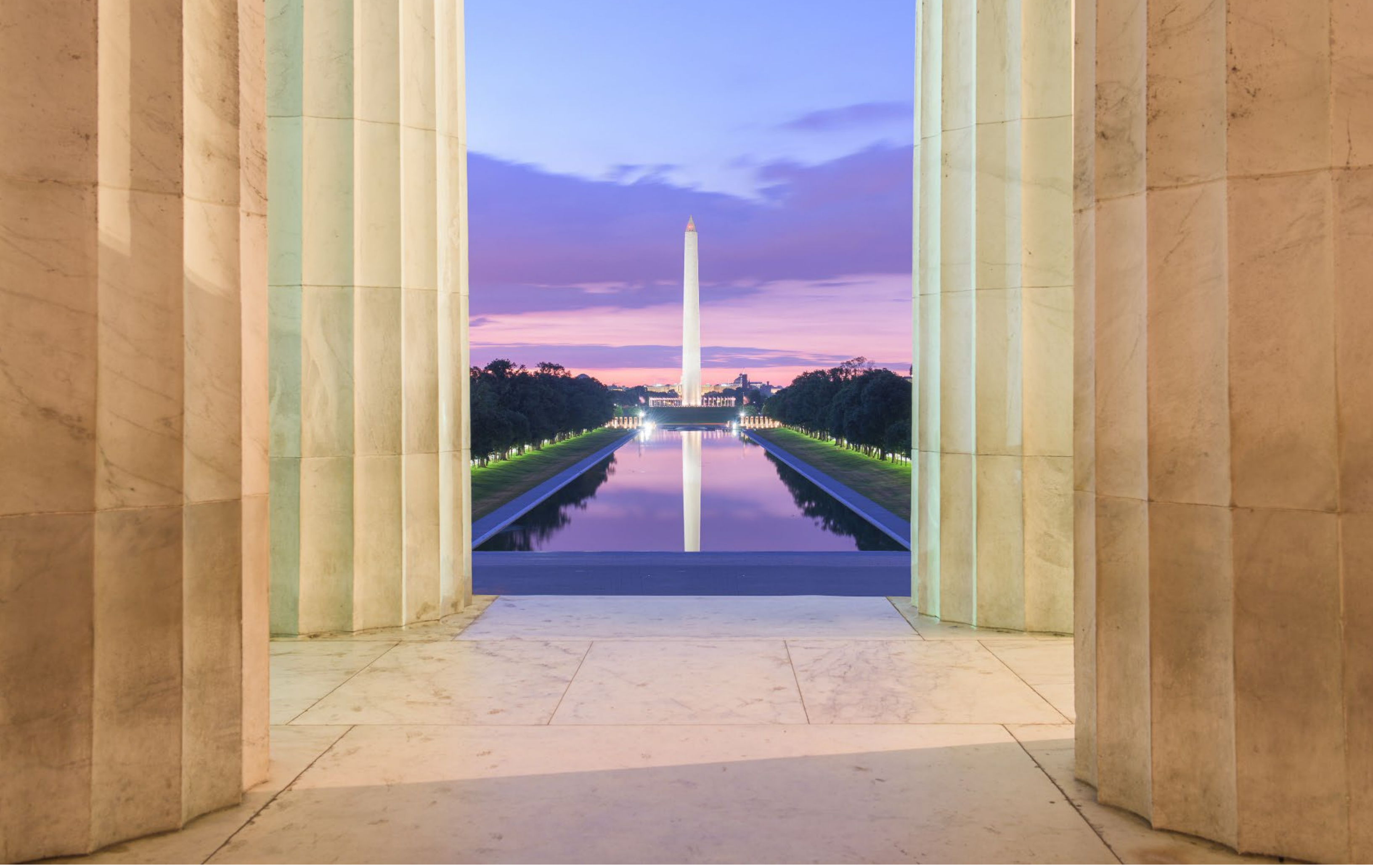
U.S. Consumer Product Safety Commission
OFFICE OF INSPECTOR GENERAL

Audit of the Consumer Product Safety Commission's Fiscal Year 2022 Financial Statements

November 15, 2022

23-A-01



VISION STATEMENT

We are agents of positive change striving for continuous improvements in our agency's management and program operations, as well as within the Office of Inspector General.

STATEMENT OF PRINCIPLES

We will:

Work with the Commission and the Congress to improve program management.

Maximize the positive impact and ensure the independence and objectivity of our audits, investigations, and other reviews.

Use our investigations and other reviews to increase government integrity and recommend improved systems to prevent fraud, waste, and abuse.

Be innovative, question existing procedures, and suggest improvements.

Build relationships with program managers based on a shared commitment to improving program operations and effectiveness.

Strive to continually improve the quality and usefulness of our products.

Work together to address government-wide issues.

November 14, 2022

TO: Alexander D. Hoehn-Saric, Chairman
Peter A. Feldman, Commissioner
Richard Trumka Jr., Commissioner
Mary T. Boyle, Commissioner

FROM: Christopher W. Dentel, Inspector General

SUBJECT: Audit of the Consumer Product Safety Commission's Fiscal Year 2022 Financial Statements

Pursuant to the Accountability of Tax Dollars Act of 2002, this letter transmits the Independent Auditors' Report issued by CliftonLarsonAllen, LLP (CLA), for the fiscal year (FY) ending September 30, 2022. The audit was performed under a contract with, and monitored by, the Office of Inspector General (OIG), in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*.

Opinion on the Financial Statements

CLA audited the financial statements of the U.S. Consumer Product Safety Commission (CPSC), which comprise the balance sheet as of September 30, 2022, and 2021, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the year then ended, and the related notes to the financial statements; collectively known as the financial statements. The objective of the audit was to express an opinion on the fair presentation of those financial statements. In connection with the audit, CLA also considered the CPSC's internal controls over financial reporting and tested the CPSC's compliance with certain provisions of applicable laws and regulations that could have a material effect on its financial statements.

In CLA's opinion, the financial statements present fairly, in all material respects, the financial position, net cost, changes in net position, budgetary resources, and custodial activity of the CPSC as of, and for the years ending September 30, 2022, and 2021, in conformity with accounting principles generally accepted in the United States of America.

Report on Internal Control

In planning and performing the audit of the financial statements of the CPSC, CLA considered the CPSC's internal controls over financial reporting (internal controls) as a basis for designing auditing procedures for the purpose of expressing their opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CPSC's internal controls. Accordingly, CLA did not express an opinion on the effectiveness of the CPSC's internal controls.

Because of inherent limitations in internal controls, including the possibility of management override of controls; misstatements, losses, or noncompliance may nevertheless occur and not be detected. According to the American Institute of Certified Public Accountants:

- A control deficiency 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 misstatements on a timely basis.

- A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

- A significant deficiency is a deficiency, or 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.

CLA's consideration of internal controls was for the limited purpose described above and would not necessarily identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses. CLA did not identify deficiencies in internal controls that CLA would consider to be significant deficiencies or material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Report on Compliance with Laws and Regulations

CPSC management is responsible for complying with laws and regulations applicable to the agency. To obtain reasonable assurance about whether the CPSC's financial statements are free of material misstatements, CLA performed tests of compliance with certain provisions of laws and regulations, noncompliance which could have a material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 22-01. CLA did not test compliance with all laws and regulations applicable to the CPSC.

The agency disclosed that a violation of the Antideficiency Act occurred in FY 2022. This violation related to improper transactions made on an agency purchase card. The agency is currently investigating this matter. The known impact of the violation does not have a material impact on the financial statements reported as of September 30, 2022. CLA's tests of compliance with laws and regulations described in the audit report did not disclose any additional instances of non-compliance that are required to be reported by Government Auditing Standards.

OIG Evaluation of CliftonLarsonAllen's Audit Performance

We reviewed CLA's report and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with Government Auditing Standards, was not intended to enable the OIG to express, and we do not express an opinion on the CPSC's financial statements; nor do we provide conclusions about the effectiveness of internal control or conclusions on CPSC's compliance with laws and regulations. CLA is responsible for the attached auditors' report. However, the OIG review disclosed no instances where CLA did not comply, in all material respects, with Government Auditing Standards.

We appreciate the courtesies and cooperation extended to CLA and OIG staff during the audit. If you should have any questions concerning this report, please contact my office at (301) 504-7501.

Attached:

Audit Report
Financial Statements as shown in the agency's Annual Financial Report

Independent Auditors' Report

Inspector General
United States Consumer Product Safety Commission

Chair
United States Consumer Product Safety Commission

In our audits of the fiscal years 2022 and 2021 financial statements of the United States Consumer Product Safety Commission (CPSC), we found:

- CPSC's financial statements as of and for the fiscal years ended September 30, 2022, and 2021, are presented fairly, in all material respects, in accordance with United States of America (U.S.) generally accepted accounting principles;
- No material weaknesses for fiscal year 2022 in internal control over financial reporting based on the limited procedures we performed; and
- No reportable noncompliance for fiscal year 2022 with provisions of applicable laws, regulations, contracts, and grant agreements we tested and no other matters.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CPSC, which comprise the balance sheets as of September 30, 2022, and 2021; the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended; and the related notes to the financial statements.

In our opinion, the United States Consumer Product Safety Commission's financial statements referred to above present fairly, in all material respects, CPSC's financial position as of September 30, 2022, and 2021, and its net cost, changes in net position, budgetary resources, and the custodial activity for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

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[1] The RSI consists of the Management's Discussion and Analysis and the Combining Statement of Budgetary Resources by Fund, which are included with the financial statements.

[2] Other information consists of Inspector General's Management Challenges Report, Summary of Financial Statement Audit and Management Assurances, Payment Integrity Information Act Reporting, Civil Monetary Penalty Adjustment for Inflation, and Grants Programs.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 22-01). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CPSC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

CPSC management is responsible for (1) the preparation and fair presentation of the 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 the AFR, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements conducted in accordance with *Government Auditing Standards* will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPSC's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

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

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with *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 auditors' inquiries, the financial statements, and other knowledge we obtained during the audits 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

CPSC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. CPSC management is responsible for the other information included in the AFR. The other information does not include financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Internal Control over Financial Reporting

In connection with our audits of the CPSC's financial statements, we considered CPSC's internal control over financial reporting, consistent with our auditors' responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that even if the control operates as designed the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our fiscal year 2022 audit, we identified deficiencies in CPSC's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant CPSC management's attention. We have communicated these matters to CPSC management and, where appropriate, will report on them separately.

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

We performed our procedures related to CPSC's internal control over financial reporting in accordance with *Government Auditing Standards*.

Responsibilities of Management for Internal Control over Financial Reporting

CPSC management is responsible for (1) designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (2) evaluating the effectiveness of internal control over financial reporting based on the criteria established under 31 U.S.C. 3512 § (c), (d) (commonly known as the Federal Managers' Financial Integrity Act (FMFIA)); and (3) providing an assurance statement on the overall effectiveness of internal control over financial reporting included in management's discussion and analysis (MD&A).

Auditors' Responsibilities for the Consideration of Internal Control over Financial Reporting

In planning and performing our audit of CPSC's financial statements as of and for the fiscal year ended September 30, 2022, in accordance with *Government Auditing Standards*, we considered CPSC's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPSC's internal control over financial reporting or on management's assurance statement on the overall effectiveness on internal control over financial reporting. Accordingly, we do not express an opinion on CPSC's internal control over financial reporting or on management's assurance statement on the overall effectiveness of internal control over financial reporting. We are required to report all deficiencies that are considered to be material weaknesses or significant deficiencies. We did not consider or evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

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

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

Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of CPSC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of CPSC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

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

In connection with our audits of CPSC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibilities discussed below.

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

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for fiscal year 2022 that would be reportable under *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 CPSC. Accordingly, we do not express such an opinion.

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

We performed our tests of compliance in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for Tests of Compliance section below.

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

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

Auditors' Responsibilities for Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to CPSC that have a direct effect on the determination of material amounts and disclosures in CPSC's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CPSC. We caution that noncompliance may occur and not be detected by these tests.

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

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 *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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 14, 2022

U.S. Consumer Product Safety Commission's (CPSC)
Financial Statements for
Fiscal Years 2022 and 2021

Extracted from CPSC's Fiscal Year 2022
Agency Financial Report, Pages 37-57

Click here for the full Agency Financial Report

Financial Statements

U.S. Consumer Product Safety Commission
Balance Sheets
As of September 30, 2022 and 2021
(In dollars)

	FY 2022	FY 2021
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 83,527,933	$ 96,253,159
Accounts Receivable, Net (Note 3)	2,198,258	141,644
Advances and Prepayments (Note 4)	48,718	385,973
Total Intragovernmental	85,774,909	96,780,776
Other Than Intragovernmental:		
Accounts Receivable, Net (Note 3)	7,276,992	27,214
General Property, Plant, and Equipment, Net (Note 5)	7,657,420	6,779,815
Total Other Than Intragovernmental	14,934,412	6,807,029
Total Assets	**$ 100,709,321**	**$ 103,587,805**
Liabilities: (Note 6)		
Intragovernmental:		
Accounts Payable	$ 1,690,133	$ 1,367,954
Other Liabilities (Note 7)		
Employee Benefits	328,760	794,738
Workers' Compensation	410,392	432,957
Employer Contributions Payable	100,062	245,429
Custodial Liability	7,260,986	12,441
Other Liabilities without Related Budgetary Obligations (Note 8)	1,251,406	1,357,175
Total Intragovernmental	11,041,739	4,210,694
Other Than Intragovernmental:		
Accounts Payable	13,676,560	4,702,867
Federal Employee Benefits Payable (Note 9)	9,375,762	9,955,765
Other Liabilities (Note 7)		
Accrued Funded Payroll	1,481,807	3,459,795
Other Liabilities with Related Budgetary Obligations	987,449	52,735
Total Other Than Intragovernmental	25,521,578	18,171,162
Total Liabilities	**$ 36,563,317**	**$ 22,381,856**

(Balance Sheet continued on next page)

Net Position:		
Unexpended Appropriations – Funds from Other than Dedicated Collections	67,419,775	85,977,380
Total Unexpended Appropriations	67,419,775	85,977,380
Cumulative Results of Operations – Funds From Dedicated Collections (Note 10)	18,953	18,953
Cumulative Results of Operations – Funds From Other than Dedicated Collections (Note 10)	(3,292,724)	(4,790,384)
Total Cumulative Results of Operations	(3,273,771)	(4,771,431)
Total Net Position	**$ 64,146,004**	**$ 81,205,949**
Total Liabilities and Net Position	**$ 100,709,321**	**$ 103,587,805**

The accompanying notes are an integral part of these statements.

U.S. Consumer Product Safety Commission
Statement of Net Cost
For the Years Ended September 30, 2022 and 2021
(In dollars)

	FY 2022	FY 2021
Strategic Goal 1 - Workforce:		
Gross Cost	$ 7,197,031	$ 6,164,385
Earned Revenue	-	-
Net Cost Strategic Goal 1	**$ 7,197,031**	**$ 6,164,385**
Strategic Goal 2 - Prevention:		
Gross Cost	$ 105,173,551	$ 88,818,359
Earned Revenue	(6,642,424)	(3,497,608)
Net Cost Strategic Goal 2	**$ 98,531,127**	**$ 85,320,751**
Strategic Goal 3 - Response:		
Gross Cost	$ 40,537,257	$ 35,082,687
Earned Revenue	-	-
Net Cost Strategic Goal 3	**$ 40,537,257**	**$ 35,082,687**
Strategic Goal 4 - Communication:		
Gross Cost	$ 13,580,509	$ 12,065,127
Earned Revenue	-	-
Net Cost Strategic Goal 4	**$ 13,580,509**	**$ 12,065,127**
Total Entity:		
Total Gross Cost	$ 166,488,348	$ 142,130,558
Total Earned Revenue	(6,642,424)	(3,497,608)
Total Net Cost of Operations (Note 16)	**$ 159,845,924**	**$ 138,632,950**

The accompanying notes are an integral part of these statements.

U.S. Consumer Product Safety Commission
Statement of Changes in Net Position
For the Years Ended September 30, 2022 and 2021
(In dollars)

	FY 2022		FY 2021	
Unexpended Appropriations:				
Beginning Balance	$	85,977,380	$	36,479,895
Appropriations Received		139,050,000		185,000,000
Other Adjustments		(663,593)		(859,746)
Appropriations Used		(156,944,012)		(134,642,769)
Net Change in Unexpended Appropriations		(18,557,605)		49,497,485
Total Unexpended Appropriations	**$**	**67,419,775**	**$**	**85,977,380**
Cumulative Results of Operations:				
Beginning Balance	$	(4,771,431)	$	(4,808,168)
Appropriations Used		156,944,012		134,642,769
Transfers In/Out Without Reimbursement		1,656		3,392
Imputed Financing (Note 9)		4,398,016		4,023,526
Other		(100)		-
Net Cost of Operations (Note 16)		(159,845,924)		(138,632,950)
Net Change		1,497,660		36,737
Cumulative Results of Operations (Note 10)	**$**	**(3,273,771)**	**$**	**(4,771,431)**
Net Position	**$**	**64,146,004**	**$**	**81,205,949**

The accompanying notes are an integral part of these statements.

U.S. Consumer Product Safety Commission
Statement of Budgetary Resources
For the Years Ended September 30, 2022 and 2021
(In dollars)

	FY 2022		FY 2021	
Budgetary Resources:				
Unobligated balance from prior year budget authority, net	$	51,375,075	$	4,575,702
Appropriations		139,050,000		185,00,000
Spending authority from offsetting collections		4,567,866		4,349,933
Total Budgetary Resources	**$**	**194,992,941**	**$**	**193,925,635**
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Note 12)	$	161,242,749	$	142,993,123
Unobligated balance, end of year:				
Apportioned, unexpired account		31,707,899		49,404,209
Unapportioned, unexpired accounts		278,148		55,839
Expired Unobligated Balance, end of year		1,764,145		1,472,464
Unobligated balance, end of year (total)		33,750,192		50,932,512
Total Status of Budgetary Resources	**$**	**194,992,941**	**$**	**193,925,635**
Outlays, Net:				
Outlays, net (total)	$	151,111,633	$	131,444,850
Distributed offsetting receipts		(4,718)		(7,603)
Total Agency Outlays, net (Note 16)	**$**	**151,106,915**	**$**	**131,437,247**

The accompanying notes are an integral part of these statements.

U.S. Consumer Product Safety Commission
Statement of Custodial Activity
For the Years Ended September 30, 2022 and 2021
(In dollars)

	FY 2022		FY 2021	
Revenue Activity:				
Sources of Cash Collections:				
Miscellaneous	$	27,004,624	$	7,957,603
Total Cash Collections	$	27,004,624	$	7,957,603
Accrual Adjustments		7,248,545		113
Total Custodial Revenue (Note 15)	**$**	**34,253,169**	**$**	**7,957,716**
Disposition of Collections:				
Transferred to Others (by Recipient) U.S. Department of Treasury	$	27,004,674	$	7,957,603
Increase/(Decrease) in Amounts yet to be Transferred		7,248,495		113
Total Disposition of Collections	**$**	**34,253,169**	**$**	**7,957,716**
Net Custodial Activity	**$**	**-**	**$**	**-**

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and custodial activity of the U.S. Consumer Product Safety Commission (CPSC), an independent federal regulatory agency with a mission to save lives and keep families safe by reducing the risk of injuries and deaths associated with consumer products. The CPSC was created in 1972 by Congress under the Consumer Product Safety Act (CPSA) and began operating in 1973. The agency is headed by five commissioners nominated by the President and confirmed by the Senate for staggered seven-year terms. The President designates one of the commissioners as Chair, who is the agency head. The CPSA (as amended) authorizes the CPSC to:

- Issue and enforce mandatory standards
- Pursue recalls of products or arrange for their repairs
- Develop voluntary standards
- Conduct research on potential product hazards
- Inform and educate consumers
- Respond to industry and consumer inquiries

Fund Accounting Structure

The CPSC's financial activities are accounted for by federal account symbols. They include the accounts for appropriated funds and other fund groups described below for which the CPSC maintains financial records.

Appropriated Funds: These funds consist of salaries and expenses appropriation accounts used to fund agency operations and capital expenditures, the grant program under the Virginia Graeme Baker Pool and Spa Safety Act (VGB Act), and COVID-19 relief under the American Rescue Plan Act (ARPA) (Pub .L. No. 117-2).

General Fund Receipt Accounts: The CPSC collects civil penalties, Freedom of Information Act (FOIA) fees, and other miscellaneous receipts, which by law are not retained by the CPSC. The U.S. Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the U.S. Treasury at the end of each fiscal year.

Gifts and Donations Receipt Account: U.S.C. Title 15, Chapter 47, section 2076, paragraph (b) (6), authorizes the CPSC "to accept gifts and voluntary and uncompensated services." The CPSC occasionally receives donations from non-government sources in support of the agency's mission.

Budget Authority

Congress enacts appropriations that provide the CPSC with authority to obligate funds for necessary expenses to carry out authorized program activities. The funds appropriated are subject to Office of Management and Budget (OMB) apportionment. The CPSC's Administrative Control of Funds directive complies with federal budgetary accounting guidelines of OMB Circular No. A-11, *Preparation, Submission and Execution of the Budget*, as amended. This directive places internal restrictions on the apportioned funds by designating the amount, use, and authorized party of any division of the apportioned funds. These restrictions – known as allotments, sub-allotments, and allowances – limit the amounts available so obligations will not exceed the appropriated or apportioned amounts.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis and the budgetary basis of accounting in conformity with the Generally Accepted Accounting Principles (GAAP) for the federal government. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities. The statements were also prepared in conformity with OMB Circular A-136, *Financial Reporting Requirements*, as amended.

Assets

Intragovernmental assets are assets that arise from transactions with other federal entities. Fund Balance with Treasury comprise the majority of intragovernmental assets on CPSC's Balance Sheet.

A. Fund Balance with Treasury

The U.S. Department of Treasury (U.S. Treasury) collects and disburses cash on behalf of CPSC. Fund Balance with Treasury consists of appropriated funds and general fund receipt accounts. Appropriated funds are available to pay down current liabilities and authorize purchase commitments. General fund receipt accounts are used to record collections made by the CPSC. The U.S. Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the U.S. Treasury at year end. The CPSC's Fund Balance with Treasury is carried forward until such time as goods or services are received and payment is made, or until the funds are returned to the U.S. Treasury.

The CPSC's cash receipts and disbursements are processed by the U.S. Treasury. Fund Balance with Treasury represents obligated and unobligated balances, which are available to finance allowable expenditures and restricted balances, including amounts related to expired authority and amounts not available for use by the CPSC.

B. Accounts Receivable and Allowance for Uncollectible Accounts

The CPSC's accounts receivable are classified into two types of accounts: entity and non-entity accounts receivables. Entity accounts receivables include amounts due from customers for reimbursable agreement and overpayment to vendors and current and former employees. Non-entity accounts receivables are civil monetary penalties resulting from CPSC's enforcement actions and for fees billed to fulfill FOIA requests. The CPSC holds these non-entity receivables in a custodial capacity. The CPSC calculates the allowance for uncollectible accounts using an analysis of historical collection data. No allowance for uncollectible amounts nor related provisions for estimated losses has been established, as these amounts are fully collectible based on historical experience.

C. Property and Equipment

Property and equipment consist of equipment, software, furniture, fixtures, other equipment, and leasehold improvements.

Beginning in October 2019, equipment and software with a useful life of two or more years are capitalized when the acquisition cost is greater than or equal to $30,000 per unit or $100,000 for bulk purchases of lesser-value items. Furniture, fixture, and other equipment, purchases with an aggregate or bulk acquisition cost of $100,000 and a useful life of two or more years are capitalized. The CPSC reports property and equipment purchases and additions at historical costs. The CPSC treats property and equipment acquisitions that do not meet the capitalization criteria as an expense. Leasehold improvements are capitalized based on contractual agreements.

The CPSC depreciates property and equipment using the straight-line method of depreciation. Leasehold improvements are amortized over the lesser of the leasehold improvement's useful life or the lease term. The

CPSC removes property and equipment from its asset account in the period of disposal, retirement, or removal from service. The CPSC recognizes the difference between the book value and any proceeds as a gain or loss in the period that the asset is removed.

Liabilities

Liabilities represent amounts that are likely to be paid by the CPSC as a result of transactions that have already occurred.

A. Accounts Payable

Accounts payable consists of amounts owed by the CPSC to federal agencies and commercial vendors for goods and services received.

B. Salaries and Federal Employee Benefits

Liabilities covered by budgetary resources represents liabilities funded by available budgetary resources, which include appropriated funds and reimbursable authority. These liabilities consist of the salaries and wages of the CPSC's employees and the corresponding agency share for the pension and health and life insurance for employees receiving these benefits. CPSC employees are eligible to participate in the contributory Federal Employees Health Benefit (FEHB) Program and the Federal Employees Group Life Insurance (FEGLI) Program. The CPSC makes contributions in addition to the employee contributions to each program to pay for current benefits.

C. Accrued Annual Leave

A liability for annual leave is accrued as leave is earned and paid when leave is taken. At year end, the balance in the accrued annual leave account is adjusted to reflect the liability at current pay rates and leave balances. Sick leave and other types of leave are treated as an expense when the leave is used by the employee.

D. Federal Employees' Compensation Act (FECA)

The CPSC records an estimated unfunded liability for future workers' compensation claims based on data provided by the Department of Labor (DOL). The CPSC uses the DOL-provided data to estimate a FECA actuarial liability that is recorded at year-end. DOL provides CPSC with the actual claim amounts already paid out by DOL to employees.

E. Commitments and Contingencies

The CPSC has claims and lawsuits pending against the agency. The CPSC's policy is to include provisions in the financial statements for any losses considered probable and estimable. Management believes that losses from certain other claims and lawsuits are reasonably possible but are not material to the fair presentation of CPSC's financial statements, and provisions for these losses are not included in the financial statements.

Estimates and Assumptions

Preparation of CPSC's financial statements requires Management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Changes in Entity or Financial Reporting

The presentation of the FY 2021 Balance Sheet, the FY 2021 Statement of Changes in Net Position, and the FY 2021 Statement of Custodial Activity have been modified to be consistent with the presentation of this reporting period (*i.e.*, FY 2022). The format of the Balance Sheet has changed to reflect more detail for certain line items, as required by OMB Circular No. A-136 for all significant reporting entities. This change does not affect totals for assets, liabilities, or net position and is intended to allow readers of this report to see how the amounts shown on the Balance Sheet are reflected on the Government-wide Balance Sheet, thereby supporting the preparation and audit of the Financial Report of the United States Government.

Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Note 2 – Fund Balance with Treasury

CPSC's Fund Balance with Treasury consists of apportioned and unapportioned funds. The status of these funds as of September 30, 2022 and September 30, 2021 is as follows:

	2022	2021
Entity		
Unobligated Balance		
Available	$ 31,707,898	$ 49,404,209
Unavailable	2,042,292	1,528,303
Obligated Balance, Not Yet Disbursed	49,777,743	45,320,648
Total Fund Balance with Treasury	$ 83,527,933	$ 96,253,159

The available unobligated fund balances represent the current-period amount available for obligation or commitment. The available unobligated balances as of September 30, 2022 and September 30, 2021 were $31,707,898 and $49,404,209, respectively.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations. The unavailable unobligated balances as of September 30, 2022 and September 30, 2021 were $2,042,292 and $1,528,303, respectively.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the Fund Balance with Treasury on hand (see **Note 13**).

The custodial funds held for Treasury consist of collections of fines and penalties received from violators of the CPSA (as amended) and fees from FOIA charges both of which are not available for CPSC to use. The custodial funds held for Treasury makes up the difference between the Fund Balance with Treasury amount reported in the CPSC general ledger and the balance reported in the Governmentwide Accounting (GWA) Statement Module.

The decrease in Fund Balance with Treasury from the prior is primarily due to spending down ARPA funds and not receiving any further excess funds in FY 2022 other than a comparable annual appropriation.

Note 3 – Accounts Receivable, Net

The CPSC's accounts receivable is comprised of entity and non-entity accounts. The entity receivables include amounts due from other agencies for goods and services provided, amounts due from current and former employees, and other public receivables. The non-entity receivables include Civil Fines and Penalties and FOIA activities. The non-entity civil fines and penalties are aged and are either in litigation, forbearance, or a formal appeals process. No allowance for uncollectible amounts or related provision for estimated losses has been established for the CPSC's accounts receivable, as these amounts are fully collectible based on historical experience. The composition of accounts receivable as of September 30, 2022 and September 30, 2021 is as follows:

Accounts Receivable	2022	2021
Entity		
Intragovernmental		
Accounts Receivable	$ 2,198,258	$ 141,644
Other Than Intragovernmental		
Accounts Receivable	16,007	14,773
Non-Entity		
Other Than Intragovernmental		
Civil Fines and Penalties	7,254,583	4,583
Other Receivables	6,402	7,858
Total Non-Entity Accounts Receivable	7,260,985	12,441
Total Accounts Receivable	$ 9,475,250	$ 168,858

Note 4 – Advances to Other Federal Agencies

The majority of advances to other federal agencies are for the services contract with National Institute of Standards and Technology (NIST) in support of the CPSC's work with the National Nanotechnology Initiative (NNI). Other advances are for the CPSC's services contracts with federal agencies for employee benefits.

The balance of advances to other federal agencies as of September 30, 2022 and September 30, 2021 is $48,718 and $385,973, respectively.

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

The composition of general property and equipment (GPE) as of September 30, 2022 is as follows:

Class of GPE	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life in Years
Leasehold Improvement	$ 24,283,497	$ 22,876,165	$ 1,407,332	6 - 14
Equipment	27,285,822	21,145,873	6,139,949	5 - 12
Furniture, Fixture & Other Equipment	2,608,689	2,608,689	-	3 - 5
ADP Software	2,650,861	2,540,858	110,003	5
ADP Software in Progress	136	-	136	
Construction in Progress	-	-	-	
Total	$ 56,829,005	$ 49,171,585	$ 7,657,420	

The composition of GPE as of September 30, 2021 is as follows:

Class of GPE	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life in Years
Leasehold Improvement	$ 24,283,497	$ 22,413,099	$ 1,870,398	6 - 14
Equipment	23,536,167	19,133.085	4,403,082	5 - 12
Furniture, Fixture & Other Equipment	2,608,689	2,608,689	-	3 - 5
ADP Software	2,650,861	2,424,755	226,106	5
Construction in Progress	280,229	-	280,229	
Total	$ 53,359,443	$ 46,579,628	$ 6,779,815	

Note 6 – Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources are liabilities that are not covered by budgetary resources including: (1) new budget authority; (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year; (3) spending authority from offsetting collections (credited to an appropriation or fund account); and (4) recoveries of expired budget authority through downward adjustments of prior year obligations. Liabilities Not Requiring Budgetary Resources are liabilities that have not in the past required and will not in the future require the use of the aforementioned budgetary resources.

The liabilities on the CPSC's Balance Sheet as of September 30, 2022 and September 30, 2021 include liabilities not covered by budgetary resources. The intragovernmental liabilities are owed to DOL for the FECA (disability) payments and the General Services Administration (GSA) for the tenant improvement allowance (TIA) provided as a part of the long-term lease on office facilities. The CPSC also recognizes liabilities for employee annual leave earned but not yet taken and for workers' compensation actuarial liability. The CPSC also collects on receivables that are withdrawn to Treasury with no budgetary resource associated. The composition of the liabilities not covered by budgetary resources as of September 30, 2022 and September 30, 2021 is as follows:

Liabilities Not Covered by Budgetary Resources	2022	2021
Intragovernmental		
Workers' Compensation	$ 410,392	$ 432,957
Other Liabilities Without Budgetary Obligations	1,251,406	1,357,175
Total Intragovernmental	1,661,798	1,790,132
Accrued Annual Leave	6,729,197	6,576,708
Workers' Compensation Actuarial	2,580,203	3,221,525
Total Liabilities Not Covered by Budgetary Resources	$ 10,971,198	$ 11,588,365
Total Liabilities Covered by Budgetary Resources	$ 18,331,133	$ 10,781,050
Total Liabilities Not Requiring Budgetary Resources (see Note 7)	$ 7,260,986	$ 12,441
Total Liabilities	$ 36,563,317	$ 22,381,856

Note 7 – Other Liabilities

CPSC Other Liabilities on the Balance Sheets are broken into Intragovernmental and Other than Intragovernmental as detailed below:

Other Liabilities	2022	2021
Intragovernmental		
Employee Benefits	$ 328,760	$ 794,738
Workers' Compensation	410,392	432,957
Employer Contributions Payable	100,062	245,429
Custodial Liability	7,260,986	12,441
Other Liabilities Without Related Budgetary Obligations	1,251,406	1,357,175
Total Intragovernmental	$ 9,351,606	$ 2,842,740
Other than Intragovernmental		
Accrued Funded Payroll	$ 1,481,807	$ 3,459,795
Other Liabilities with Related Budgetary Obligations	987,449	52,735
Total Other Than Intragovernmental	$ 2,469,256	$ 3,512,530
Total Other Liabilities	$ 11,820,862	$ 6,335,270

CSRS, FERS, Federal Insurance Contributions Act (FICA), FEHB, and FEGLI contributions are shown on the Balance Sheets and included in employee benefits and employer contributions liability balances. Amounts owed to OPM and Treasury as of September 30, 2022 and September 30, 2021, were $428,822 and $1,040,167, respectively.

The CPSC has authority to levy fines and penalties against manufacturers, retailers, or distributors who violate the CPSA (as amended), Federal Hazardous Substance Act (FHSA), and the Flammable Fabrics Act (FFA). Civil penalty collections are deposited in the U.S. Treasury and are not available for the CPSC to use. The CPSC also charges a fee for the processing of FOIA requests. FOIA fees are also deposited in the U.S. Treasury and are not available for the CPSC to use. Civil penalties and FOIA fees due and balances in the general fund receipt accounts are recognized as a custodial liability on the CPSC's Balance Sheet. As of September 30, 2022, and September 30, 2021, the total Custodial Liabilities are $7,260,986 and $12,441 respectively. The revenue and collection activities of these liabilities are presented in the Statement of Custodial Activity.

Note 8 – Other Liabilities Without Related Budgetary Obligation

Other Liabilities without Budgetary Obligation are Tenant Improvement Liabilities (TIL) on the CPSC's Balance Sheet as of September 30, 2022 and September 30, 2021 are $1,251,406 and $1,357,175, respectively. The composition of TIL as of September 30, 2022 and September 30, 2021 is as follows:

Other Liabilities	2022	2021
Intragovernmental		
Tenant Improvement Liability – HQ	$ 172,012	$ 200,681
Tenant Improvement Liability – NPTEC	1,079,394	1,156,494
Total Tenant Improvement Liability	$ 1,251,406	$ 1,357,175

The unfunded TIL is payable to the GSA over the life of the lease. The CPSC's lease agreements with the GSA are for three facilities in Maryland; the Headquarters (HQ) offices located in Bethesda, the National Product Testing and Evaluation Center (NPTEC) located in Rockville, and the Sample Storage Facility (SSF) located in Gaithersburg. The three leases provided an allowance for customization of the properties. The TIL is amortized over the life of the lease. The TIL is reduced when the amortized amount is billed by the GSA and paid by the CPSC.

Note 9 – Federal Employee Benefits Payable

Federal employee benefits consist of the actuarial portion of future benefits earned by federal employees but not yet due and payable. These costs include pensions, other retirement benefits, and other post-employment benefits, excluding workers compensation. These benefits are administered by the U.S. Office of Personnel Management (OPM) and not the CPSC. Since the CPSC does not administer the benefit plans, the CPSC does not recognize any liability on the Balance Sheet for pensions, other retirement benefits, and other post-employment benefits. The CPSC does, however, recognize the imputed financing sources/costs related to these benefits on the Net Cost of Operations, and the Statement of Changes in Net Position.

The federal employee retirement benefit costs paid by OPM and imputed to CPSC for the periods ended September 30, 2022 and September 30, 2021 related to Imputed financing sources totaled $4,398,016 and $4,023,526 for the periods ending September 30, 2022 and September 30, 2021, respectively.

	2022	2021
Estimated future pension costs (CSRS/ FERS)	$ 661,060	$ 594,757
Estimated future postretirement health insurance (FEHB)	3,724,988	3,417,947
Estimated future postretirement life insurance (FEGLI)	11,968	10,822
Total Imputed Costs	$ 4,398,016	$ 4,023,526

The CPSC's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS), depending on when they started working for the federal government. FERS and Social Security cover most employees hired after December 31, 1983. Employees who are rehired after a break in service of more than one year and had five years of federal civilian service prior to 1987 are eligible to participate in the CSRS offset retirement system or may elect to join FERS.

For employees participating in CSRS, CPSC contributes 7 percent to their plan. FERS is a three-tiered retirement system consisting of a Basic Benefit Plan, Thrift Savings Plan (TSP), and Social Security Benefits.

The TSP under FERS is a savings plan in which CPSC automatically contributes one percent of base pay and matches any employee contributions up to an additional four percent of base pay. For most employees hired after December 31, 1983, CPSC also contributes the employer's matching share for Social Security. The CPSC's contributions are recognized as current operating expenses.

The federal employee benefits payable as shown on the Balance Sheet as of September 30, 2022 and September 30, 2021 are $9,375,762 and $9,955,765, respectively and is made up of accrued annual leave, employer contributions and payroll taxes, and actuarial Federal Employees Compensation Act (FECA).

CPSC accrued unfunded annual leave for employees in the amounts of $6,729,197 and $6,576,708, employer contributions of $66,362 and $157,532, and actuarial FECA of $2,580,203 and $3,221,525 as of September 30, 2022 and September 30, 2021, respectively.

Note 10 – Cumulative Results of Operations

The cumulative results of operations represent the excess of financing sources over expenses since inception. Details of the components of the CPSC's cumulative results of operations for the fiscal years ending September 30, 2022 and September 30, 2021 are as follows:

	2022	2021
Investment in leasehold improvements, net	$ 1,407,332	$ 1,870,398
Investment in property and equipment, net	6,250,088	4,909,417
Gift Fund	18,953	18,953
Other assets and resources	21,054	18,166
Liabilities not covered by budgetary resources	(10,971,198)	(11,588,365)
Cumulative results of operations	$ (3,273,771)	$ (4,771,431)

The CPSC does not hold title to the leased property where the leasehold improvements were made. Upon termination of the lease agreement, the total amount of leasehold improvements and TIA will be charged to operations and will reduce the balance of cumulative results of operations. See **Note 6** for the composition of liabilities not covered by budgetary resources.

Note 11 - Operating Leases

The CPSC's lease agreements with the GSA are for three facilities in Maryland; HQ offices located in Bethesda, the NPTEC located in Rockville, and the SSF located in Gaithersburg. These operating lease agreements expire between fiscal years 2022 and 2035. Lease costs for the period ended September 30, 2022 and September 30, 2021 amounted to approximately $7,426,002 and $5,550,210 respectively. Estimated future minimum lease payments for the three facilities are as follows:

Fiscal Year	Estimated Future Lease Payments
2023	$ 8,108,748
2024	8,154,867
2025	8,458,476
2026	8,544,006
2027	8,632,103
After 2027	35,082,031
Total Estimated Future Lease Payments	$ 76,980,231

Note 12 – Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations

The CPSC's apportionments fall under three Categories: Direct Category A, quarterly apportionment for salaries and expenses; Direct Category B, restricted and activity apportionment for the VGB Act grant program and COVID-19 relief under the ARPA; and Reimbursable Category B, restricted and activity apportionment for reimbursable activities. CPSC, currently, does not have any Reimbursable Category A apportionments. Apportionment categories of obligations incurred for the fiscal years ending September 30, 2022 and September 30, 2021 are as follows:

		2022		2021
Direct:				
Category A	$	136,983,624	$	133,904,303
Category B		19,688,351		4,672,316
Reimbursable:				
Category A	$	-	$	-
Category B		4,570,774		4,416,504
Total Obligations incurred	$	161,242,749	$	142,993,123

Note 13 – Undelivered Orders

The amount of budgetary resources obligated for orders undelivered as of September 30, 2022 and September 30, 2021 are:

		2022		2021
Intragovernmental, Undelivered Orders Unpaid	$	967,568	$	1,458,921
Other Than Intragovernmental, Undelivered Orders Unpaid		33,626,300		36,248,547
Intragovernmental, Undelivered Orders Paid	$	48,718	$	385,973
Other Than Intragovernmental, Undelivered Orders Paid		-		-
Total Undelivered Orders	$	34,642,586	$	38,093,441

Note 14 – Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

A reconciliation of the CPSC's fiscal year 2021 statement of budgetary resources with the corresponding information presented in the fiscal year 2023 President's Budget is as follows:

FY 2021		Budgetary Resources		New Obligations & Upward Adjustments		Distributed Offsetting Receipts		Net Outlays
Statement of Budgetary Resources	$	193,925,635	$	142,993,123	$	7,603	$	131,437,247
Expired Unobligated Balance, end of year	$	(1,472,464)	$	-	$	-	$	-
Rounding	$	(453,171)	$	(993,123)	$	(7,603)	$	(437,247)
FY 2023 Presidents Budget	$	192,000,000	$	142,000,000	$	-	$	131,000,000

The FY 2024 Budget of the U.S. Government (also known as the President's Budget) will not be published prior to February 2023. Accordingly, a comparison between the FY 2022 data reflected on the statement of budgetary resources and FY 2022 data in the President's Budget cannot be performed. The Budget with the actual amount for FY 2022 will be available at a later date at https://www.whitehouse.gov/omb/budget. The differences reported are due to differing reporting requirements for expired and unexpired appropriations between the Treasury guidance used to prepare the SBR and the OMB guidance used to prepare the President's Budget. The SBR includes both expired and unexpired appropriations, while the President's Budget presents only unexpired budgetary resources that are available for new obligations.

Note 15 – Custodial Revenue

The CPSC has authority to levy fines and penalties against manufacturers, retailers, or distributors who violate the CPSA (as amended), the FHSA, and the FFA, as mentioned in **Note 7**. Custodial revenue collections are derived from two primary sources: civil penalties paid by regulated entities for violations of consumer product safety laws and regulations; and reimbursement of FOIA expenses incurred by the agency when requests are made from the public for CPSC documents.

During fiscal year 2022, the total amount of custodial revenue was $34,253,169. The balance is comprised of $3,169 in FOIA and miscellaneous fees, and the significant amount of custodial revenue came from civil penalties of $34,250,000.

In FY 2022, CPSC assessed civil penalties in the amount of $38,000,000. However, an appeal was made by a company to suspend the assessment by $3,750,000, which was agreed upon by the Commission. Thus, the civil penalties recorded for receipt in FY 2022 financial statements amounted to $34,250,000. CPSC made collections on those civil penalties in the amount of $27,000,000 million as of September 30, 2022.

The custodial amounts yet to be collected by CPSC remain in the amount of $7,248,495 as of September 30, 2022. All custodial revenue collections are deposited in the U.S. Treasury and are not available for the CPSC to use.

Note 16 – Reconciliation of Net Cost to Net Outlays

The Budget Accrual Reconciliation (BAR) is a reconciliation of net outlays that are presented on a budgetary basis and the net cost that are presented on an accrual basis, to provide an explanation of the relationship between budgetary and financial accounting information. The BARs for the periods ending September 30, 2022 and September 30, 2021 are as follows:

Reconciliation of Net Cost to Net Outlays
Budget and Accrual Reconciliation
For the Year Ended September 30, 2022
(In Dollars)

	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (SNC)	$ 34,123,552	$ 125,722,372	$ 159,845,924
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(2,682,410)	(2,682,410)
Property, Plant, and Equipment Disposals & Revaluations	-	(2,356)	(2,356)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	2,056,615	1,233	2,057,848
Other Assets	(337,255)	-	(337,255)
(Increase)/Decrease in Liabilities:			
Accounts Payable	(322,179)	(8,973,694)	(9,295,873)
Federal Employee [and Veteran] Benefits Payable	-	580,004	580,004
Other Liabilities	739,678	1,043,274	1,782,952
Financing Sources:			
Imputed Cost	(4,398,016)	-	(4,398,016)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	$ (2,261,157)	$ (10,033,949)	$ (12,295,106)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	$ -	$ 3,562,370	$ 3,562,370
Financing Sources:			
Transfers Out (In) Without Reimbursements	(1,655)	-	(1,655)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	$ (1,655)	$ 3,562,370	$ 3,560,715
Miscellaneous Items:			
Distributed Offsetting Receipts (SBR 4200)	-	-	(4,718)
Custodial/Non-Exchange Revenue	34,253,169	(34,253,169)	-
Non-Entity Activity	100	-	100
Total Other Reconciling Items	$ 34,253,269	$ (34,253,169)	$ (4,618)
Total Net Outlays (Calculated Total)	$ 66,114,009	$ 84,997,624	$ 151,106,915
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			$ 151,106,915

Reconciliation of Net Cost to Net Outlays
Budget and Accrual Reconciliation
For the Year Ended September 30, 2021
(In Dollars)

	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (SNC)	$ 32,048,150	$ 106,584,800	$ 138,632,950
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(2,248,227)	(2,248,227)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	(100,777)	11,586	(89,191)
Other Assets	(1,497,370)	-	(1,497,370)
(Increase)/Decrease in Liabilities:			
Accounts Payable	(568,090)	(1,882,308)	(2,450,398)
Federal Employee [and Veteran] Benefits Payable	-	(167,814)	(167,814)
Other Liabilities	245,249	(239,155)	6,094
Financing Sources:			
Imputed Cost	(4,023,526)	-	(4,023,526)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	$ (5,944,514)	$ (4,525,918)	$ (10,470,432)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	1,224,523	2,061,201	3,285,724
Financing Sources:			
Transfers Out (In) Without Reimbursements	(3,392)	-	(3,392)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	$ 1,221,131	$ 2,061,201	$ 3,282,332
Miscellaneous Items			
Distributed Offsetting Receipts (SBR 4200)	-	-	(7,603)
Custodial/Non-Exchange Revenue	7,957,715	(7,957,715)	-
Total Other Reconciling Items	$ 7,957,715	$ (7,957,715)	$ (7,603)
Total Net Outlays (Calculated Total)	$ 35,282,482	$ 96,162,368	$ 131,437,247
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			$ 131,437,247

Note 17- COVID-19 Activity

The American Rescue Plan Act (ARPA) of 2021 (Pub. L. No. 117-2), Nonemergency, was signed into law by President Joseph R. Biden on March 11, 2021. This bill provided additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. CPSC received $50 million in FY 2021 supplemental appropriations to remain available until September 30, 2026 for the following purposes:

- To carry out the requirements in Title XX of Division FF of the FY 2021 Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260);
- Enhance targeting, surveillance, and screening of consumer products, particularly COVID-19 products entering the United States at ports of entry, including ports of entry for *de minimis* shipments;
- Enhance monitoring of Internet websites for offers for sale of new and used violative consumer products, particularly COVID-19 products, and coordination with retail and resale websites to improve identification and elimination of listing of such products;
- Increase awareness and communication, particularly of COVID-19 product-related risks and other consumer product safety information; and
- Improve the agency's data collection and analysis system, especially with a focus on consumer product safety risks resulting from the COVID-19 pandemic to socially disadvantaged individuals and other vulnerable populations.

CPSC's budgetary activity for ARPA funds is illustrated below as of September 30, 2022 and September 30, 2021:

Dollars in millions

COVID-19 Activity Funded by DEF Code V (ARPA 2021)	FY 2022	FY 2021
Budgetary Resources: Unobligated (and unexpired) Balance Carried Forward from Prior Year	$ 46.4	$ 0.0
New Budget Authority +	$ 0.0	$ 50.0
Rescissions (-)/Other Changes (+/-) to Budgetary Resources	$ 0.0	$ 0.0
Budgetary Resources Obligated (-)	$ 17.8	$ 3.6
Budgetary Resources Obligated: Ending Unobligated (and unexpired) Balance to be Carried Forward	$ 28.6	$ 46.4
Outlays, Net (Total)	$ 9.2	$ 0.5

Required Supplementary Information (unaudited)

U.S. Consumer Product Safety Commission
Combining Statement of Budgetary Resources by Fund
For the Years Ended September 30, 2022
(In dollars)

	Salaries and Expenses and Other Funds	Gift Fund	Total
Budgetary Resources:			
Unobligated balance from prior year budget authority, net	$ 51,356,122	$ 18,953	$ 51,375,075
Appropriations	139,050,000	-	139,050,000
Spending authority from offsetting collections	4,567,866	-	4,567,866
Total Budgetary Resources	**$ 194,973,988**	**$ 18,953**	**$ 194,992,941**
Status of Budgetary Resources:			
New Obligations and Upward Adjustments (Note 12)	$ 161,242,749	$ -	$ 161,242,749
Unobligated balance, end of year			
Apportioned, unexpired account	31,707,899	-	31,707,899
Unapportioned, unexpired accounts	259,195	18,953	278,148
Expired Unobligated Balance, end of year	1,764,145	-	1,764,145
Unobligated balance, end of year (total)	33,731,239	18,953	33,750,192
Total Status of Budgetary Resources	**$ 194,973,988**	**$ 18,953**	**$ 194,992,941**
Outlays, Net:			
Outlays, net (total)	$ 151,111,633	$ -	$ 151,111,633
Distributed offsetting receipts	(4,718)	-	(4,718)
Total Agency Outlays, net (Note 16)	**$ 151,106,915**	**$ -**	**$ 151,106,915**

The accompanying notes are an integral part of these statements.

For more information on this report please contact us at CPSC-OIG@cpsc.gov

To report fraud, waste, or abuse, mismanagement, or wrongdoing at the CPSC go to OIG.CPSC.GOV or call (301) 504-7906

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