 4: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant Name	Date of Final Order
Bank of America, N.A.	April 9, 2014
RealtySouth	May 28, 2014
Stonebridge Title Services, Inc.	June 12, 2014
Synchrony Bank (GE Capital Retail Bank)	June 19, 2014
Ace Cash Express, Inc.	July 10, 2014
Colfax Capital Corporation, Culver Capital, LLC	July 29, 2014
Amerisave Mortgage Corporation	August 12, 2014
USA Discounters, Ltd.	August 14, 2014
First Investors Financial Services Group, Inc.	August 20, 2014
Global Client Solutions, LLC	August 27, 2014
U.S. Bank National Association	September 25, 2014
Flagstar Bank, F.S.B.	September 29, 2014
Lighthouse Title, Inc.	September 30, 2014

During Period 4, final orders in Bureau enforcement actions imposed civil penalties in 13 cases. For three of the cases with final orders issued in Period 4, the civil penalties were received after September 30, 2014, and were not included as funds available for allocation in Period 4, although the victims were considered in Period 4.[11] The table above lists the date that the order in each of those cases became a "final order" within the meaning of the Civil Penalty Fund rule. Under the Civil Penalty Fund rule, the victims of the violations for which the civil penalties were

[11] During this period, civil penalties collected from three cases, U.S. Bank, Flagstar Bank, F.S.B., and Lighthouse Title, were not included as available funds due to civil penalties being deposited after September 30, 2014.

imposed in these cases are eligible to receive payment from the Civil Penalty Fund to compensate their uncompensated harm.

Of those cases, the Civil Penalty Fund Administrator determined that 10 cases did not have classes of victims with uncompensated harm, and three cases had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. During this allocation period, the total eligible uncompensated harm exceeded available funds. As a result, the Bureau allocated $1.4 million to the Amerisave Mortgage Corporation victim class to fully compensate the victims' uncompensated harm; $3.4 million to the Culver Capital, LLC victim class; and $107.9 million to the Global Client Solutions, LLC victim class.[12]

As part of the Period 4 allocation, the Fund Administrator also reviewed the five cases from prior periods for which the Fund Administrator did not at the time have sufficient information to determine whether classes of victims had "compensable harm" or "uncompensated harm." In particular, one case from Period 3, Republic Mortgage Insurance Company, and four cases from Period 2, United Guaranty Corporation, Genworth Mortgage Ins. Corp., Mortgage Guaranty Ins. Corp., and Radian Guaranty, Inc. were reviewed. In these five cases, the Fund Administrator determined that the classes of victims in these cases do not have uncompensated harm that is compensable from the Civil Penalty Fund. There was no remaining unallocated Civil Penalty Fund balance available for future allocation. No funds were allocated for consumer education and financial literacy purposes.

[12] During this allocation period, total eligible uncompensated harm exceeded available funds. As a result, $3,400.434 was allocated to the Culver Capital victim class and $107,995.400 to the Global Client Solutions class—enough to compensate 89% of those victims' uncompensated harm. In accordance with the Civil Penalty Fund Rule these victim classes remained eligible to receive additional allocations to compensate their remaining uncompensated harm in future periods.

Period 4 Allocation Summary:

Victim Compensation: $112,776,305

- Culver Capital, LLC
  - Victim Class Allocation: $3,400,434
- Amerisave Mortgage Corporation
  - Victim Class Allocation: $1,380,470
- Global Client Solutions, LLC
  - Victim Class Allocation: $107,995,400

Consumer Education and Financial Literacy Programs: $0

Total Allocation: $112,776,305

Period 5: October 1, 2014- March 31, 2015

On May 29, 2015, the Bureau made its fifth allocation from the Civil Penalty Fund. As of March 31, 2015, the Civil Penalty Fund had an unallocated balance of $47.6 million. Of that, $500,000 was set aside for administrative costs and $47.1 million was available for allocation pursuant to 12 C.F.R. § 1075.105(c).

TABLE 22: PERIOD 5: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant name	Date of Final Order
Manufacturers and Traders Trust Company	October 9, 2014
DriveTime Automotive Group, Inc.	November 19, 2014
Premier Consulting Group LLC	December 4, 2014
Freedom Stores, Inc.	January 9, 2015
College Education Services LLC	January 15, 2015

Defendant name	Date of Final Order
Wells Fargo Bank, N.A. (Genuine Title Matter)	January 22, 2015
JPMorgan Chase Bank, N.A. (Genuine Title Matter)	January 22, 2015
Todd Cohen & Elaine Oliphant Cohen (Genuine Title Matter)	February 2, 2015
Continental Finance Company, LLC	February 4, 2015
NewDay Financial, LLC	February 10, 2015
Union Workers Credit Services, Inc.	February 10, 2015
American Preferred Lending, Inc.	February 12, 2015
Flagship Financial Group, LLC	February 12, 2015
National Corrective Group, Inc.	March 31, 2015

During Period 5, final orders in Bureau enforcement actions imposed civil penalties in 14 cases. The table above lists the date that the order in each of those cases became a "final order" within the meaning of the Civil Penalty Fund rule. Under the Civil Penalty Fund rule, the victims of the violations for which the civil penalties were imposed in these cases are eligible to receive payment from the Civil Penalty Fund to compensate their uncompensated harm.

Of those cases, the Civil Penalty Fund Administrator determined 11 cases did not have eligible classes of victims with uncompensated harm, and three cases had classes of eligible victims with uncompensated harm that is compensable from the Civil Penalty Fund. The Bureau allocated $3.5 million to the College Education Services victim class, $18.9 million to the Union Workers Credit Services victim class, and $23.3 million to the National Corrective Group victim class. Sufficient funds were allocated to each of these classes to compensate fully the uncompensated harm of all victims in those classes to whom it is practicable to make payments. 12 C.F.R. 1075.106(b)(1).

The total allocation to classes of victims from Period 5 cases was $45.63 million, which left $1,515,903 available for allocation to prior-period cases. The total eligible uncompensated harm for the Period 4 allocation exceeded available funds at that time, resulting in allocations to classes in two cases of less than 100% of their victims' uncompensated harm. One of those cases, Culver Capital, received a Period 4 allocation of $3,400,434, and received a Period 5 allocation of $421,481. That is enough to compensate fully the uncompensated harm of the victims in the Culver Capital class. The other Period 4 case with eligible uncompensated harm, Global Client Solutions, received an allocation of $107,995,400 in Period 4. As of the time of the Period 5 allocation, the Fund Administrator did not have sufficient information to determine whether additional funds should be allocated to the victims in the Global Client Solutions case. As a result, the Fund Administrator did not make an allocation to Global Client Solutions in Period 5. No funds were allocated for consumer education and financial literacy purposes. The remaining unallocated Civil Penalty Fund balance will be available for future allocations.

Period 5 Allocation Summary:

Victim Compensation: $46,051,628

- College Education Services
  - Victim Class Allocation: $3,459,336
- Union Workers Credit Services, Inc.
  - Victim Class Allocation: $18,908,744
- National Corrective Group
  - Victim Class Allocation: $23,262,067
- Culver Capital, LLC
  - Victim Class Allocation: $421,481

Consumer Education and Financial Literacy Programs: $0

Total Allocation: $46,051,628

Fiscal year 2015 cases eligible for allocation in fiscal year 2016

On or before November 29, 2015, the Bureau will make its sixth allocation from the Civil Penalty Fund. As of September 30, 2015, the Civil Penalty Fund had an unallocated balance of $136.6 million. This amount is available for allocation pursuant to 12 C.F.R. § 1075.105(c).

TABLE 23: PERIOD 6: CASES IN WHICH A CIVIL PENALTY WAS IMPOSED

Defendant name	Date of Final Order
R M K Financial Corporation	April 9, 2015
S/W Tax Loans, Inc.	April 16, 2015
Green Tree Servicing LLC	April 23, 2015
Regions Bank	April 28, 2015
Hoffman Law Group, P.A. [13]	May 5, 2015, May 6, 2015, and July 27, 2015
PayPal, Inc., and Bill Me Later, Inc.	May 21, 2015
Guarantee Mortgage Corporation	June 5, 2015
RPM Mortgage, Inc.	June 9, 2015
Syndicated Office Systems, LLC	June 18, 2015

[13] The Hoffman Law Group case included four separate final orders. Final order and judgement for Michael Harper was entered on May 5, 2015; final order and judgement for defendant Ben Wilcox was entered on May 5, 2015; final order and judgement against March Hoffman was entered on May 6, 2015; and, the final judgement and order against the Hoffman corporate defendant was entered on May 28, 2015. The orders against the individual defendants were consent orders. The order against the corporate defendant was an appealable order, and the time for appeal expired on July 27, 2015.

Defendant name	Date of Final Order
Intersections Inc.	July 1, 2015
Chase Bank, USA N.A.	July 8, 2015
Citibank, N.A.	July 21, 2015
Discover Bank	July 22, 2015
LoanCare, LLC	July 28, 2015
Paymap Inc.	July 28, 2015
Residential Credit Solutions, Inc.	July 30, 2015
RBS Citizens Financial Group, Inc.	August 12, 2015
Encore Capital Group, Inc.	September 9, 2015
Portfolio Recovery Associates	September 9, 2015
Student Financial Aid Services, Inc.	September 11, 2015
Fifth Third Bank	September 28, 2015
Westlake Services, LLC	September 30, 2015

Civil Penalty Fund distributions

Civil penalty fund distributions have begun for five Civil Penalty Fund allocations made in Periods 1, 2, and 3.

TABLE 24: CIVIL PENALTY FUND DISTRIBUTIONS

Defendant	Period	Allocation Amount	Distribution Amount	Percentage of Distribution Cashed	Number of Checks Mailed
Payday Loan Debt Solution, Inc.	1	$488,815	$458,526	86%	1,174
Gordon, *et. al*	1	$10,000,000	$9,977,166	89%	3,787
American Debt Settlement Solution, Inc.	2	$499,248	$499,246	83%	339
National Legal Help Center, Inc.	2	$2,057,983	$1,395,771	91%	525
Meracord LLC	3	$11,542,229	$10,997,212	90%	9,428
TOTALS		$24,588,275	$23,327,921		15,253

These distribution figures reflect the total dollar amount that has been mailed to harmed consumers, the percentage of funds distributed that has been cashed, and the number of consumers to whom checks were mailed. These distributions are still active and in each of these cases checks continue to be cashed by consumers.

In the Payday Loan Debt Solution, Inc. case, $458,526 has been distributed to 1,174 harmed consumers. As of September 30, 2015, 86% or $395,484 in released funds has been cashed by harmed consumers. Funds distribution in this case began in early fiscal year 2014 and will continue until early fiscal year 2016.

In the Gordon, et al. case, approximately $10 million in Civil Penalty Funds has been distributed to 3,787 consumers. As of September 30, 2015, 89% or $8.8 million has been cashed by consumers. The Bureau began releasing funds in the third quarter of fiscal year 2015.

In the American Debt Settlements Solutions case, $499,246 in Civil Penalty Funds has been distributed to 339 consumers. As of September 30, 2015, 83% or $413,378 in released funds has been cashed by consumers. The Bureau began releasing funds in the third quarter of fiscal year 2014.

In the National Legal Help Center case, a total of $1.4 million has been distributed to 525 harmed consumers. In this case approximately $1.2 million was distributed to 450 consumers in early fiscal year 2015 and subsequently an additional $231,000 was distributed to approximately 125 consumers in late fiscal year 2015. As of September 30, 2015, 91% or $1.3 million has been cashed by consumers.

In the Meracord case, approximately $11 million in Civil Penalty Funds has been distributed to 9,428 consumers. As of September 30, 2015, 90% or $10 million of released funds has been cashed by consumers. The Bureau began releasing funds in the second quarter of fiscal year 2015.

Distributions are expected to begin in fiscal year 2016 for the 3D Resorts – Bluegrass LLC; Culver Capital, LLC; Amerisave Mortgage Corporation; Global Client Solutions; National Corrective Group; College Education Services; and Union Workers Credit Services cases.

1.4 Bureau-administered redress

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

TABLE 25: COLLECTIONS IN FISCAL YEAR 2013

Defendant	Amount Collected	Date of Collection
Payday Loan Debt Solution, Inc.	$100,000	December 28, 2012
Gordon, *et al.*	$22,804	August 9, 2013

In Fiscal Year 2013, the Bureau collected $122,804 in Bureau-Administered Redress funds from two defendants. Funds for each case are used to compensate victims in accordance with the terms of the final order for that case.[14]

TABLE 26: COLLECTIONS IN FISCAL YEAR 2014

Defendant	Amount Collected	Date of Collection
Castle & Cooke Mortgage, LLC	$9,228,896	November 13, 2013
3D Resorts- Bluegrass, LLC	$50,000	December 6, 2013
Amerisave Mortgage Corporation	$14,892,234	August 15, 2014
Global Client Solutions, LLC	$4,000,000[15]	September 5, 2014

In Fiscal Year 2014, the Bureau collected $28.2 million in Bureau-Administered Redress funds from four defendants. Funds are distributed in accordance with terms of the final order for each case.

TABLE 27: COLLECTIONS IN FISCAL YEAR 2015

Defendant	Amount Collected	Date of Collection
Flagstar Bank, F.S.B.	$27,500,000	October 9, 2014
Franklin Loan Corporation	$730,000	December 3, 2014
Global Client Solutions, LLC	$2,099,000[16]	December 3, 2014

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[14] For example, in the Payday Loan Debt Solution Inc. case the final order provides that the Bureau-Administered Redress funds should be used to pay restitution to victims and to cover attendant administrative expenses.

[15] Global Client Solutions, LLC was ordered to pay $6,099,000 in redress. $4 million was collected in fiscal year 2014. The remaining $2.1 million was recorded as an accounts receivable in fiscal year 2014.

[16] Global Client Solutions, LLC paid in fiscal year 2015 the $2.1 million in accounts receivable associated with the judgement ordered in fiscal year 2014.

Defendant	Amount Collected	Date of Collection
Freedom Stores, Inc.	$386,280	January 28, 2015
JPMorgan Chase Bank, N.A. (Genuine Title Matter)	$300,753	February 12, 2015
S/W Tax Loans, Inc.	$254,267	April 21, 2015
Fort Knox National Company	$3,065,150	April 28, 2015
Green Tree Servicing LLC	$48,000,000	April 30, 2015
Genuine Title	$562,500[17]	May 15, 2015 June 23, 2015
Hoffman Law Group	$655,737	June 2, 2015
RPM Mortgage, Inc.	$18,000,000[18]	June 15, 2015 September 30, 2015
Residential Credit Solutions, Inc.	$1,500,000	August 7, 2015
Student Financial Aid Services, Inc.	$5,200,000	September 17, 2015

In fiscal year 2015, the Bureau collected $108.3 million in Bureau-Administered Redress funds from ten defendants. Funds are distributed in accordance with terms of the final order for each case.

[17] Genuine Title, paid redress in five separate amounts on dates ranging from May 15, 2015 through June 23, 2015.

[18] RPM Mortgage, Inc. paid Bureau-administered redress in two installments, $2 million on June 15, 2015, and $16 million on September 30, 2015.

Bureau-administered redress distributions

TABLE 28: BUREAU-ADMINISTERED REDRESS DISBURSEMENTS

Defendant	Quarter Distribution	Distribution Amount	Percentage Cash	Number of Checks Mailed
Payday Loan Debt Solution, Inc.	FY14 Q1	$76,441	83%	310
Castle and Cooke Mortgage, LLC	FY14 Q3	$9,175,596	96%	8837
Gordon *et al.*	FY15 Q2	$22,803	74%	36

In the first quarter of fiscal year 2014, Bureau-Administered Redress funds from the Payday Loan Debt Solution, Inc. case were distributed to 310 eligible victims in accordance with the terms of the final order.[19] In the third quarter of fiscal year 2014, Bureau-Administered Redress funds from the Castle & Cooke Mortgage, LLC case were distributed to 8837 eligible victims in accordance with the terms of the final order. In fiscal year 2014, using Bureau-Administered Redress funds, the Bureau distributed a total of $9.3 million to over 9100 harmed consumers.

In the third quarter of fiscal year 2015, Bureau-Administered Redress funds from the Gordon, *et al.*, case were distributed to eligible victims in accordance with the terms of the final order.[20] In fiscal year 2015 the Bureau distributed a total of $22,803 to 36 consumers.[21]

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[19] The final order in the Payday Loan Debt Solution, Inc. case included two classes of victims. One class was compensated in accordance with the final order using Bureau-Administered Redress funds. The other class was compensated with an allocation and subsequent distribution from the Civil Penalty Fund.

[20] The final order in the Gordon, *et al.* case included one class of victims. The class was compensated using both the Civil Penalty Fund and Bureau-Administered Redress funds.

[21] Funds were released for payments to harmed consumers in Flagstar case on September 25, 2015. Checks totaling $27.4 million were scheduled for mailing to 6,712 harmed consumers in early October 2015.

1.5 Management assurances and audit results

CFPB Statement of Management Assurance

Fiscal Year 2015, November 9, 2015

The management of the Consumer Financial Protection Bureau (CFPB) is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). Continuous monitoring and periodic evaluations provide the basis for the annual assessment and report on management's controls, as required by FMFIA. The CFPB is leveraging the established OMB Circular A-123 and the FMFIA assessment methodologies to assist in assessing the applicable entity-wide controls, documenting the applicable processes, and identifying and testing the key controls. Based on the results of these ongoing evaluations, the CFPB can provide reasonable assurance that internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations meet the objectives of FMFIA, and no material weaknesses were found in the design or operation of the internal controls as of September 30, 2015.

As required by the Dodd-Frank Act, the CFPB is to provide a management assertion as to the effectiveness of the CFPB's internal control over financial reporting. The CFPB management is responsible for establishing and maintaining effective internal control over financial reporting. The CFPB conducted its assessment of the effectiveness of internal control over financial reporting based on the criteria established under 31 U.S.C. Sec. 3512(c) and applicable sections of OMB Circular A-123. Based on the results of this evaluation, the CFPB can provide reasonable assurance that its internal control over financial reporting as of September 30, 2015 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

Under the Dodd-Frank Act, the CFPB is required to maintain financial management systems that comply substantially with Federal financial management systems requirements and applicable Federal accounting standards. The CFPB utilizes financial management systems that substantially comply with the requirements for Federal financial management systems and applicable Federal accounting standards.

Richard Cordray

Richard Cordray
Director of the Consumer Financial Protection Bureau

Federal Managers' Financial Integrity Act

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

In fiscal year 2015, CFPB performed an evaluation of its risks and systems of internal controls. Based on the results of those evaluations, the CFPB is able to provide a reasonable statement of assurance that the internal control over the effectiveness and efficiency of operations, and compliance with applicable laws and regulations meet the objectives of FMFIA, and no material weaknesses were found in the design or operation of the internal controls as of September 30, 2015. While there were no material weaknesses identified, the CFPB identified one (1) significant deficiency that is listed below. The CFPB is committed to continuously enhancing and improving its systems of internal control and realizing more effective and efficient ways to accomplish its mission; as well as taking appropriate steps to implement timely corrective actions.

Accounting for Property and Equipment (*Significant Deficiency*)

In fiscal year 2014, a significant deficiency was identified in the accounting for property and equipment. During fiscal year 2015, the OCFO implemented corrective actions to mitigate the risks of this deficiency. The corrective actions implemented did not fully mitigate the risks and therefore this significant deficiency is still identified in fiscal year 2015. During fiscal year 2016, however, the Bureau will implement an improved process to more systematically gather and disseminate information on fixed asset acquisitions to ensure capitalized costs are accurately captured and recorded.

Additionally, the CFPB identified several enhancement areas to focus on and during fiscal year 2016 and will continue to make progress toward: implementing a more comprehensive asset management process; implementing an enterprise risk management program; developing, reviewing, and revising policies and procedures as appropriate; fully implementing and enhancing the guidelines and processes around accruals and asset capitalization; ensuring an effective information security program; carefully managing the headquarters renovation and space planning; providing leadership and management training, enhancing staff training and development programs; building and sustaining a high-performing and diverse workforce; enhancing contract management processes and related controls; and enhancing the Bureau's information management and security programs.

Federal financial management systems requirements

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

- Internal Control over Financial Reporting (ICOFR)
- Federal Information Security Management Act (FISMA)
- Improper Payments
- Annual Financial Statement Audit
- Federal Manager's Financial Integrity Act Reporting of 1982 (FMFIA)
- Federal Financial Management Improvement Act of 1996 (FFMIA)

Based on the results of these internal control assessments, the CFPB provided reasonable assurance that as of September 30, 2015:

- The CFPB financial management systems substantially comply with the requirements for Federal financial management systems and applicable Federal accounting standards.

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

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

BFS/ARC has reported that its system substantially complies with these three requirements of FFMIA and recently completed a Statement on Standards for Attestation Engagement (SSAE) No. 16, Reporting on Controls at a Service Organization. The independent auditors opined in the SSAE-16 report that BFS/ARC's controls were suitably designed and operating effectively to provide reasonable assurance that control objectives would be achieved if customer agencies applied the complementary customer agency controls.

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

Financial statement audit and report on internal control over financial reporting

Sections 1017(a)(4)(B) and (D) of the Dodd-Frank Act require the CFPB to prepare and submit to GAO annual financial statements and an assertion of the effectiveness of the internal control over financial reporting. Section 1017(a)(5)(A) and (B) of the Dodd-Frank Act also require GAO to audit those financial statements and report their results to the Bureau, Congress and the President. The CFPB prepared comparative financial statements for fiscal years 2015 and 2014.

GAO issued an unmodified or "clean" audit opinion on the CFPB's fiscal years 2015 and 2014 financial statements. GAO opined in fiscal year 2014 a material weakness in CFPB's internal control over reporting of accounts payable. During fiscal year 2015, GAO reported that CFPB took significant action to address the internal control deficiencies related to the material weakness. GAO reported that the actions taken by CFPB sufficiently addressed the deficiencies in its determination and reporting of accounts payable accruals such that GAO no longer consider the remaining control deficiencies in this area, individually or collectively, to represent a material weakness or a significant deficiency as of September 30, 2015. Also, GAO reported that its tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2015 that would be reported under U.S. generally accepted government auditing standards.

Financial management systems strategy

The CFPB recognized during its initial years of operation that it needed to leverage from other federal agencies existing financial management resources, systems and information technology platforms. Initially, all of the CFPB's financial management transactions were processed through the Department of the Treasury's Departmental Offices. The Bureau also relied on Treasury for much of its information technology infrastructure. The CFPB has maintained an agreement with the BFS for the cross-servicing of a commercial off-the-shelf core financial management system designed and configured to meet generally accepted accounting principles for Federal entities. In addition to the core financial management system, BFS provides services that include transactional processing, financial reporting, human resource services, procurement services, and travel services. The CFPB's goal is to continue providing an effective strategy that supports our financial management systems.

The CFPB recognizes the importance of financial management systems and oversight as a part of the capital planning and investment control process. Accordingly, the CFPB relies on its Investment Review Board (IRB) as the executive advisory body responsible for ensuring that all business and technology investments are aligned to the CFPB's mission, vision, strategic goals and initiatives, and utilize program management best practices to achieve the maximum return on investments. The IRB is chaired by the Chief Financial Officer (CFO). Investments over $0.5 million are reviewed by the IRB, unless waived by the Chair in consultation with IRB members. The Chair may require IRB review of investments less than $0.5 million if the investment is deemed significant.

Federal Information Security Management Act

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

Improper payments

The Improper Payments Elimination and Recovery Act of 2011 (IPERA) requires agencies to review their programs and activities annually to identify those susceptible to significant improper payments. While the CFPB's Bureau Fund is not subject to the Act, it was determined that the Bureau's Civil Penalty Fund is subject to the Act. The Office of the Chief Financial Officer conducted a review and risk assessment of the Civil Penalty Fund and determined that the program is not susceptible to significant improper payments and did not meet the reporting threshold for fiscal years 2015 and 2014.

Limitations of the Financial Statements

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

1.6 Financial analysis

Analysis of FY 2015 Financial Condition and Results

Since its inception in 2011 the Bureau has experienced considerable growth in the number of its employees, in the maturity of its processes and activities, and in the consumption of requested resources to conduct its activities. This is reflected in the data provided in Table 26 below that reports on significant changes between fiscal years 2015 and 2014.

TABLE 29: SUMMARY OF FINANCIAL INFORMATION

(In Dollars)	Percentage Change	FY 2015	FY 2014
Total Assets	23%	$847,016,383	$687,481,254
Total Liabilities	95%	$290,647,354	$149,420,380
Total Net Position	3%	$556,369,029	$538,060,874
Total Net Cost of Operations	29%	$640,773,291	$497,536,343
Total Budgetary Resources	25%	$995,007,723	$796,718,485
Total Obligations Incurred	12%	$559,003,285	$499,812,046
Total Outlays	17%	$507,037,398	$432,475,653

Total Assets are $847 million as of September 30, 2015, an increase of $159.5 million (or 23 percent) over fiscal year 2014. The main factor contributing to the net increase was a $159.3 million increase (a 101 percent increase) in the Civil Penalty Fund cash and other monetary asset balance. Property and equipment increased from $37.5 million to $42.6 million (an increase of 14 percent), resulting primarily from the addition of assets related to software development and the leasehold improvement project. Increase to total assets were offset by the Bureau's decrease in accounts receivable in fiscal year 2015 (from $15.4 million to $5.2 million or 66 percent) due to Civil Penalties imposed by the Bureau in fiscal year 2015 but not yet collected as of September 30, 2015. (The collections occurred in October 2015, after the closing date of the 2015 statements, see Note 19).

Total Liabilities are $290.6 million as of September 30, 2015, an increase of $141.2 million (or 95 percent) over fiscal year 2014. The Bureau's liabilities generally represent the resources due to others such as benefits owed to employees and payments owed to vendors and Federal agencies for goods and services provided. Liabilities also include victim compensation amounts allocated from the Civil Penalty Fund (net of distributions to date), which increased from $30.3

million as of September 30, 2014 to $166.8 million (an increase of $136.5 million or 450 percent) as of September 30, 2015.

Total Net Position at the end of fiscal year 2015 increased by $18.3 million (an increase of 3 percent) from fiscal year 2014. While both the financing sources and cost of operations increased in 2015 due to the general growth of the agency, the modest increase in the net position is primarily due to the activity in the Civil Penalty Fund. The civil penalties collected increased from $77.5 million in fiscal year 2014 to $183.1 million (an increase $105.6 million or 136 percent) in fiscal year 2015, resulting from activity designed to provide future payments to harmed consumers.

Total Net Cost of Operations increased in fiscal year 2015 from $497.5 million in fiscal year 2014 to $640.8 million (an increase of $143.2 million or 29 percent) due to the overall growth of the agency and the continued activity in each of its four strategic goals: (1) Prevent Financial Harm to Consumers While Promoting Good Practices That Benefit Them; (2) Empower Consumers to Live Better Financial Lives; (3) Inform the Public, Policy Makers, and the CFPB's own Policy-Making with Data-Driven Analysis of Consumer Finance Markets and Consumer Behavior; and, (4) Advance the CFPB's Performance by Maximizing Resources Productivity and Enhancing Impact. The largest increase in program cost in fiscal year 2015 supported the strategic goal of advance the CFPB performance by maximizing resources productivity and enhancing impact. This goal includes the Bureau's activity related to CPF and all other activity to develop and implement mechanisms and provide channels to maintain open, collaborative dialog with the public.

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

Bureau fund

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

- In fiscal year 2011, up to 10 percent of these Federal Reserve System expenses (or approximately $498 million),
- In fiscal year 2012, up to 11 percent of these expenses (or approximately $547.8 million),
- In fiscal year 2013, up to 12 percent of these expenses (or approximately $597.6 million), and
- In fiscal year 2014 and beyond, the cap remains at 12 percent but will be adjusted annually based on the percentage increase in the employment cost index for total compensation for State and local government workers published by the Federal Government.

The Dodd-Frank Act requires the CFPB to maintain an account with the Federal Reserve – "Bureau of Consumer Financial Protection Fund" (Bureau Fund). Funds requested from the Board of Governors are transferred into the Bureau Fund. Bureau funds determined not to be needed to meet the current needs of the CFPB are invested in Treasury securities on the open market. Earnings from the investments are also deposited into this fund. During fiscal year 2015 four transfers totaling $485 million were received from the Board of Governors. The amount transferred from the Board of Governors to the CFPB was $134 million less than the funding cap of $619 million, and $97 million less than the $582 million budget for fiscal year 2015.

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

Civil Penalty Fund

As discussed previously in Section 1.3 of this report entitled, "Civil Penalty Fund Annual Report," the CFPB collected civil penalties from judicial or administrative actions in the amount of $183.1 million for fiscal year 2015 and $77.5 million for fiscal year 2014

Other collections

During fiscal year 2015, the CFPB collected $152,900 in filing fees pursuant to the Interstate Land Sales Full Disclosure Act of 1968. The fees were deposited into an account maintained by the Department of the Treasury, and are retained and available until expended for the purpose of covering all or part of the costs that the Bureau incurs to operate the Interstate Land Sales program.

Fiduciary activity and custodial revenue

Dodd-Frank Act section 1055 authorizes a court in a judicial action, or the CFPB in an administrative proceeding, to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Relief that is intended to compensate victims is treated as fiduciary funds and deposited into the "Legal or Equitable Relief Fund" established at the Department of the Treasury. Fiduciary assets are not assets of the CFPB and are not recognized on the balance sheet. During fiscal year 2015, the CFPB collected $108.3 million in redress to be administered by the CFPB. Further information is contained in our financial statements at Note 20 entitled, "Fiduciary Activities."

Further, section 1055 of the Act provides that the CFPB may obtain the remedy of disgorgement for a violation of Federal consumer law. Disgorgement paid by the defendant is treated by CFPB as custodial revenue and maintained in the Miscellaneous Receipts Fund of the U.S. Treasury. CFPB reported the fiscal year 2015 disgorged deposits of $8.3 million and any other miscellaneous funds collected or receivable on the Statement of Custodial Activity – a statement that displays all custodial revenue for fiscal years 2015 and 2014.

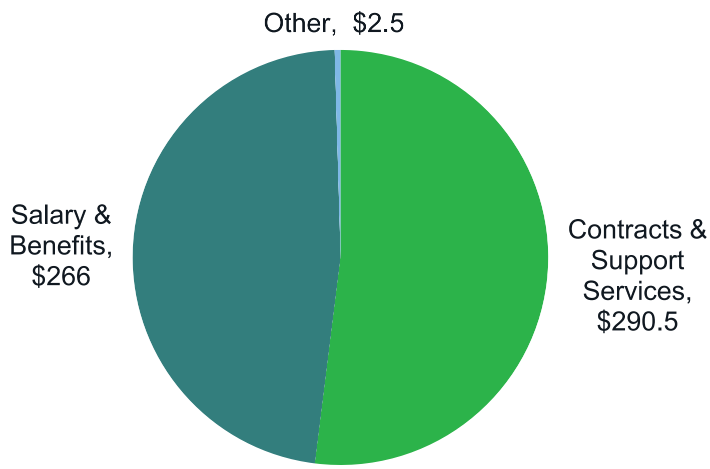
TABLE 30: OVERALL SUMMARY OF CFPB REVENUE AND RECEIPTS BY TYPE AND FISCAL YEAR

Fiscal Year	Transfers requested	Civil Penalty Fund receipts	Fiduciary revenue	Custodial revenue
2015	$485,100,000	$183,120,079	$78,654,687	$8,278,011
2014	$533,800,000	$77,502,001	$28,231,130	$29,673

What the CFPB has funded

The CFPB's fiscal year 2015 obligations related to resources essential to operations and activities such as personnel, information technology, mission-specific and human capital support, and other general support service activities. The CFPB incurred $559 million in obligations[22] – $290.5 million in Contracts & Support Services [23], $266 million in Salary & Benefits, and $2.5 million in All Other.

FIGURE 4: FISCAL YEAR 2015 OBLIGATIONS INCURRED ($ IN MILLIONS)



Examples of some of the larger obligations incurred for CFPB's fiscal year 2015 activities included in the $290.5 million for contracts and support services include:

- $21.7 million for maintaining ongoing operations of CFPB's consumer contact center and the case management database;

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[22] Obligations incurred amount of $559 million that is reported here and on the Statement of Budgetary Resources, includes $7.4 million in upward adjustments to prior year obligations, and $551.6 million associated with the fiscal year 2014 budget.

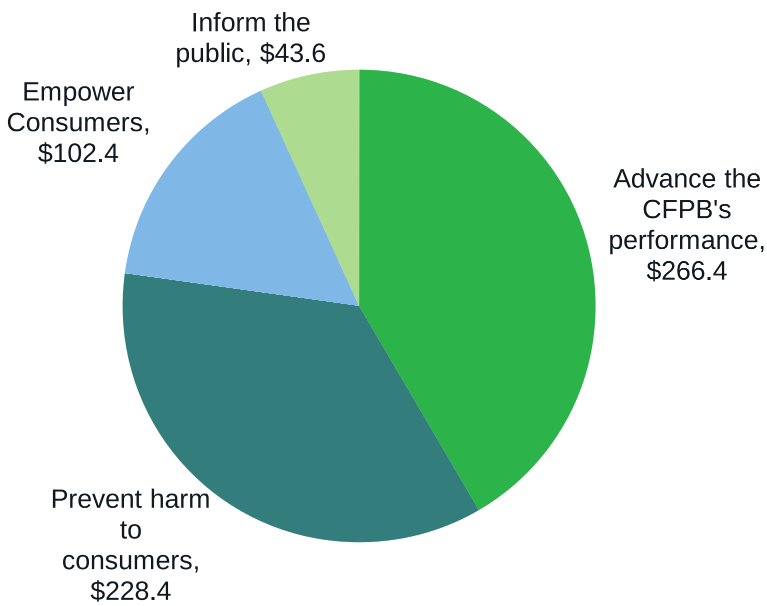
[23] Includes $104.5 million of interagency agreements (IAA) CFPB entered into with other Federal agencies and other Federal payments made to Federal Agencies. IAA's are not reported in USASpending.gov

- $14.4 million to the Department of Treasury for information technology infrastructure, and other administrative services;
- $11.5 million for a consumer education and financial literacy program serving transitioning veterans and economically vulnerable consumers in multi-year funding to operate 60 sites across the country;
- $6.6 million for consumer services awareness and outreach initiatives; and,
- $6.1 million for technical litigation support services and products provided through an interagency agreement with the Department of Justice.

Net costs of the CFPB's operations

The Statement of Net Cost presents the CFPB net cost for its four strategic goals: (1) Prevent Financial Harm to Consumers While Promoting Good Practices That Benefit Them; (2) Empower Consumers to Live Better Financial Lives; (3) Inform the Public, Policy Makers, and the CFPB's own Policy-Making with Data-Driven Analysis of Consumer Finance Markets and Consumer Behavior; and, (4) Advance the CFPB's Performance by Maximizing Resources Productivity and Enhancing Impact. Net program costs for fiscal year 2015 are displayed in the chart below.

FIGURE 5: FISCAL YEAR 2015 NET PROGRAM COSTS ($ IN MILLIONS)



1.7 Possible future risks and uncertainties

Funding and independence

The Congress, in implementing the Dodd-Frank Act, followed a long-established precedent in providing the CFPB with sources of funding outside of the Congressional appropriations process to ensure full independence as the Bureau supervises and regulates providers of consumer financial products and services and protects financial consumers. Congress has consistently provided for independent sources of funding for Federal banking supervisors to allow for long-term planning and the execution of complex initiatives and to ensure that financial institutions are examined regularly and thoroughly for compliance with the law.

The CFPB has been tasked with supervising more entities than all other Federal bank supervisors combined, including supervising the largest, most complex banks. Effective supervision that assures a level playing field between bank and non-bank institutions requires dedicated and predictable resources and independent examiners. However, the CFPB is nonetheless the only banking supervisor with a statutory cap on its primary source of funding.

Possible future impact on financial services environment

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

2. Financial statements and note disclosures

Message from Stephen Agostini

Chief Financial Officer of the CFPB

During fiscal year 2015, the Office of the Financial Officer (OCFO) continued to provide critical support to the Consumer Financial Protection Bureau (CFPB). This was the first year that several key operational indices of the CFPB remained relatively constant with the previous year, including the number of employees, the operating budget, and obligations incurred. While these indices were relatively static, the overall CFPB mission results have increased significantly as measured in enforcement actions, civil penalty fund collections and allocations to harmed consumers, and contact center activity. CFPB continues to benefit from a focused attention to the overall financial management of its activities. This attention ensures that financial resources are utilized effectively to accomplish the goals of the agency.

The OCFO made numerous improvements to CFPB's financial management processes and enhanced the reporting of financial management results to CFPB decision makers and interested stakeholders. Major actions included:

- Reviewing and approving all major CFPB investments including those presented to the Investment Review Board. During fiscal year 2015, over 70 major investments were approved that covered all CFPB Divisions;
- Coordinating the receipt, management, and disbursement of monies in the Civil Penalty Fund and the Legal or Equitable Relief Fund resulting from the actions of various defendants who violated Federal financial consumer laws. Both the Civil Penalty Fund and the Legal or Equitable Relief Fund had noteworthy growth in fiscal year 2015. Collections in the two funds increased by 136 percent and 35 percent, respectively over

the prior fiscal year. In fiscal year 2015, between the two funds the Bureau distributed $22 million to harmed consumers (a 120 percent increase over the prior year);

- Implementing corrective actions to address the material weakness identified last year over the accrual process and reporting of accounts payable. The OCFO developed and disseminated additional tools and references, provided training, and worked closely with program offices within the agency to strengthen the controls in their area. The OCFO also enhanced its oversight and monitoring of the accrual process and resulting reporting of accounts payable; and,

- Continuing to provide program managers with monthly and quarterly financial data and information such as the status of funds for relevant programs, data on key investments, staffing status information, and the availability to request funds for unanticipated needs.

Provided herein are the CFPB's financial statements as an integral part of the fiscal year 2015 Financial Report. For fiscal year 2015, the Government Accountability Office (GAO) rendered an unmodified or "clean" audit opinion on the CFPB's financial statements and noted no material weaknesses, one (1) significant deficiency regarding the recordation of property and equipment in CFPB's internal control, and cited no instances of non-compliance with laws and regulations. The OCFO will work with other Bureau officials and take actions to remediate the significant deficiency in the equipment and property recordation in fiscal year 2016.

Sincerely,

Stephen J. Agostini

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

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

Independent Auditor's Report

To the Director of the Bureau of Consumer Financial Protection

In our audits of the fiscal years 2015 and 2014 financial statements of the Bureau of Consumer Financial Protection, known as the Consumer Financial Protection Bureau (CFPB), we found

- the CFPB financial statements as of and for the fiscal years ended September 30, 2015, and 2014, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- although internal controls could be improved, CFPB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2015; and
- no reportable noncompliance for fiscal year 2015 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

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

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

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act[3] and the Full-Year Continuing Appropriations Act, 2011,[4] we have audited CFPB's financial statements. CFPB's financial statements comprise the balance sheets as of September 30, 2015, and 2014; the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended; and the related notes to the financial statements. We also have audited CFPB's internal control over financial reporting as of September 30, 2015, based on criteria established under 31 U.S.C. § 3512(c), commonly known as the Federal Managers' Financial Integrity Act (FMFIA), and applicable sections of Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*.

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

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

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

[3]Pub. L. No. 111-203, § 1017(a)(5), 124 Stat. 1376, 1976-1977 (2010), codified at 12 U.S.C. § 5497(a)(5).

[4]Pub. L. No. 112-10, § 1573(a), 125 Stat 38, 138 (2011), codified at 12 U.S.C. § 5496a.

Management's Responsibility

CFPB management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (5) evaluating the effectiveness of internal control over financial reporting based on the criteria established under FMFIA and applicable sections of OMB Circular A-123; and (6) providing its assertion about the effectiveness of internal control over financial reporting as of September 30, 2015, based on its evaluation, included in the accompanying Management's Report on Internal Control over Financial Reporting in appendix I.

Auditor's Responsibility

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

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk, and testing relevant internal control over financial reporting. Our audit of internal control also considered the entity's process for evaluating and reporting on internal control over financial reporting based on criteria established under FMFIA and applicable sections of OMB Circular A-123. Our audits also included performing such other procedures as we considered necessary in the circumstances.

We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Our internal control testing was for the purpose of expressing an opinion on whether effective internal control over financial reporting was maintained, in all material respects. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness.[5]

Definitions and Inherent Limitations of Internal Control over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error. We also caution that projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion on Financial Statements

In our opinion, CFPB's financial statements present fairly, in all material respects, CFPB's financial position as of September 30, 2015, and 2014, and its net cost of operations, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Opinion on Internal Control over Financial Reporting

In our opinion, although certain internal controls could be improved, CFPB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2015, based on criteria established under FMFIA and applicable sections of OMB Circular A-123. Our opinion on CFPB's internal control over financial reporting is consistent with CFPB's assertion that its internal control over financial reporting was effective as of September 30, 2015, and that no material weaknesses were found in the design or operation of the controls. As discussed in greater detail later in this report, our fiscal year 2015 audit continued to identify deficiencies in CFPB's internal control over accounting for property, equipment, and software that collectively constituted a significant deficiency[6] in CFPB's internal control over financial reporting, which is consistent with our fiscal year 2014 assessment for this area.[7]

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

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

[7]GAO, *Financial Audit: Bureau of Consumer Financial Protection's Fiscal Years 2014 and 2013 Financial Statements*, GAO-15-146R (Washington, D.C.: Nov. 17, 2014).

Although the significant deficiency in internal control did not affect our opinion on CFPB's fiscal year 2015 financial statements, misstatements may occur in other financial information reported by CFPB and not be prevented or detected and corrected on a timely basis because of this significant deficiency.

In fiscal year 2014, we also reported a material weakness in CFPB's internal control over reporting of accounts payable. During fiscal year 2015, CFPB took significant actions to address the internal control deficiencies related to the material weakness. Specifically, CFPB (1) finalized, disseminated, and implemented detailed guidance to contracting officer representatives (CORs) and invoice approvers; (2) provided training to its CORs to assist them in identifying accruals; and (3) designed and implemented a control activity that strengthened the review of the accounts payable estimates. These actions by CFPB sufficiently addressed the deficiencies in its determination and reporting of accounts payable accruals such that we no longer consider the remaining control deficiencies in this area, individually or collectively, to represent a material weakness or a significant deficiency as of September 30, 2015.

In addition to the significant deficiency in internal control over accounting for property, equipment, and software, we identified other deficiencies in CFPB's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant CFPB management's attention. We have communicated these matters to CFPB management and, where appropriate, will report on them separately.

Significant Deficiency in Internal Control over Accounting for Property, Equipment, and Software

During our fiscal year 2015 audit, we continued to find that CFPB did not effectively implement internal controls over the recording of its property, equipment, and software, which led to significant, but not material, misstatements in its financial statements. Specifically, we found that CFPB did not have effective procedures to properly distinguish between costs that should be recorded as property, equipment, and software (i.e., capitalized) and those that should be recorded as gross costs (i.e., expensed) and appropriately record such costs in its financial records. Additionally, CFPB did not have effective review procedures to timely detect and correct errors in its records. We also found that CFPB did not effectively reconcile its inventory of general-purpose furniture and equipment to its financial records to validate the existence of its recorded assets. CFPB made corrections in fiscal year 2015 as necessary to fairly present its financial statements.

CFPB's property, equipment, and software consist of internal-use software, internal-use software in development, general-purpose furniture and equipment, and leasehold improvements in development. As of September 30, 2015, the property, equipment, and software balance totaled $42.6 million, which is reported net of accumulated depreciation of $14.5 million. CFPB policy requires capitalizing property, equipment, and software with estimated useful lives of 2 or more years that meet the following criteria: internal-use software purchased or developed of $750,000 or more; leasehold improvements and equipment acquisitions of $50,000 or more; and bulk purchases of $250,000 or more of similar items. Other property items, normal repairs, and maintenance are charged to expense as incurred. According to CFPB's policies and procedures for recording its property, equipment, and software additions, the Office of the Chief Financial Officer (OCFO) is to perform quarterly reviews of property, equipment, and software acquisitions and goods and services transactions of $50,000 and greater. Such reviews are intended to provide reasonable assurance that purchased items and costs associated with property, equipment, and software, including internal-use software, are appropriately classified as capitalized assets or gross costs, consistent with CFPB's capitalization policy. For internal-use software, federal accounting standards provide that capitalized costs should include the full cost incurred during the software development stage, and exclude costs associated with preliminary design and post implementation services.[8] In addition, CFPB's policies and procedures for asset management over its general-purpose furniture and equipment require an annual inventory to account for its assets.

We first identified deficiencies in CFPB's controls over accounting for property, equipment, and software, which collectively we considered a significant deficiency, during our fiscal year 2013 financial statement audit.[9] Consequently, we separately reported the details of the significant deficiency, along with recommendations for corrective actions, in May 2014.[10] Based on these recommendations, with which it concurred, CFPB took actions over the past 2 years in an attempt to improve the reporting of property, equipment, and software. Specifically, in fiscal year 2015, CFPB increased its communication with vendors to obtain needed information and the OCFO performed more frequent reviews (monthly instead of quarterly) of property, equipment, and software transactions. Although CFPB took actions to attempt to address the significant deficiency and made some improvements in fiscal year 2015, we continued to identify deficiencies in this area, along with other control deficiencies related to CFPB's inventory controls.

Specifically, the results of our fiscal year 2015 testing showed that CFPB continued to make errors in capitalizing costs, and the OCFO's review and approval was not effective in detecting and correcting these errors in a timely manner. We found that significant adjustments were made by CFPB to property, equipment, and software balances in the months following the OCFO's initial review and approval of recorded transactions. These adjustments totaled $6.9 million, which consisted of $1.7 million of gross costs that should have been capitalized as internal-use software and $5.2 million capitalized as internal-use software that should have been recorded as gross costs. These errors occurred, in part, as a result of the OFCO's monthly review not including an effective mechanism to validate the data provided by the vendor, such as the description of the goods and services, to determine, at that time, the appropriate accounting of the billed costs (i.e., whether they should be capitalized or expensed). As additional information was obtained in subsequent months, further adjustments were required.

In addition, CFPB completed an inventory of its general-purpose furniture and equipment and experienced challenges in reconciling the inventory listing to its financial records. For example, CFPB did not always have sufficient details in its financial records, such as serial numbers and cost for its equipment, to match each individual physical asset. CFPB completed its reconciliation of inventory and financial records and recorded adjustments to its inventory and financial records. However, we performed testing procedures to validate the results and noted further discrepancies between the inventory listing and the financial records. As a result of our testing, CFPB recorded an adjustment of $1.7 million to decrease its general purpose furniture and equipment balance.

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[8]Statement of Federal Financial Accounting Standards No. 10, *Accounting for Internal Use Software*, October 9, 1998, as amended.

[9]GAO, *Financial Audit: Bureau of Consumer Financial Protection's Fiscal Years 2013 and 2012 Financial Statements*, GAO-14-170R (Washington, D.C.: Dec. 16, 2013).

[10]GAO, *Management Report: Improvements Needed in CFPB's Internal Controls and Accounting Procedures*, GAO-14-455R (Washington, D.C.: May 2, 2014).

These deficiencies increase the risk that CFPB's reported balances for property, equipment, and software as well as its reported expenses could be misstated, and collectively represent a significant deficiency in CFPB's internal control over its accounting for property, equipment, and software that merits attention by those charged with governance.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2015 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to CFPB. Accordingly, we do not express such an opinion.

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

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

Agency Comments

We provided a draft of this report to the Director of CFPB for comment. In his written comments, reprinted in appendix II, CFPB's Director stated that he was pleased to receive an unmodified audit opinion on CFPB's fiscal years 2015 and 2014 financial statements. The Director also concurred with the significant deficiency over reporting of property, equipment, and software that we reported, and added that CFPB will continue to work to enhance its system of internal control and ensure the reliability of CFPB's financial reporting, including taking actions to improve physical inventories and asset management overall.

We will evaluate CFPB's actions to address the deficiencies identified in this report as part of our fiscal year 2016 audit.

J. Lawrence Malenich

J. Lawrence Malenich
Director

Financial Management and Assurance

November 9, 2015

APPENDIX I:

Management's report on internal control over financial reporting

Consumer Financial Protection Bureau

1700 G Street, N.W., Washington, DC 20552

November 9, 2015

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

Dear Mr. Dodaro,

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

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

CFPB management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. CFPB management evaluated the effectiveness of CFPB's internal control over financial reporting as of September 30, 2015, based on the criteria established under 31 U.S.C. 3512(c) and applicable sections of Office of Management and Budget Circular A-123.

Based on the results of this evaluation, the CFPB can provide reasonable assurance that its internal control over financial reporting as of September 30, 2015 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

Stephen J. Agostini

Stephen J. Agostini
Chief Financial Officer
Consumer Financial Protection Bureau

consumerfinance.gov

APPENDIX II:

Management's response to the auditor's report

Consumer Financial Protection Bureau

1700 G Street NW, Washington, DC 20552

November 10, 2015

Mr. J. Lawrence Malenich
Director, Financial Management and Assurance
Government Accountability Office
441 G Street, N.W., Room 5T45
Washington, DC 20548

Dear Mr. Malenich,

I appreciate the opportunity to respond to the Government Accountability Office's (GAO) draft audit report titled, Financial Audit: Bureau of Consumer Financial Protection's Fiscal Years 2015 and 2014 Financial Statements, and want to thank you and your staff for your dedicated efforts and collaboration to meet the audit requirements.

We are pleased that GAO's auditors rendered an unmodified or "clean" audit opinion, meaning GAO found that the Consumer Financial Protection Bureau (CFPB or Bureau) financial statements are presented fairly, in all material respects, and in conformity with U.S. generally accepted accounting principles, and that there were no instances of reportable noncompliance with laws and regulations tested by GAO. Maintaining an unmodified or "clean" audit opinion on the CFPB's comparative financial statements for fiscal years 2015 and 2014 is a significant accomplishment.

We acknowledge and concur with GAO's identification of one significant deficiency regarding the reporting of property, equipment, and software.

In fiscal year 2014, GAO identified one material weakness in internal control over the reporting of accounts payable. The corrective actions taken during fiscal year 2015 included: developing and disseminating tools and reference guides, conducting additional training, and working closely with program offices to improve the reporting of accrued expenses and accounts payable. Additional corrective actions included an enhanced oversight and monitoring of this reporting by the Office of the Chief Financial Officer (OCFO). We are pleased that these efforts have mitigated the material weakness such that GAO does not consider it a material weakness or significant deficiency during fiscal year 2015.

In fiscal year 2014, the GAO cited one repeat significant deficiency regarding property and equipment. During fiscal year 2015 the OCFO implemented corrective actions: provided additional outreach and guidance to CORs and invoice approvers, worked closely with vendors and program offices to clarify the categorization of property and equipment purchased, and implemented a review process over contracts and interagency agreements for the purchase or development of items that may be capitalized. The corrective actions implemented did not fully mitigate the risks and therefore during fiscal year 2016, the OCFO will continue its existing efforts as well as work with other program offices to improve physical inventories and asset management overall.

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

If you have any questions relating to this response, please contact Stephen J. Agostini, Chief Financial Officer.

Richard Cordray

Richard Cordray
Director
Consumer Financial Protection Bureau

2.2 Financial statements and notes

CONSUMER FINANCIAL PROTECTION BUREAU
BALANCE SHEET
As of September 30, 2015 and 2014
(In Dollars)

	2015	2014
Assets:		
Intragovernmental		
Fund Balance with Treasury (Note 2)	$ 35,172,929	$ 39,658,210
Investments (Note 3)	441,493,464	434,793,473
Accounts Receivable (Note 5)	31,860	-
Advances and Prepayments (Note 7)	937,166	2,900,006
Total Intragovernmental	477,635,419	477,351,689
Cash, and Other Monetary Assets		
Cash in the Bureau Fund (Note 4)	273,639	265,163
Cash in the Civil Penalty Fund (Note 4)	316,316,452	157,001,716
Total Cash, and Other Monetary Assets	316,590,091	157,266,879
Accounts Receivable (Note 5)	5,143,842	15,363,382
Property, Equipment, and Software, Net (Note 6)	42,631,193	37,496,598
Advances and Prepayments (Note 7)	5,015,838	2,706
Total Assets	$ 847,016,383	$ 687,481,254
Liabilities:		
Intragovernmental		
Accounts Payable	$ 18,733,478	$ 27,209,775
Benefits Payable	18,877,743	12,094,603
Other (Note 8)	473,828	442,000
Total Intragovernmental	38,085,049	39,746,378
Accounts Payable	21,898,617	28,713,030
Employer Benefits Contributions	37,712,646	29,658,237
Accrued Funded Payroll	5,927,616	4,553,007
Civil Penalty Fund Allocation (Note 9)	166,792,385	30,334,602
Unfunded Leave	20,199,210	16,400,954
Other (Note 8)	31,831	14,172
Total Liabilities (Note 10)	$ 290,647,354	$ 149,420,380
Commitments and Contingencies (Note 11)		
Net Position:		
Cumulative Results of Operations - Funds from Dedicated Collections (consolidated totals) (Note 18)	$ 556,369,029	$ 538,060,874
Total Liabilities and Net Position	$ 847,016,383	$ 687,481,254

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF NET COST
For the Fiscal Years Ended September 30, 2015 and 2014
(In Dollars)

	2015	2014
Program Costs:		
Prevent Financial Harm to Consumers While Promoting Good Practices That Benefit Them:		
Gross Costs	$ 228,385,333	$ 228,378,527
Net Prevent Financial Harm to Consumers While Promoting Good Practices That Benefit Them	$ 228,385,333	$ 228,378,527
Empower Consumers to Live Better Financial Lives:		
Gross Costs	$ 102,410,711	$ 100,716,666
Less: Earned Revenue	(25,042)	
Net Empower Consumers to Live Better Financial Lives	$ 102,385,669	$ 100,716,666
Inform The Public, Policy Makers, and the CFPB's own Policy-Making with Data-Driven Analysis of Consumer Finance Markets and Consumer Behavior:		
Gross Costs	$ 43,590,915	$ 45,763,864
Less: Earned Revenue	(6,818)	(80,000)
Net Inform The Public, Policy Makers, and the CFPB's own Policy-Making with Data-Driven Analysis of Consumer Finance Markets and Consumer Behavior	$ 43,584,097	$ 45,683,864
Advance the CFPB's Performance by Maximizing Resource Productivity & Enhancing Impact:		
Gross Costs	$ 266,429,744	$ 122,774,691
Less: Earned Revenue	(11,552)	(17,405)
Net Advance the CFPB's Performance by Maximizing Resource Productivity & Enhancing Impact	$ 266,418,192	$ 122,757,286
Total Gross Program Costs	$ 640,816,703	$ 497,633,748
Less: Total Earned Revenues	(43,412)	(97,405)
Net Cost of Operations (Note 12)	$ 640,773,291	$ 497,536,343

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2015 and 2014
(In Dollars)

	2015	2014
Cumulative Results of Operations:		
Beginning Balances	$ 538,060,874	$ 407,309,285
Budgetary Financing Sources:		
Nonexchange Revenue		
Transfers from the Board of Governors of the Federal Reserve System	485,100,000	533,800,000
Civil Penalties	172,670,079	92,702,001
Interstate Land Sales Fees	152,900	149,600
Interest from Investments	103,536	132,368
Total Nonexchange Revenue	658,026,515	626,783,969
Other	4,931	3,870
Other Financing Sources:		
Imputed Financing Sources	1,061,552	1,517,498
Non-Entity Collections Transferred to the General Fund	(11,552)	(17,405)
Total Financing Sources	659,081,446	628,287,932
Net Cost of Operations	(640,773,291)	(497,536,343)
Net Change	18,308,155	130,751,589
Cumulative Results of Operations - Funds from Dedicated Collections (consolidated totals) (Note 18)	$ 556,369,029	$ 538,060,874
Net Position	$ 556,369,029	$ 538,060,874

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF BUDGETARY RESOURCES
For the Fiscal Years Ended September 30, 2015 and 2014
(In Dollars)

	2015	2014
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1	$ 296,906,439	$ 169,931,592
Recoveries of Prior Year Unpaid Obligations	29,497,155	14,992,113
Unobligated Balance from Prior Year Budget Authority, Net	326,403,594	184,923,705
Funds Available for Obligation	668,478,395	611,594,848
Spending Authority from Offsetting Collections	125,734	199,932
Total Budgetary Resources	$ 995,007,723	$ 796,718,485
Status of Budgetary Resources:		
Obligations Incurred (Note 13)	$ 559,003,285	$ 499,812,046
Unobligated Balance, End of Year:		
Exempt from Apportionment	436,004,438	296,906,439
Total Budgetary Resources	$ 995,007,723	$ 796,718,485
Change in Obligated Balance:		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, October 1	$ 334,795,052	$ 282,450,772
Obligations Incurred	559,003,285	499,812,046
Outlays (Gross)	(507,037,398)	(432,475,653)
Recoveries of Prior Year Unpaid Obligations	(29,497,155)	(14,992,113)
Unpaid Obligations, End of Year	$ 357,263,784	$ 334,795,052
Uncollected payments:		
Uncollected pmts, Fed sources, end of year (-)	(31,860)	-
Memorandum (non-add) Entries:		
Obligated Balance, Start of Year	$ 334,795,052	$ 282,450,772
Obligated Balance, End of Year	$ 357,231,924	$ 334,795,052
Budget Authority and Outlays, Net:		
Budget Authority, Gross	$ 668,604,129	$ 611,794,780
Actual Offsetting Collections	(93,874)	(199,932)
Change in uncollected customer payments from Federal sources	(31,860)	-
Budget Authority, Net	$ 668,478,395	$ 611,594,848
Outlays, Gross	$ 507,037,398	$ 432,475,653
Actual Offsetting Collections	(93,874)	(199,932)
Agency Outlays, Net	$ 506,943,524	$ 432,275,721

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

CONSUMER FINANCIAL PROTECTION BUREAU
STATEMENT OF CUSTODIAL ACTIVITY
For the Fiscal Years Ended September 30, 2015 and 2014
(In Dollars)

	2015	2014
Revenue Activity:		
Sources of Cash Collections:		
Disgorgement	$ 8,277,816	$ 27,076
Miscellaneous	195	2,597
Total Cash Collections	8,278,011	29,673
Accrual Adjustments	(512)	(1,384)
Total Custodial Revenue	8,277,499	28,289
Disposition of Collections:		
Amounts Transferred to the Department of the Treasury	8,278,011	29,673
Increase/(Decrease) in Amounts Yet to be Transferred	(512)	(1,384)
Net Custodial Activity	$ -	$ -

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

Note 1: Summary of significant accounting policies

A. Reporting entity

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

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

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

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

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

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

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

Under the Dodd-Frank Act, on the designated transfer date, July 21, 2011, certain authorities and functions of several agencies relating to Federal consumer financial law were transferred to the CFPB in order to accomplish the above objectives. These authorities were transferred from the Board of Governors of the Federal Reserve System (Board of Governors), Comptroller of the

Currency (OCC), Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and the Department of Housing and Urban Development (HUD). In addition, Congress vested the Bureau with authority to enforce in certain circumstances the Federal Trade Commission's (FTC) Telemarketing Sales Rule and its rules under the FTC Act, although the FTC retains full authority over these rules. The Dodd-Frank Act also provided the CFPB with certain other federal consumer financial regulatory authorities in addition to these transferred authorities.

To accomplish its mission, the CFPB is organized into six primary divisions/offices:

1. **Consumer Education and Engagement:** provides, through a variety of initiatives and methods, including offices on specific populations, information to consumers to allow them to make financial decisions that are best for them.
2. **Supervision, Enforcement and Fair Lending:** ensures compliance with Federal consumer financial laws by supervising market participants and bringing enforcement actions when appropriate.
3. **Research, Markets and Regulations:** conducts research to understand consumer financial markets and consumer behavior, evaluates whether there is a need for regulation, and determines the costs and benefits of potential or existing regulations.
4. **Legal Division:** ensures the Bureau's compliance with all applicable laws and provides advice to the Director and the Bureau's divisions.
5. **External Affairs:** manages the Bureau's relationships with external stakeholders and ensures that the Bureau maintains robust dialogue with interested stakeholders to promote understanding, transparency, and accountability.
6. **Operations:** builds and sustains the CFPB's operational infrastructure to support the entire organization and hears directly from consumers about challenges they face in the marketplaces through their complaints, questions, and feedback.

The CFPB workforce is spread across the country with its headquarters in Washington, D.C. and regional offices in Chicago, New York City, and San Francisco. The headquarters is temporarily spread across several locations within Washington, D.C., utilizing space pursuant to interagency agreements with the Department of the Treasury (Treasury), the Office of the Comptroller of the Currency; the General Services Administration (GSA); and the Federal Housing Finance Agency (FHFA). In addition to its locations within Washington D.C., the CFPB also utilizes space pursuant to occupancy agreements with GSA for the regional offices in New York, Chicago and San Francisco.

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

B. Basis of presentation

The CFPB's principal statements were prepared from its official financial records and general ledger in conformity with U.S. generally accepted accounting principles (GAAP) and, while not required to comply with all OMB guidance such as OMB Circular A-136, CFPB generally tracks the general presentation guidance established by OMB Circular A-136, *Financial Reporting Requirements,* as revised. The financial statements are a requirement of the Dodd-Frank Act. The financial statements are in addition to the financial reports prepared by the CFPB, which are used to monitor and control budgetary resources. The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, the status and availability of budgetary resources, and the custodial activities of the CFPB. Financial statements are presented on a comparative basis. During fiscal year 2013, the CFPB prepared and issued a five-year strategic plan that contains four strategic goals and associated performance metrics. The strategic plan was designed to meet the objectives of the Government Performance and Results Act and help the CFPB measure its performance in fulfilling its responsibilities under the Dodd-Frank Act. The comparative statement of net cost contains four responsibility segments based on the strategic plan.

C. Basis of accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements and controls over the use of funds. The Statement of Custodial Activity is presented on the modified cash basis of accounting. Cash collections and amounts transferred to Treasury are reported on a cash basis. The change in receivables is reported on an accrual basis. The CFPB conforms to GAAP for federal entities as prescribed by the standards set forth by the Federal Accounting Standards Advisory Board (FASAB). FASAB is recognized by the American Institute of Certified Public Accountants as the body designated to establish GAAP for federal government entities. Certain assets, liabilities and costs have been classified as intragovernmental throughout the financial statements and notes. Intragovernmental assets and liabilities are those due from or to other federal entities. Intragovernmental costs are payments or accruals due to other federal entities. The CFPB has rights and ownership of all assets, except for custodial or non-entity assets, reported in these financial statements. Custodial/Non-entity assets can result from CFPB enforcement actions that require the defendant to pay disgorgement as well as from the collection of Freedom of Information Act (FOIA) fees. Disgorgement is an equitable remedy that a court or the CFPB can impose in a judicial or administrative action to deprive defendants of their ill-gotten gains and to deter violations of Federal consumer financial laws. In addition, as further discussed in Note 1.R. and Note 20, the CFPB also administers certain funds in a fiduciary capacity.

D. Funding sources

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

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

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

- In fiscal year 2011, up to 10 percent of these Federal Reserve System expenses (or approximately $498 million),
- In fiscal year 2012, up to 11 percent of these expenses (or approximately $547.8 million),

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

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

If the Director were to determine that the non-appropriated funds to which it is entitled under the Act are insufficient to carry out its responsibilities, the Act provided the potential for the CFPB also to obtain appropriated funds, up to a capped amount, in fiscal years 2011-2014. There were no such determinations made during these years. In accordance with the Act and appropriations law requirements, further action would have been required on the part of the Director and Congress in order for CFPB to obtain such appropriated funds. That authority expired beginning in fiscal year 2015.

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

Pursuant to the Dodd-Frank Act, the CFPB is also authorized to obtain civil penalties for violations of Federal consumer financial laws. The Act requires the CFPB to maintain a separate fund, known as the Consumer Financial Civil Penalty Fund (Civil Penalty Fund). Civil penalties are deposited into the Civil Penalty Fund established and maintained at the FRBNY. The Act authorizes the CFPB to use the Civil Penalty Fund for payment to the victims of activities for which civil penalties have been imposed and, in certain circumstances, for consumer education and financial literacy programs. Amounts in the Civil Penalty Fund are available "without fiscal year limitation." The Civil Penalty Fund had its initial collections and deposits in fiscal year 2012.

The CFPB also recognizes imputed financing sources. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. The CFPB recognizes imputed costs and financing sources as prescribed by accounting standards. The CFPB recognizes as an imputed financing source the amount of pension and post-retirement benefit expenses for current employees that OCC and the Office of Personnel Management (OPM) has or will pay on the CFPB's behalf. Further, CFPB recognizes earned revenue for reimbursable activity of CFPB staff detailed to either public or non-public entities.

E. Use of estimates

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

F. Funds from dedicated collections

FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 27 *Identifying and Reporting Earmarked Funds* established certain disclosure requirements for funds defined as "earmarked." In June 2012, FASAB issued SFFAS 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*, effective for periods starting October 1, 2012. SFFAS 43 amendments include changing the term "earmarked funds" to "funds from dedicated collections." SFFAS 27, as amended by SFFAS 43, contains three requirements for funds to be considered funds from dedicated collection: (1) A statute committing the federal government to use specifically identified revenues and/or other financing sources that are originally provided to the federal government by a non-federal source only for designated activities, benefits or purposes; (2) Explicit authority for the fund to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and (3) A requirement to account for and report on the receipt, use and retention of the revenues and/or other financing sources that distinguishes the fund from the federal government's general revenues.

Based on the standard's criteria, CFPB has determined that the Bureau Fund is a fund from dedicated collections due to its meeting the three required criteria – source of funds are from a non-federal source, explicit authority to retain funds for future use, and a requirement to account for and report on the funds receipt, use and retention separate from the federal government's general revenues. Further, the CFPB has determined based on the criteria of SFFAS 27 & 43 that the Civil Penalty Fund is also a fund from dedicated collections and has established a separate special fund to account for its activity. These funds, which also qualify as special funds, are discussed further in Note 1.H. below. See additional disclosure in Note 18 "Funds from Dedicated Collections."

G. Entity and non-entity assets

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

H. Fund balance with Treasury

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

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

I. Investments

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

J. Accounts receivable

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

K. Property, Equipment, and Software, Net

Property, Equipment, and Software is recorded at historical cost. It consists of tangible assets and software. Under CFPB's property management policy, equipment acquisitions of $50,000 or more are capitalized and depreciated using the straight-line method (using a half year convention for the year assets are placed into service) over the estimated useful life of the asset. Similarly, internal use software, software purchased or developed to facilitate the operation of an entity's programs, is capitalized for software of $750,000 or more and depreciated using the straight-line method (using a half year convention) over the estimated useful life of the asset. Additionally, for bulk purchases of similar items, which individually do not meet the capitalization threshold, the acquisition is capitalized and depreciated if the depreciated basis of the bulk purchase is $250,000 or more. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property and equipment.

The useful life classifications for capitalized assets are as follows:

TABLE 31: TABLE OF PP&E CATEGORY USEFUL LIVES

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

A leasehold (capital) improvement's useful life is equal to the remaining occupancy agreement term or the estimated useful life of the improvement, whichever is shorter. CFPB has no real property holdings or stewardship or heritage assets. Once the on-going building improvements are completed at 1700 G Street, N.W., Washington, D.C. those costs will be captured as leasehold improvements and amortized over a period of time consistent with the policy above. Other property items, normal repairs, and maintenance are charged to expense as incurred.

L. Advances and Prepaid Charges

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

M. Liabilities

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

CIVIL PENALTY FUND

The CFPB has determined that for the funds collected and deposited into the Civil Penalty Fund (CPF), victims do not have ownership rights to those funds that the Federal government must uphold. Accordingly, until CFPB decides to allocate CPF monies to classes of victims, no liabilities exist. The estimated amount of the liabilities of the CPF will be recorded based on the results of the defined allocation process. The measurement of the liability will be based on the amount allocated by the Fund Administrator via the CPF allocation process. The amount allocated by the Fund Administrator may differ from the amount of uncompensated harm initially estimated based on the court order, settlement agreement, or documentation provided by the Office of Enforcement. The allocated amount may differ based on additional research and documentation obtained after the initial estimate was calculated.

N. Annual, Sick, and Other Leave

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

O. Employee Benefits

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

P. Pension costs and other retirement benefits

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

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

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

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

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

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

ALL OTHER EMPLOYEES OF CFPB

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

TABLE 32: PENSION/RETIREMENT PLANS FOR CFPB EMPLOYEES

Name	Administering Agency
Federal Reserve System Retirement Plan (FRSRP)	Federal Reserve System
Federal Reserve System Thrift Plan	Federal Reserve System
Pension Enhancement Plan for Officers of the Board of Governors of the Federal Reserve System	Federal Reserve System
Retirement Plan for Employees of the Federal Reserve System Benefits Equalization Plan[1]	Federal Reserve System
Retirement Plan for Employees of the Federal Reserve System Benefits Equalization Plan for Section 415 Excess Benefits	Federal Reserve System
Thrift Plan for Employees of the Federal Reserve System Benefits Equalization Plan[1]	Federal Reserve System
Civil Service Retirement System (CSRS)	OPM
CSRS Offset	OPM
Federal Employees Retirement System (FERS)	OPM
Thrift Savings Plan	Federal Retirement Thrift Investment Board
FDIC Savings Plan	FDIC
OCC 401(k)	OCC
OTS 401(k)	OCC
OTS Deferred Compensation Plan	OCC
Pentegra Defined Benefit Plan (OTS)	OCC (administration is through Pentegra)

[1] This retirement program does not have any CFPB participants for fiscal years 2015 or 2014.

The Bureau does not have a separate pension or retirement plan distinct from the plans described above. CFPB expenses its contributions to the retirement plans of covered employees as the expenses are incurred. CFPB reported imputed costs (not paid by CFPB) with respect to retirement plans (OPM-administered), health benefits and life insurance (for employees retiring under Title 5 retirement plans; OPM-administered) pursuant to guidance received from OPM. These costs are paid by OPM. Disclosure is intended to provide information regarding the full cost of CFPB's program in conformity with GAAP. CFPB, however, records expenses for the post-retirement health benefits (i.e., health benefits also OPM-administered) for those employees retiring under the Federal Reserve System retirement plans. These costs are not imputed costs with OPM. The associated liabilities for these post-retirement health benefits are incorporated as part of the line item on the Balance Sheet for Benefits Payable.

The Bureau recognizes the employer's contributions for the retirement plans administered by the Federal Reserve. The Bureau is responsible for transferring to the Federal Reserve both the employer's contributions and the employee's contributions that the Bureau has collected from employees. Under section 1013(a)(3)(C) of the Dodd-Frank Act, CFPB is required to pay an employer contribution to the FRSRP in an amount established by the employer contribution under the Federal Employees Retirement System – for fiscal year 2015 it was 13.2 percent of salary. For fiscal years 2015 and 2014 those amounts were $21.6 million and $16.9 million, respectively.

Consistent with the disclosures in the financial statements of the Board of Governors of the Federal Reserve System, the FRSRP provides retirement benefits to employees of the Board, the Reserve Banks and certain employees of the CFPB. The FRBNY, on behalf of the Federal Reserve System, recognizes the net assets and costs associated with the System Plan in its financial statements. Consistent with provisions of a single-employer plan, costs associated with the System Plan are aggregated by the FRBNY on behalf of the Federal Reserve Systems and were not redistributed to individual entities (e.g., CFPB). Accordingly, the CFPB cannot report the full cost of the plan benefits applicable to CFPB employees. Please see the Federal Reserve Banks Combined Financial Statements for the net assets and costs associated with the System Plan (www.federalreserve.gov/publications/annual-report/files/2014-annual-report.pdf).

Q. Commitments and Contingencies

A commitment is a preliminary action that reserves available funds until an obligation is made which will result in a legal liability of the U.S. government. Examples of a commitment include purchase requisitions or unsigned contracts. All open commitments at year end are closed out and new commitments (requisitions) need to be recorded in the next fiscal year. Accordingly, no open commitments exist at year end to report in the either the financial statements or notes.

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. Contingencies are recognized on the balance sheet and statement of net cost when the liability is probable and can be reasonably estimated. Contingencies are disclosed in the notes to the financial statements when there is a reasonable possibility of a loss from the outcome of future events or when there is a probable loss that cannot be reasonably estimated. See Note 11 for additional information.

R. Fiduciary activities

The Dodd-Frank Act, section 1055 authorizes the court in a judicial action or the CFPB in an administrative proceeding to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Relief that is intended to compensate victims is treated as fiduciary funds and deposited into the "Legal or Equitable Relief Fund" established at the Department of the Treasury. Fiduciary assets are not assets of the CFPB and are not recognized on the balance sheet. See Note 20, Fiduciary Activities.

S. Custodial activities

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

Note 2: Fund balance with Treasury

Fund Balance with Treasury account balances as of September 30, 2015 and September 30, 2014 were as follows:

		2015		2014
Fund Balances:				
Special Funds:				
Bureau Fund	$	34,713,482	$	38,961,246
Civil Penalty Fund	$	459,447	$	696,964
Total	$	35,172,929	$	39,658,210
Status of Fund Balance with Treasury:				
Unobligated Balance				
Available	$	436,004,438	$	296,906,439
Obligated Balance Not Yet Disbursed		357,263,784		334,795,052
Uncollected Federal Payments		(31,860)		-
Investments at Cost		(441,473,342)		(434,776,402)
Cash Held Outside of Treasury (See Note 4)		(316,590,091)		(157,266,879)
Total	$	35,172,929	$	39,658,210

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

Note 3: Investments

As discussed further in Note 4, at the direction of the CFPB, the FRBNY invests the portion of the Bureau Fund that is not required to meet the current needs of the Bureau. When directed by CFPB, the FRBNY will utilize the funds available to purchase investments on the open market. At this time, CFPB only invests in three month U.S. Treasury bills. The market value is determined by the secondary U.S. Treasury market and represents the value an individual investor is willing to pay for these securities, as of September 30, 2015 and September 30, 2014.

Investments as September 30, 2015 consist of the following:

	Cost	Amortization Method	Amortized Discount	Investments Net	Market Value Disclosure
Intragovernmental Securities:					
Marketable	441,473,342	Straight-Line	20,122	441,493,464	441,502,283
Total	$441,473,342		$ 20,122	$ 441,493,464	$ 441,502,283

Investments as of September 30, 2014 consist of the following:

	Cost	Amortization Method	Amortized Discount	Investments Net	Market Value Disclosure
Intragovernmental Securities:					
Marketable	434,776,402	Straight-Line	17,071	434,793,473	434,794,302
Total	$434,776,402		$ 17,071	$ 434,793,473	$ 434,794,302

Note 4: Cash and other monetary assets

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

Funds obtained by, transferred to, or credited to the Bureau Fund are immediately available to CFPB and under the control of the Director, and shall remain available until expended, to pay for the expenses of the Bureau in carrying out its duties and responsibilities. Any civil penalty obtained from any person in any judicial or administrative action under Federal consumer financial laws is deposited into the Civil Penalty Fund. Amounts in the Civil Penalty Fund are immediately available to CFPB and under the control of the Director, and shall remain available until expended, for payments to victims of activities for which civil penalties have been imposed. To the extent that such victims cannot be located or such payments are otherwise not practicable, the Bureau may use funds in the Civil Penalty Fund for the purpose of consumer education and financial literacy programs.

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

Account balances as of September 30, 2015 and September 30, 2014:

	2015	2014
Cash		
Cash Held in the Bureau Fund at the Federal Reserve	273,639	265,163
Cash Held in the Civil Penalty Fund at the Federal Reserve	316,316,452	157,001,716
Total Cash and Other Monetary Assets	$ 316,590,091	$ 157,266,879

As of September 30, 2015 and 2014, the CFPB had allocated or set-aside, but not distributed, $181.6 million and $44.9 million, respectively, for victim compensation, consumer education and financial literacy programs, and administrative set-asides. See Note 9 for a discussion regarding victim compensation allocation and Note 11 for a discussion regarding the amount available for future allocations.

Note 5: Accounts receivable

Accounts receivable represents amounts owed to the CFPB. Account balances as of September 30, 2015 and September 30, 2014:

	2015	2014
Accounts Receivable:		
Bureau Fund	$ 417,383	$ 155,575
Civil Penalty Fund	4,750,000	15,200,000
Other	8,319	7,807
Total Accounts Receivable	$ 5,175,702	$ 15,363,382

Account receivable amounts disclosed above are for Federal and Non-federal transactions. As of September 30, 2015 $31,860 was an intragovernmental balance owed to the CFPB by OPM. The remaining $5 million was due from the public. As of September 3o, 2014 all account receivable amounts were due from the public. There were no uncollectable accounts receivable as of September 30, 2015 and 2014 respectively.

Note 6: Property, equipment and software, net

Schedule of Property, Equipment, and Software as of September 30, 2015 consist of the following:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Furniture & Equipment	$15,769,591	$ 5,560,840	$10,208,751
Internal Use Software	20,981,738	8,963,175	12,018,563
Leashold (Capital) Improvement-in-Development	19,340,377	N/A	19,340,377
Software-in-Development	1,063,502	N/A	1,063,502
Total	$57,155,208	$ 14,524,015	$42,631,193

Schedule of Property, Equipment, and Software as of September 30, 2014 consist of the following:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Furniture & Equipment	$15,432,387	$ 3,971,039	$11,461,348
Internal Use Software	17,226,280	4,823,716	12,402,564
Leasehold (Capital) Improvement-in-Development	9,561,227	N/A	9,561,227
Software-in-Development	4,071,459	N/A	4,071,459
Total	$46,291,353	$ 8,794,755	$37,496,598

Leasehold (Capital) Improvements-in-Development represent costs incurred for the building renovation at 1700 G Street N.W., Washington D.C. which began in fiscal year 2013. CFPB has obligated $145 million with GSA for the renovation project. Upon completion of the building renovation, CFPB will begin to amortize the cost incurred over the shorter period of time of either the estimated life of the improvements or the years remaining on the occupancy agreement.

Note 7: Advances & prepayments

Advances and Prepayment balances as of September 30, 2015 and September 30, 2014 were as follows:

	2015	2014
Intragovernmental		
Advances and Prepayments	$ 937,166	$ 2,900,006
Total Intragovernmental Other Assets	$ 937,166	$ 2,900,006
With the Public		
Advances and Prepayments	$ 5,015,838	$ 2,706
Total Public Other Assets	$ 5,015,838	$ 2,706

The public advances and prepayments balance of $5 million for FY 2015 is primarily a result of a contract with a vendor to provide informational messages, via digital media, related to CFPB's mission to inform the public on financial literacy. The intragovernmental advance and prepayment balance of $2.9 million for FY 2014 is primarily a result of prepayments made to the Board of Governors for the Office of Inspector General services on a calendar year basis and represented funds needed for the period October 1 through December 31, 2014. Other advances and prepayments include subscriptions and other miscellaneous items.

Note 8: Other liabilities

Other liabilities as of September 30, 2015 and September 30, 2014 consist of the following:

	2015		2014	
Intragovernmental Liabilities				
FECA Liability	$	148,069	$	162,816
Payroll Taxes Payable		317,440		271,377
Other		8,319		7,807
Total Intragovernmental Liabilities	$	473,828	$	442,000
With the Public				
Employee Withholdings	$	30,658	$	14,171
Other		1,173		1
Total Public Liabilities	$	31,831	$	14,172

All other liabilities are considered current liabilities.

Note 9: Civil penalty fund allocation

The Civil Penalty Fund (CPF) Allocation liability account is the cumulative balance of activity comprised of the beginning balance, plus new allocations to victims, less distributions made to victims. Consistent with the CPF rule, the CPF Administrator made two allocations of money to victims during FY 2015. The ending balance of the CPF Allocation as of September 30, 2015 and September 30, 2014 is calculated as the following:

	2015		2014	
Civil Penalty Fund Allocation:				
Beginning Balance	$	30,334,602	$	13,046,046
Plus: New Allocations to Victims		158,827,933		18,246,329
Less: Distributions		22,370,150		957,773
Ending Balance	$	166,792,385	$	30,334,602

Note 10: Liabilities not covered by budgetary resources

Liabilities not covered by budgetary resources as of September 30, 2015 and September 30, 2014 consist of the following:

		2015		2014
Intragovernmental				
FECA	$	148,069	$	162,816
Benefits Payable		17,932,515		11,669,945
With the Public				
Unfunded Leave		20,199,210		16,400,954
Actuarial FECA		683,949		1,179,641
Total Liabilities Not Covered by Budgetary Resources	$	38,963,743	$	29,413,356
Total Liabilities Covered by Budgetary Resources		251,683,611		120,007,024
Total Liabilities	$	290,647,354	$	149,420,380

As described in Note 1.O., benefits payable include costs for post-retirement benefits for CFPB employees retiring under the Federal Reserve retirement plans.

Note 11: Commitments and contingencies

CFPB's General Counsel has determined there is one pending legal case that is deemed to be reasonably possible that an unfavorable outcome may occur, and therefore, is required to be disclosed. However, as of September 30, 2015, no amount was accrued in the financial statements as the future outflows of resources were not estimable and did not meet the definition of probable.

The Civil Penalty Fund Administrator made the fifth allocation from the Civil Penalty Fund on May 29, 2015. The Fund Administrator will make the sixth allocation from the Civil Penalty Fund on or before November 29, 2015. At that time, there will be 22 cases considered for allocation and the total amount available for allocation is $136.6 million. As of September 30, 2015, no amounts were accrued in the financial statements for these cases as the future outflows of resources do not meet the definition of probable and estimable.

Note 12: Intragovernmental costs and exchange revenue

Intragovernmental costs represent goods and services provided between two reporting entities within the Federal government, and are in contrast to those with non-federal entities (the public). Earned exchange revenue with the public results from transactions between the Federal government and a non-Federal entity. Earned exchange intragovernmental revenue results from transactions between two Federal entities.

Such costs and earned revenues for fiscal years 2015 and 2014 are summarized as follows:

	2015	2014
Prevent Financial Harm to Consumers While Promoting Good Practices That Benefit Them		
Intragovernmental Costs	$ 28,618,982	$ 55,377,866
Public Costs	199,766,351	173,000,661
Total Program Costs	228,385,333	228,378,527
Net Prevent Financial Harm to Consumers While Promoting Good Practices That Benefit Them Cost	$ 228,385,333	$ 228,378,527
Empower Consumers to Live Better Financial Lives		
Intragovernmental Costs	$ 12,833,093	$ 24,422,060
Public Costs	89,577,618	76,294,606
Total Program Costs	102,410,711	100,716,666
Less: Intragovernmental Earned Revenue	(25,042)	-
Net Empower Consumers to Live Better Financial Lives Cost	$ 102,385,669	$ 100,716,666
Inform The Public, Policy Makers, and the CFPB's own Policy-Making with Data-Driven Analysis of Consumer Finance Markets and Consumer Behavior		
Intragovernmental Costs	$ 5,462,381	$ 11,096,950
Public Costs	38,128,534	34,666,914
Total Program Costs	43,590,915	45,763,864
Less: Intragovernmental Earned Revenue	(6,818)	-
Less: Public Earned Revenue	-	(80,000)
Net Inform The Public, Policy Makers, and the CFPB's own Policy-Making with Data-Driven Analysis of Consumer Finance Markets and Consumer Behavior Cost	$ 43,584,097	$ 45,683,864
Advance the CFPB's Performance by Maximizing Resource Productivity & Enhancing Impact		
Intragovernmental Costs	$ 33,386,330	$ 25,861,445
Public Costs	233,043,414	96,913,246
Total Program Costs	266,429,744	122,774,691
Less: Public Earned Revenue	(11,552)	(17,405)
Net Advance the CFPB's Performance by Maximizing Resource Productivity & Enhancing Impact Cost	$ 266,418,192	$ 122,757,286
Total Intragovernmental Costs	$ 80,300,786	$ 116,758,321
Total Public Costs	560,515,917	380,875,427
Total Program Costs	640,816,703	497,633,748
Less: Total Intragovernmental Earned Revenue	(31,860)	-
Less: Total Public Earned Revenue	(11,552)	(97,405)
Total Program Net Cost	$ 640,773,291	$ 497,536,343

Note 13: Apportionment categories of obligations incurred

All obligations incurred are characterized as Category E, Exempt from apportionment (i.e., not apportioned), on the Statement of Budgetary Resources. Obligations incurred and reported in the Statement of Budgetary Resources in fiscal years 2015 and 2014 consisted of the following:

	2015	2014
Direct Obligations, Category E	$ 558,971,425	$ 499,732,046
Reimbursable Obligations, Category E	31,860	80,000
Total Obligations Incurred	$ 559,003,285	$ 499,812,046

Note 14: Undelivered orders at the end of the period

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

Undelivered Orders as of September 30, 2015 and September 30, 2014 were as follows:

	2015	2014
Total Undelivered Orders at the End of the Period	$ 272,381,338	$ 245,130,881

Note 15: Reconciliation of net cost to budget

CFPB has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations for the periods ended September 30, 2015 and September 30, 2014.

CONSUMER FINANCIAL PROTECTION BUREAU
RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET
For the Fiscal Years Ended September 30, 2015 and 2014
(In Dollars)

	2015	2014
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 559,003,285	$ 499,812,046
Less: Spending Authority From Offsetting Collections and Recoveries	(29,622,889)	(15,192,045)
Net Obligations	529,380,396	484,620,001
Other Resources		
Imputed Financing From Costs Absorbed By Others	1,061,552	1,517,498
Total Resources Used to Finance Activities	530,441,948	486,137,499
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Change In Budgetary Resources Obligated For Goods,		
Services and Benefits Ordered But Not Yet Provided	(30,300,750)	(7,281,125)
Resources That Fund Expenses Recognized In Prior Periods	(510,440)	-
Resources That Finance the Acquisition of Assets	(11,660,750)	(13,536,261)
Total Resources Used to Finance Items Not Part of Net Cost of Operations	(42,471,940)	(20,817,386)
Total Resources Used to Finance the Net Cost of Operations	487,970,008	465,320,113
Components of the Net Cost of Operations That Will Not Require or		
Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods		
Increase In Annual Leave Liability	3,798,255	4,461,145
Civil Penalty Fund Allocation	136,457,783	17,288,556
Increase In Post Retirement Health Benefits	6,262,570	5,572,887
Other	-	1,296,347
Total Components of Net Cost of Operations That Will Require or		
Generate Resources In Future Periods	146,518,608	28,618,935
Components Not Requiring or Generating Resources		
Depreciation and Amortization	6,441,672	4,475,283
Revaluation of Assets or Liabilities	84,485	(751,143)
Other	(241,482)	(126,845)
Total Components of Net Cost of Operations That Will Not Require or		
Generate Resources	6,284,675	3,597,295
Total Components of Net Cost of Operations That Will Not Require or		
Generate Resources In The Current Period	152,803,283	32,216,230
Net Cost of Operations	$ 640,773,291	$ 497,536,343

Note 16: President's Budget

Statement of Federal Financial Accounting Standards 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires explanations of material differences between amounts reported in the Statement of Budgetary Resources and the actual balances published in the Budget of the United States Government (President's Budget). However, the President's Budget that will include fiscal year 2015 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2016 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2016 Budget of the United States Government, with the "Actual" column completed for 2014, has been reconciled to the 2014 Statement of Budgetary Resources and there were no material differences.

	Budgetary Resources	Obligations Incurred	Net Outlays
Combined Statement of Budgetary Resources	$ 796,718,485	$ 499,812,046	$ 432,275,721
Rounding	(718,485)	187,954	(275,721)
Budget of U.S. Government	796,000,000	500,000,000	432,000,000
Total Unreconciled Difference	$ -	$ -	$ -

Note 17: Rental payments for space

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

DESCRIPTION OF AGREEMENT

A. Interagency agreement (IAA) with the OCC for space to accommodate the CFPB staff assigned to its headquarters at 1700 G Street, N.W., Washington, DC. The occupancy agreement (OA) with OCC covers use of the premises through February 17, 2032 with two optional five (5) year renewal periods expiring February 17, 2037 and 2042 respectively. The annual rent shall escalate two percent each year. Consistent with the provision of the IAA , each year a review is performed of operating cost incurred by CFPB on behalf of the retail rental space of the building. Those costs are evaluated and used as basis for the retail rental rebate that offsets the payments made to OCC. Each year these changes result in a nominal change in the dollar amounts of future liabilities being reported for all future years displayed.

Future Payments Due:

Fiscal Year	Buildings
2016	12,059,626
2017	12,303,627
2018	12,552,508
2019	12,806,367
2020 through February 17, 2032	181,735,870
Total Future Payments	$231,457,998

DESCRIPTION OF AGREEMENT

B. Occupancy Agreement (OA) between the CFPB and the General Services Administration for supplies, services and the use of space at 1275 First Street, N.E., Washington D.C. The OA is for a period through October 31, 2017. The rent is to be adjusted annually for operating cost and real estate taxes. The CFPB entered into this OA in order to secure temporary swing space while the CFPB undergoes a full-building renovation of its primary headquarters located at 1700 G Street, NW, Washington DC. The space assigned in this OA will permit the CFPB to conduct a single-phase renovation. Upon completion of the renovation, the CFPB plans to vacate the space governed by this OA and return to its primary headquarters.

Fiscal Year	Buildings
2016	11,469,347
2017	10,003,187
2018 through October 31, 2017	822,412
Total Future Payments	$ 22,294,946

DESCRIPTION OF AGREEMENT

C. Interagency agreement with the Federal Housing Finance Agency (FHFA) for supplies, services and the use of space at 1625 Eye Street, N.W., Washington D.C. The interagency agreement was modified for an extended period of time and is now through June 30, 2020. The annual rent shall escalate four percent each year.

Fiscal Year	Buildings
2016	4,387,520
2017	5,233,467
2018	5,364,490
2019	5,498,401
2020 through June 30, 2020	4,200,455
Total Future Payments	$ 24,684,333

DESCRIPTION OF AGREEMENT

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

Fiscal Year	Buildings
2016	1,129,645
2017	1,139,166
2018	1,148,974
2019	1,261,041
2020 through September 28, 2023	5,151,376
Total Future Payments	$ 9,830,202

DESCRIPTION OF AGREEMENT

E. OA between the CFPB and the General Services Administration for supplies, services and the use of space at 301 Howard Street, San Francisco, California. The OA is for a period through December 16, 2017. The rent is to be adjusted annually for operating cost and real estate taxes.

Fiscal Year	Buildings
2016	1,003,488
2017	1,026,498
2018 through December 16, 2017	257,577
Total Future Payments	$ 2,287,563

DESCRIPTION OF AGREEMENT

F. OA between the CFPB and the General Services Administration for supplies, services and the use of space at 230 S. Dearborn Street, Chicago, IL. The OA is for a period through June 30, 2019. The rent is to be adjusted annually for operating cost.

Future Payments Due:

Fiscal Year	Buildings
2016	488,293
2017	490,423
2018	492,598
2019 through June 30, 2019	370,740
Total Future Payments	$ 1,842,054

DESCRIPTION OF AGREEMENT

G. OA between the CFPB and the General Services Administration for supplies, services and the use of space at 1800 F Street N.W., Washington D.C. The OA is for a period through August 31, 2017. The rent is to be adjusted annually for operating cost. The CFPB entered into this OA in order to secure temporary swing space while the CFPB undergoes a full-building renovation of its primary headquarters located at 1700 G Street, NW, Washington DC. The space assigned in this OA will permit the CFPB to continue to provide space for the Small Savers Childcare Development Center. During fiscal year 2015 a modification was made to the original OA between CFPB and GSA for this space. The modification resulted in a nominal change in the dollar amounts of the future liabilities being reported for fiscal years 2016 and 2017 from what was reported in last year's 2014 Financial Report.

Fiscal Year	Buildings
2016	$ 336,232
2017 through August 31, 2017	$ 309,601
Total Future Payments	$ 645,833

Note 18: Funds from dedicated collections

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

	Bureau Fund	Civil Penalty Fund	FY 2015
A. Fund Balances & Status of Funds:			
Fund Balances:			
Special Fund	$ 34,713,482	$ 459,447	$ 35,172,929
Total	$ 34,713,482	$ 459,447	$ 35,172,929
Status of Fund Balance with Treasury:			
Unobligated Balance			
Available	$ 130,396,526	$ 305,607,912	$ 436,004,438
Obligated Balance Not Yet Disbursed	346,095,797	11,167,987	$ 357,263,784
Uncollected Federal Payments	(31,860)	-	$ (31,860)
Investments at Cost	(441,473,342)	-	(441,473,342)
Cash Held Outside of Treasury	(273,639)	(316,316,452)	(316,590,091)
Total	$ 34,713,482	$ 459,447	$ 35,172,929
B. Summary Assets, Liabilities, and Net Position:			
Assets:			
Total Intragovernmental	$ 477,175,972	$ 459,447	$ 477,635,419
Cash and Other Monetary Assets	273,639	316,316,452	316,590,091
Other	48,040,873	4,750,000	52,790,873
Total Summary Assets	$ 525,490,484	$ 321,525,899	$ 847,016,383
Liabilities and Net Position:			
Total Liabilities	$ 121,233,851	$ 169,413,503	290,647,354
Cumulative Results of Operations	404,256,633	152,112,396	556,369,029
Total Liabilities & Net Position	$ 525,490,484	$ 321,525,899	$ 847,016,383
C. Summary Statement of Net Cost:			
Total Gross Program Costs	$ 477,722,298	$ 163,094,405	640,816,703
Less: Total Earned Revenues	(43,412)		(43,412)
Net Cost of Operations	$ 477,678,886	$ 163,094,405	$ 640,773,291
D. Summary Statement of Changes in Net Position:			
Net Position Beginning of Period	$ 395,524,152	$ 142,536,722	$ 538,060,874
Total Financing Sources	486,411,367	172,670,079	659,081,446
Net Cost of Operations	(477,678,886)	(163,094,405)	(640,773,291)
Change in Net Position	8,732,481	9,575,674	18,308,155
Net Position End of Period	$ 404,256,633	$ 152,112,396	$ 556,369,029

	Bureau Fund	Civil Penalty Fund	FY 2014
A. Fund Balances & Status of Funds:			
Fund Balances:			
Special Fund	$ 38,961,246	$ 696,964	$ 39,658,210
Total	$ 38,961,246	$ 696,964	$ 39,658,210
Status of Fund Balance with Treasury:			
Unobligated Balance			
Available	$ 139,827,331	$ 157,079,108	$ 296,906,439
Obligated Balance Not Yet Disbursed	334,175,480	619,572	334,795,052
Investments at Cost	(434,776,402)	-	(434,776,402)
Cash Held Outside of Treasury	(265,163)	(157,001,716)	(157,266,879)
Total	$ 38,961,246	$ 696,964	$ 39,658,210
B. Summary Assets, Liabilities, and Net Position:			
Assets:			
Total Intragovernmental	$ 476,654,725	$ 696,964	$ 477,351,689
Cash and Other Monetary Assets	265,163	157,001,716	157,266,879
Other	37,662,686	15,200,000	52,862,686
Total Summary Assets	$ 514,582,574	$ 172,898,680	$ 687,481,254
Liabilities and Net Position:			
Total Liabilities	$ 119,058,422	$ 30,361,958	$ 149,420,380
Cumulative Results of Operations	395,524,152	142,536,722	538,060,874
Total Liabilities & Net Position	$ 514,582,574	$ 172,898,680	$ 687,481,254
C. Summary Statement of Net Cost:			
Total Gross Program Costs	$ 478,994,514	$ 18,639,234	$ 497,633,748
Less: Total Earned Revenues	(97,405)		(97,405)
Net Cost of Operations	$ 478,897,109	$ 18,639,234	$ 497,536,343
D. Summary Statement of Changes in Net Position:			
Net Position Beginning of Period	$ 338,835,330	$ 68,473,955	$ 407,309,285
Total Financing Sources	535,585,931	92,702,001	628,287,932
Net Cost of Operations	(478,897,109)	(18,639,234)	(497,536,343)
Change in Net Position	56,688,822	74,062,767	130,751,589
Net Position End of Period	$ 395,524,152	$ 142,536,722	$ 538,060,874

Note 19: Subsequent events

The Bureau has collected $4.8 million in accounts receivable from fiscal year 2015 imposed penalties. Additionally, since September 30, 2015 the Bureau collected $0.9 million in money that will be disgorged to Treasury.

Since October 2015, the CFPB has entered into five consent orders with entities for violations of Federal consumer financial law. One order required the entity to pay $0.5 million in Bureau-administered redress and $1 in civil monetary penalties. Another order required the entity to pay $1 million in civil monetary penalties. Those orders were agreed to by the entities, and the amounts ordered were paid in fiscal year 2016. The other three orders required the entities to pay $2.5 million, $1.9 million, and $5.5 million in civil monetary penalties respectively. Those orders were agreed to by the entities and will result in an accounts receivable for $9.9 million.

Note 20: Fiduciary activities

Section 1055 of the Dodd-Frank Act authorizes the court in a judicial action, or the CFPB in an administrative proceeding, to grant any appropriate legal or equitable relief for a violation of Federal consumer financial law. Such relief may include redress for victims of the violations, including refunds, restitution, and damages. Funds paid as relief that is intended to compensate victims of violations are treated as fiduciary funds and deposited into the "Legal or Equitable Relief Fund" established at the Department of the Treasury. Fiduciary assets are not assets of the CFPB. The victims have an ownership interest in the cash or other assets held by the CFPB under provision of law, regulation, or other fiduciary arrangement

During fiscal years 2015 and 2014, the CFPB had the following fiduciary activity:

CONSUMER FINANCIAL PROTECTION BUREAU
SCHEDULE OF FIDUCIARY ACTIVITY
For the Year Ended September 30, 2015 and 2014
(In Dollars)

	2015		2014	
	Consumer Financial Legal or Equitable Relief Fund		Consumer Financial Legal or Equitable Relief Fund	
Fiduciary Net Assets, Beginning of Year	$	48,617,801	$	122,804
Fiduciary Revenues Collected		78,654,687		28,231,130
Fiduciary Revenues Receivables		-		29,599,000
Administrative Expenses		(40,943)		(23,146)
Disbursements to and on behalf of beneficiaries		(27,452,398)		(9,311,987)
Increase/(Decrease) in Fiduciary Net Assets		51,161,346		48,494,997
Fiduciary Net Assets, End of Year	$	99,779,147	$	48,617,801

CONSUMER FINANCIAL PROTECTION BUREAU
SCHEDULE OF FIDUCIARY ACTIVITY
As of September 30, 2015 and 2014
(In Dollars)

	2015		2014	
	Consumer Financial Legal or Equitable Relief Fund		Consumer Financial Legal or Equitable Relief Fund	
Fiduciary Assets:				
Cash	$	99,779,657	$	19,019,186
Accounts Receivable		-		29,599,000
Fiduciary Liabilities:				
Less: Liabilities		510		385
Total Fiduciary Net Assets	$	99,779,147	$	48,617,801

2.3 Other information

The following Schedule of Spending presents an overview of the funds available for the CFPB to spend and how the CFPB spent these funds as of and for the fiscal years ended September 30, 2015 and 2014. The financial data used to populate this schedule is the same underlying data used to populate the CFPB's Statement of Budgetary Resources. Similar data can be found on www.USAspending.gov for goods and services purchased via contracts with non-Federal vendors.

CONSUMER FINANCIAL PROTECTION BUREAU
OTHER INFORMATION
SCHEDULE OF SPENDING
For The Periods Ended September 30, 2015 and 2014
(In Dollars)

	2015	2014
What Money is Available to Spend?		
Total Resources	$ 995,007,723	$ 796,718,485
Less Amount Not Agreed to be Spent	(436,004,438)	(296,906,439)
Total Amounts Agreed to be Spent	$ 559,003,285	$ 499,812,046
How was the Money Spent?		
Personnel Compensation	$ 192,274,231	$ 171,702,260
Personnel Benefits	73,398,069	65,271,703
Benefits for Former Personnel	256,215	39,246
Travel and transportation of persons	17,809,240	17,232,663
Transportation of things	115,312	114,159
Rent, Communications, and utilities	16,874,578	11,049,627
Printing and reproduction	2,478,238	2,424,626
Other contractual services	226,336,149	201,948,343
Supplies and materials	5,512,995	4,552,106
Equipment	21,414,763	21,452,780
Land and structures	2,533,495	4,023,950
Interest and dividends	0	211
Other	-	372
Total Spending	559,003,285	499,812,046
Total Amounts Agreed to be Spent	$ 559,003,285	$ 499,812,046
Who did the Money go to?		
Federal	$ 134,142,534	$ 131,721,047
Non-Federal	424,860,751	368,090,999
Total Amounts Agreed to be Spent	$ 559,003,285	$ 499,812,046