FEDERAL TRADE COMMISSION

FISCAL YEAR 2018

AGENCY FINANCIAL REPORT

FEDERAL TRADE COMMISSION

Introduction . . . 3

About This Report . . . 4
How This Report Is Organized . . . 5
The FTC At-A-Glance . . . 6
Message from the Chairman . . . 7

Management's Discussion and Analysis . . . 11

Agency and Mission Information . . . 12
Performance Highlights . . . 17
Agency Mission Challenges . . . 26
Management Assurances . . . 33
Financial Highlights . . . 37

Financial Section . . . 51

Message from the Chief Financial Officer . . . 52
Report of Independent Auditors . . . 53
Principal Financial Statements . . . 60
Notes to the Financial Statements . . . 66

Other Information . . . 83

Summary of the Top Management Challenges Identified by the Office of Inspector General . . . 84
Summary of Financial Statement Audit and Management Assurances . . . 85
Payment Integrity . . . 86
"Reduce the Footprint" Implementation . . . 87
Fraud Reduction Report . . . 88
Civil Monetary Penalty Adjustment for Inflation Implementation Reporting Act Details . . . 89
Grant Oversight & New Efficiency (GONE) Act . . . 90

Appendices . . . 91

Appendix A: Data Quality Information . . . 92
Appendix B: Acronyms . . . 99
Appendix C: Contact Information and Acknowledgements . . . 101

Introduction

ABOUT THIS REPORT

The Federal Trade Commission's (FTC) fiscal year (FY) 2018 Agency Financial Report (AFR) provides financial and high-level performance results and demonstrates to the Congress, the President, and the public the FTC's commitment to its mission and accountability over the resources entrusted to it.

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

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

The FTC publishes both an AFR and an Annual Performance Report (APR). The FY 2018 APR will be combined with the FY 2020 Annual Performance Plan (APP) and included in the FY 2020 Congressional Budget Justification. The combined APP and APR will be available at https://www.ftc.gov/about-ftc/performance along with other performance documents.

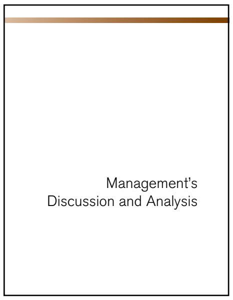
CERTIFICATE OF EXCELLENCE AND BEST-IN-CLASS AWARD

The FTC received the *Association of Government Accountants' Certificate of Excellence in Accountability Reporting* for its FY 2017 AFR. The FTC also received a Special Recognition "Best-in-Class" Award for addressing matters of importance to all Americans. The FY 2017 AFR demonstrated the value provided by the FTC, while quantifying the benefits the agency brought to the American public by highlighting examples of cases and investigations the agency pursued.

Building on the FY 2017 financial reporting success, the FTC again presents actual agency accomplishments to demonstrate its continuing commitment to protecting consumers and promoting competition.

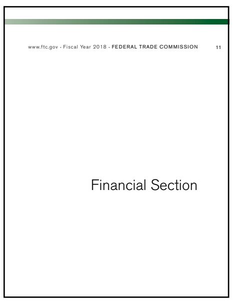
HOW THIS REPORT IS ORGANIZED

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



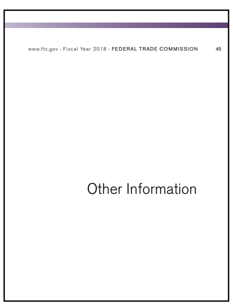
1. MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides an overview of the FTC's mission and organization, key performance goals, mission challenges, financial highlights, management assurances on internal controls, financial systems, and compliance with laws and regulations.



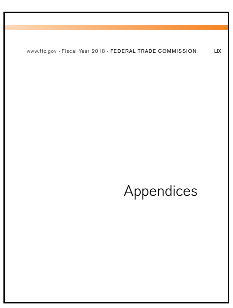
2. FINANCIAL SECTION

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



3. OTHER INFORMATION

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



4. APPENDICES

Appendix A provides the data quality information for the FTC's key performance goals; Appendix B lists the acronyms cited throughout this report; Appendix C provides contact information and acknowledgements.

THE FTC AT-A-GLANCE

HISTORY

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

LAWS ENFORCED

The FTC is an independent law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The agency administers a wide variety of laws and regulations. Examples include the Federal Trade Commission Act, Clayton Act, Telemarketing Sales Rule, Fair Credit Reporting Act, Identity Theft Act and Equal Credit Opportunity Act. In total, the commission has enforcement or administrative responsibilities under more than 70 other laws.

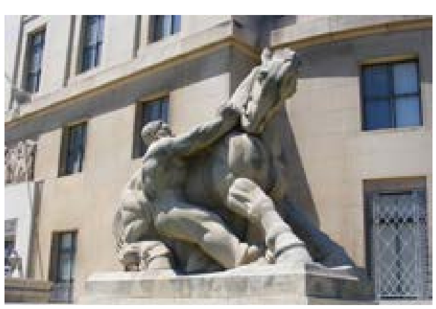
PROFILE

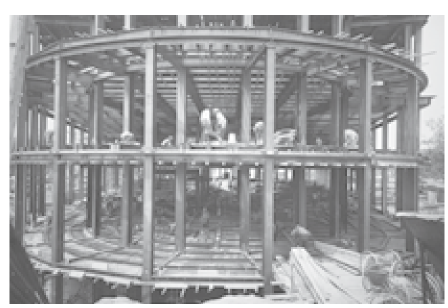
- The agency is headquartered in Washington, D.C., and operates with seven regions across the United States.
- The agency had 1,114 full-time equivalent employees at the end of FY 2018.
- Total new budget authority for FY 2018 was $306 million, which comprises $168 million in general fund appropriations and $138 million in offsetting collections.

HEADQUARTERS

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

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





MESSAGE FROM THE CHAIRMAN

Joseph J. Simons

Chairman

The Federal Trade Commission is an independent law enforcement agency with a dual focus on protecting consumers and promoting competition in broad sectors of the economy. In FY 2018, the agency continued to pursue a vigorous law enforcement agenda, along with various policy and education initiatives, to advance the interests of consumers and encourage competition and innovation, all while efficiently managing the agency's resources. Notably, the agency welcomed an entirely new slate of Commissioners this year – the first complete changeover in leadership since the agency's founding – and effectuated a smooth transition. Thanks to my predecessor, Acting Chairman Maureen K. Ohlhausen, the FTC was in excellent shape when I took over as Chairman in May 2018.

The FTC is a highly successful and mission-driven agency. Still, the FTC has always been committed to self-examination and critical thinking, to ensure that our enforcement and policy efforts keep pace with changes in the economy. When the FTC periodically engages in serious reflection and evaluation, we are better able to promote competition and innovation, protect consumers, and shape the law, so that free markets continue to thrive. Therefore, as my top policy priority, in September 2018 I initiated a series of Hearings on Competition and Consumer Protection in the 21st Century to consider whether broad-based changes in the economy, evolving business practices, new technologies, and international developments warrant adjustments to competition and consumer protection law, enforcement priorities, and policy. These hearings, which will continue into early 2019, are convening a wide range of experts, and are accompanied by robust public comment opportunities.

This Agency Financial Report highlights the FTC's major accomplishments, illustrates how the agency manages its resources, and outlines its plans to address the challenges ahead.

FY 2018 PERFORMANCE HIGHLIGHTS

CONSUMER PROTECTION

The FTC's consumer protection enforcement initiatives are primarily focused on addressing trends in the marketplace that cause harm to consumers: stopping fraud targeting specific populations, protecting consumers from deceptive or unfair practices in the financial marketplace, safeguarding consumers' privacy and data security, and prosecuting deceptive marketing and advertising claims. The FTC also engages in significant policy work and research through, for example, our Office of Technology Research and Investigation, as well as numerous workshops and seminars we hold each year on consumer issues. Through extensive consumer and business education and outreach, the FTC not only empowers consumers to avoid scams, but also provides guidance to businesses to help them comply with relevant laws and regulations.

Stopping fraud against consumers is at the heart of the FTC's mission. In April 2018, three telemarketers, and a host of companies whose services they used, settled allegations that they ran a massive phony debt relief operation that bilked tens of millions of dollars from financially strapped consumers. Victims paid hundreds to thousands of dollars a month to various debt relief services, but found their debts unpaid, their accounts in default, and their credit scores lower. The marketers agreed to be banned from telemarketing, as well as from selling debt relief, credit repair, and other financial products and services.

The FTC has also focused on challenging deceptive advertising. In February 2018, the agency settled allegations that advertising agency Marketing Architects created and disseminated deceptive radio ads for weight-loss products marketed by its client, Direct Alternatives. The $2 million judgment is among the largest ever obtained by the FTC against an advertising agency. In another case earlier this year, a federal district judge found defendants, who ran Hi-Tech Pharmaceuticals, in contempt for violating a 2008 order by continuing to deceptively market dietary supplements with unsubstantiated claims such as "rapid fat loss" and "extreme weight loss guaranteed." The court imposed a more than $40 million judgment against the defendants.

The FTC has continued its leadership in protecting consumers' privacy interests and promoting data security. For example, on the privacy front, in January 2018 the FTC obtained $650,000 from electronic toy manufacturer, Vtech, in settlement of allegations that the company collected personal information from children without having provided notice to, or getting consent from, their parents, and without having taken reasonable steps to secure the data it collected. The settlement marks the agency's first children's privacy and security case involving Internet-connected toys. The Commission also announced data security actions against mobile device manufacturer BLU and online tax preparation service TaxSlayer, as well as revised complaint and order against Uber.

PROMOTING COMPETITION

For more than 100 years, the Commission has actively enforced the antitrust laws in a range of industries of critical importance to American consumers, including health care, technology, energy, consumer goods and services, and manufacturing. The agency also conducts workshops, publishes studies, and pursues advocacy opportunities to promote competition and educate policymakers about its benefits.

In FY 2018, the FTC continued its commitment to maintain competition through vigorous enforcement with a litigated victory against pharmaceutical company AbbVie. In June 2018, a federal court ruled that AbbVie used sham litigation to delay generic competitors from entering the market for its testosterone replacement drug, Androgel, and the court awarded, with pre-judgment interest, $493.7 million in equitable monetary relief. This win for consumers marks the Commission's first-ever litigated victory on the merits in a sham litigation matter and the largest monetary award ever in a litigated FTC antitrust case. (This matter is pending on appeal.)

In July 2018, a federal court granted a preliminary injunction to block Wilhelmsen Maritime Services' proposed acquisition of Drew Marine Group. The proposed transaction likely would have reduced competition significantly by combining the world's two largest suppliers of marine water treatment chemicals and services used by global fleets to maintain critical on-board equipment on tankers, container ships, cruise ships, and military vessels (among others). The parties abandoned their transaction shortly after the district court's ruling.

The FTC's Economic Liberty Task Force, a major policy initiative, continued its work this year with the release of a policy paper, Options to Enhance Occupational License Portability. The paper examines ways to reduce or eliminate unnecessary or overbroad occupational licensing requirements on workers who move to new states or who wish to market services across state lines. The effects of such requirements can impose real and lasting costs on American workers, especially those who are low income or from military families, and can also impact all consumers who purchase services from licensed professionals.

The Commission also continued to challenge potentially anticompetitive mergers in a variety of industries from missiles to cooking oil, including:

- J.M. Smucker's proposed acquisition of Conagra Brands's Wesson cooking oil brand, which would have given Smucker, owner of the Crisco brand, control of at least 70 percent of the market for branded canola and vegetable oils sold to retailers and eliminated the vigorous head-to-head competition between the two firms; and
- CDK Global's proposed acquisition of Auto/Mate, which would have reduced competition in the already concentrated U.S. market for specialized software used by new car dealers. Auto/Mate competed with larger competitors by offering lower prices, flexible contract terms, free software

upgrades and training, and high quality customer service—hallmarks of the benefits of vigorous competition in the marketplace. The proposed acquisition likely would have eliminated these important benefits.

In each of these cases, the parties, faced with the FTC's challenge, abandoned the proposed transaction.

OUTREACH AND PARTNERSHIPS

Consumers, industry, and law enforcement partners help keep the FTC informed about real-world trends and challenges in the marketplace. Consumers can contact the agency online or via toll-free phone numbers. FTC outreach includes online resources, such as www.ftc.gov, much of which is available in Spanish as well as English. The agency also provides updates on Facebook and Twitter, and hosts educational videos on its YouTube channel. The FTC's online Business Center offers extensive guidance to businesses.

The Commission has a long history of providing technical assistance to foreign competition and consumer protection agencies that seek to initiate or improve their law enforcement and policy development programs. For example, in 2018, the FTC concluded a two-year capacity-building program for the Antimonopoly Committee of Ukraine. The FTC, along with the Department of Justice and Competition Bureau Canada, embedded several career lawyers and economists within the Antimonopoly Committee to transfer investigational and analytical expertise to their Ukrainian colleagues by working together on the Committee's cases. The program was so successful that the Antimonopoly Committee asked the FTC to renew its assistance for an additional year.

FINANCIAL MANAGEMENT

The FTC takes very seriously its commitment to responsible stewardship of the public resources entrusted to us by the American taxpayers and Congress. The agency's FY 2018 independent financial audit yielded our 22nd consecutive unmodified opinion, the highest audit opinion available. The independent auditors did not identify any material weaknesses, significant deficiencies, or instances of non-compliance with internal controls, financial systems, or laws and regulations. I am pleased to report that management's assessment of risks and review of controls and financial systems disclosed no material weaknesses, and that the financial and performance data presented here is reliable and complete (see Statement of Assurance, p. 34).

FUTURE CHALLENGES

In pursuing its strategic goals and objectives, many of the FTC's challenges are defined by marketplace conditions, and thus are always changing and evolving. The agency works to stay informed about new technologies that can bring tremendous benefits to consumers, but may also pose challenges on both the competition and consumer protection fronts. For a more detailed description of the mission challenges identified by agency senior management, see p. 26.

In addition, the Office of Inspector General (OIG) identified two significant management challenges this year: (1) securing information systems and networks from destruction, data loss, or compromise; and (2) addressing the escalating costs of expert witnesses. In addition, the OIG identified three "watch list" issues that, while not serious management challenges, still warrant attention: (1) development of a risk management framework in support of the Federal Information Security Management Act; (2) acquisition planning and contract management; and (3) improper influences by former officials and employees. Agency management agrees that these are important challenges and concurs with the IG's assessment of our progress in addressing these challenges (see the "Other Information" section).

Working with the FTC's partners and colleagues in Congress, industry, and domestic and international law enforcement, the agency will continue to fulfill its mission to protect American consumers and promote competition.

Joseph J. Simons

Joseph J. Simons

November 13, 2018

Management's Discussion and Analysis

AGENCY AND MISSION INFORMATION

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

VISION

A vibrant economy characterized by vigorous competition and consumer access to accurate information.

MISSION

Protecting consumers and competition by preventing anticompetitive, deceptive, and unfair business practices through law enforcement, advocacy, and education without unduly burdening legitimate business activity.

OUR PURPOSE AND HISTORY

Consumers and businesses are likely to be more familiar with the work of the FTC than they think. In the consumer protection area, the product warranties, care labels in clothes, and labels on home appliances showing their energy cost provide information that is required by the FTC. Likewise, businesses must be familiar with the laws requiring truthful advertising and protecting consumers' personally identifiable information. These laws are enforced by the FTC.

Competition among independent businesses is good for consumers, the businesses themselves, and the economy. Competitive markets yield lower prices and better quality goods and services, and a vigorous marketplace provides the incentive and opportunity for the development of new ideas and innovative products and services. Many of the laws governing competition are also enforced by the FTC.

The FTC has a long tradition of maintaining a competitive marketplace for both consumers and businesses. In 1903, Congress created the predecessor to the FTC, the Bureau of Corporations, as an investigatory agency within the Department of Commerce and Labor. The Bureau investigated and published reports on the operation of interstate corporations, looking for monopolistic practices. In one case of note, the Justice Department used the Bureau's 1906 report on petroleum transportation when it successfully prosecuted and broke up Standard Oil in 1911. In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, creating the FTC, which then absorbed the Bureau of Corporations in 1915.

When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to "bust the trusts." Over the years, the Congress passed additional laws giving the agency greater authority over anticompetitive practices. Recognizing that unfair and deceptive practices can distort a competitive marketplace as much as unfair methods of competition, in 1938 Congress passed a broad prohibition against "unfair or deceptive acts or practices in or affecting commerce." Since then, the FTC also has been directed to enforce a wide variety of other consumer protection laws and regulations.

OUR ORGANIZATION

The FTC is an independent Federal law enforcement agency that reports to the President and to Congress on its actions, with both consumer protection and competition jurisdiction in broad sectors of the economy. The agency administers a wide variety of laws, such as the Federal Trade Commission Act (FTC Act), Fair Credit Reporting Act, and Clayton Act. In total, the Commission has enforcement or administrative responsibilities under more than 70 laws. The FTC also enforces rules issued pursuant to the Federal Trade Commission Act or other laws, including the Business Opportunity Rule and the Telemarketing Sales Rule. FTC actions include pursuing vigorous and effective law enforcement; advancing consumers' interests by sharing its expertise with Congress and state legislatures and U.S. and international government agencies; developing policy and research tools through hearings, workshops, and conferences; and creating practical and plain-language educational programs for consumers and businesses in a global marketplace with constantly changing technologies.

FTC Commissioners (from left to right): Rebecca Kelly Slaughter, Noah Joshua Phillips, Chairman Joseph J. Simons, Rohit Chopra, Christine S. Wilson

The FTC is headed by a Commission composed of five commissioners, nominated by the President and confirmed by the Senate, each serving a staggered seven-year term. No more than three commissioners may be from the same political party. The President designates one Commissioner to act as Chair who is given the responsibility for the administration of the Commission. Joseph J. Simons was sworn in as Chairman on May 1, 2018. The four current Commissioners are Noah Phillips, Rohit Chopra, Rebecca Slaughter, and Christine Wilson who were also sworn in during 2018. This is the first complete changeover in leadership since the agency's founding.

The FTC's workforce is its greatest asset. The agency's workforce consists of 1,114 civil service employees dedicated to carrying out the agency's mission.

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

The Bureau of Competition (BC) enforces the nation's antitrust laws, which form the foundation of our free market economy. The antitrust laws promote the interests of consumers; they support unfettered markets and result in lower prices and more choices. By enforcing the antitrust laws, the Bureau promotes competition and protects consumers' freedom to choose goods and services in an open marketplace at a price and quality that fit their needs. The Bureau seeks to prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.

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

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

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

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

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

The Office of Public Affairs (OPA) informs the news media, as well as the public at large, about the activities of the FTC and responds to media inquiries about Commission actions and policy. OPA also manages the agency's main website, FTC.gov, and social media accounts, which are critical communication tools for the agency.

The Privacy Office ensures that the agency's practices and policies comply with applicable federal information privacy and security requirements.

The Office of Policy Planning conducts research, develops policy recommendations, and generates written comments and reports on a variety of competition and consumer protection issues. Policy Planning staff research and analyze emerging issues relating to competition in a variety of industries, including issues at the intersection of competition and intellectual property, in order to enrich the Commission's expertise and inform enforcement decisions involving novel or complex legal issues.

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

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

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

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

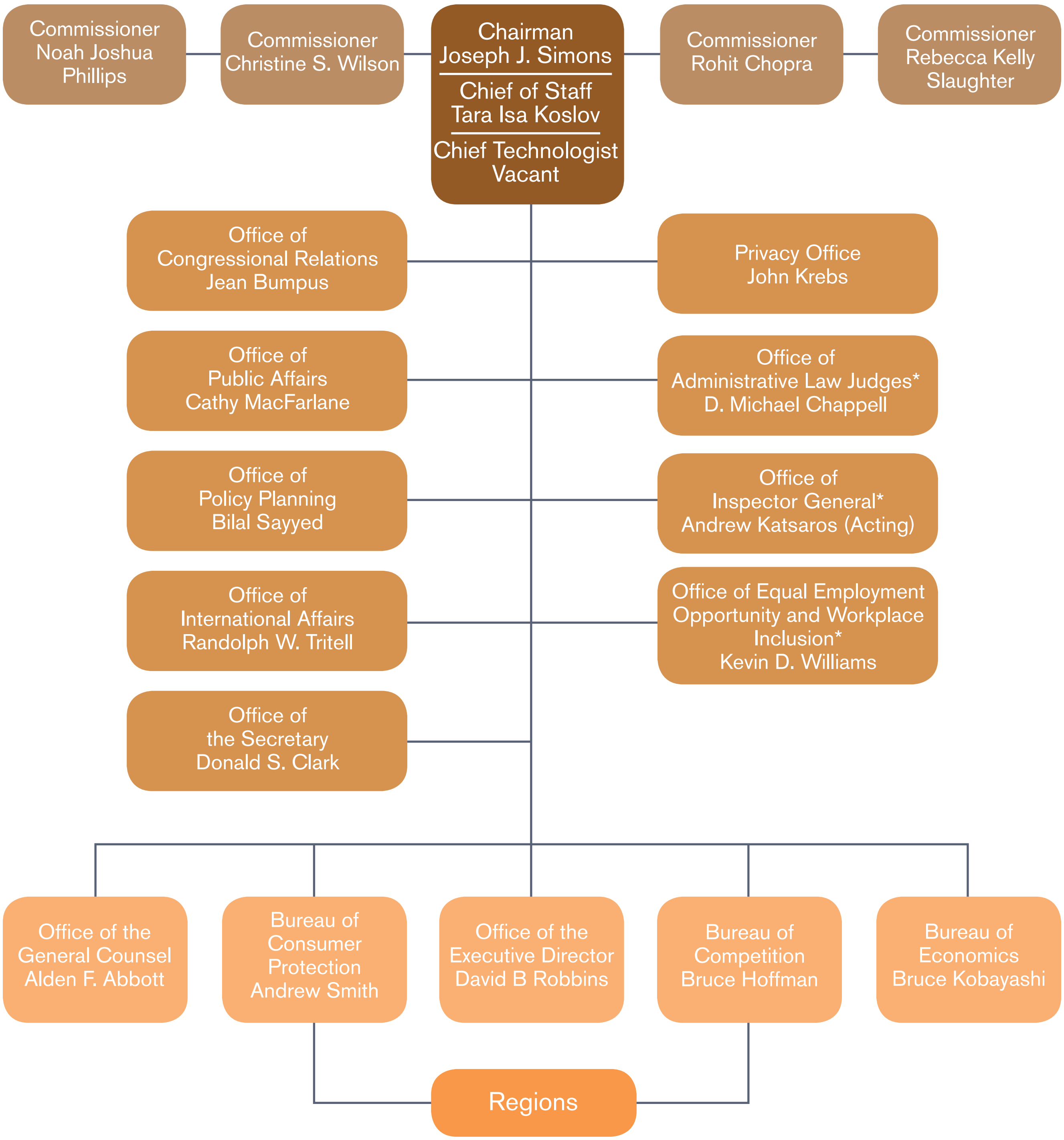
The Office of Administrative Law Judges performs the initial adjudicative fact-finding in Commission administrative complaint proceedings, guided by the FTC Act, the Administrative Procedure Act, relevant case law interpreting these statutes, and the FTC's Rules of Practice. Administrative Law Judges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

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

The Office of Equal Employment Opportunity and Workplace Inclusion advises and assists the FTC in carrying out its responsibilities and duties relative to Title VII of the Civil Rights Act of 1964, as amended, and other laws, executive orders, and regulatory guidelines affecting affirmative employment and the processing of EEO complaints.

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

FEDERAL TRADE COMMISSION ORGANIZATIONAL CHART



*An independent organization within the FTC

100 YEARS OF SERVICE

FTC REGIONAL OFFICES

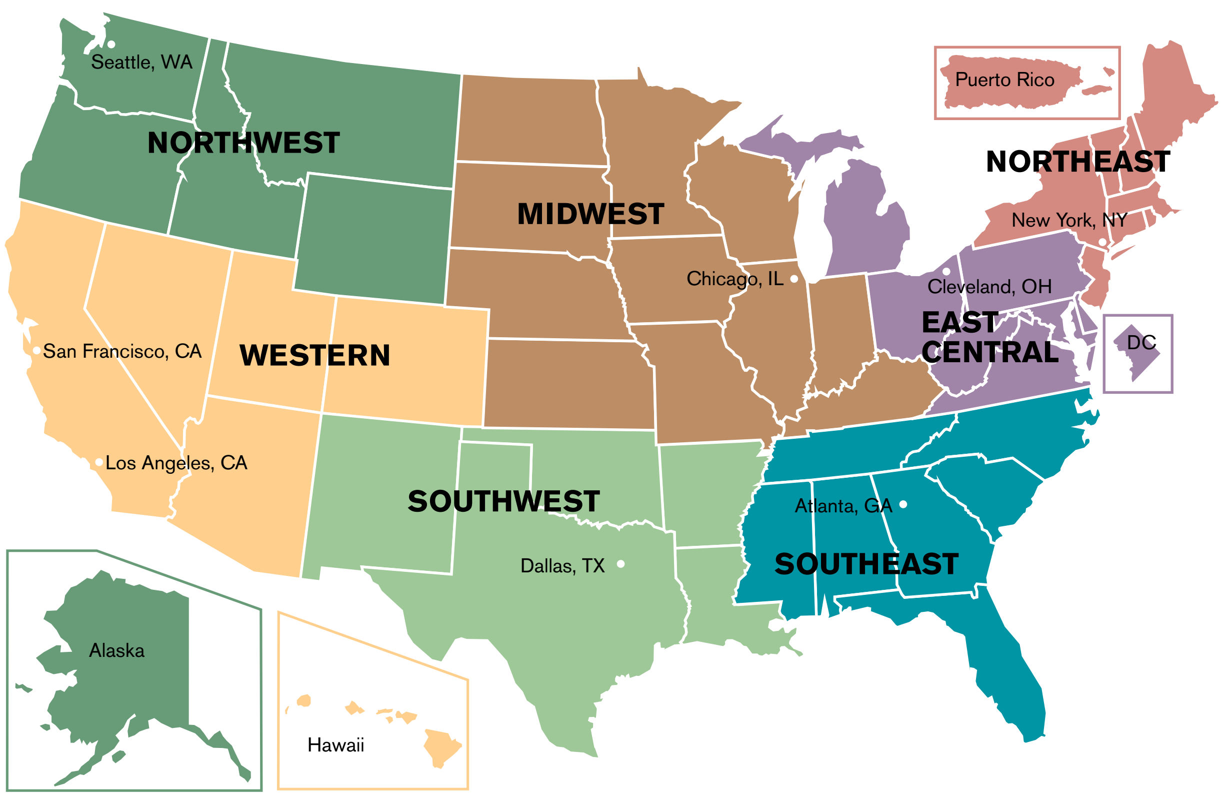
Protecting America's Consumers

In FY 2018, the Federal Trade Commission celebrated the 100th anniversary of the opening of its first regional offices. Since 1918, regional offices have played an integral role in fulfilling the FTC's consumer protection and competition missions through law enforcement, partnerships, and outreach to community and industry groups. Currently, eight regional offices covering seven geographic regions conduct investigations and litigation; provide local outreach to consumers and industry; and build partnerships with local, state, regional, and cross-border law enforcement authorities. Read more about the FTC's regional offices by clicking on the map below.

In June 1918, the FTC opened its first three regional offices in the Northeast Region (New York), Midwest Region (Chicago), and Western Region (San Francisco). Since that time, the FTC has opened additional regional offices in the Northwest Region (Seattle in 1925), East Central Region (Cleveland in 1954), Southeast Region (Atlanta in 1957), and Southwest Region (Dallas in 1972), as well as a second Western Region office (Los Angeles in 1961).

Staff in the Commission's regional offices work with the Bureaus of Consumer Protection and Competition to conduct investigations and litigation, provide advice to state and local officials on the competitive implications of proposed actions, recommend cases, provide local outreach services to consumers and industry, and coordinate activities with local, state, regional, and cross-border law enforcement authorities. The regional offices host events such as Common Ground conferences that bring together state and federal consumer protection officials, legal services attorneys, and other consumer advocates to discuss emerging trends and challenges facing consumers, and routinely meet with small businesses and other industry groups.

The agency is headquartered in Washington, DC, and operates with seven regions across the U.S. The graphic below illustrates the locations of the FTC regions.



PERFORMANCE HIGHLIGHTS

For the fifth year, the FTC has chosen to produce an AFR and an Annual Performance Report (APR) in lieu of a combined Performance and Accountability Report. The FY 2018 APR will be combined with the FY 2020 Annual Performance Plan (APP) and included in the FY 2020 Congressional Budget Justification to be published in February 2019. The AFR and combined APP and APR, will be published at the FTC's website (http://www.ftc.gov/about-ftc/performance).

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

STRATEGIC AND PERFORMANCE PLANNING FRAMEWORK

In FY 2018, the FTC published an updated Strategic Plan for Fiscal Years 2018 to 2022. The Office of the Executive Director led the strategic planning process by establishing a governance structure of subject matter experts and executive leadership representatives across the FTC. Stakeholder engagement included the entire FTC workforce, key stakeholder organizations, and twelve congressional committees. The FTC's work is structured around three strategic goals and nine objectives. The following table shows the FTC's net costs for its strategic goals.

STRATEGIC GOALS (Dollars in millions)	OBJECTIVES
GOAL 1: Protect consumers from unfair and deceptive practices in the marketplace.	1.1 Identify and take actions to address deceptive or unfair practices that harm consumers.
	1.2 Provide consumers and businesses with knowledge and tools that provide guidance and prevent harm.
*Net Costs: $172	1.3 Collaborate with domestic and international partners to enhance consumer protection.
GOAL 2: Maintain competition to promote a marketplace free from anticompetitive mergers, business practices, or public policy outcomes.	2.1 Identify and take actions to address anticompetitive mergers and practices.
	2.2 Engage in effective research, advocacy, and stakeholder outreach to promote competition, and advance its understanding.
*Net Costs: $23	2.3 Collaborate with domestic and international partners to preserve and promote competition.
GOAL 3: Advance the FTC's performance through excellence in managing resources, human capital, and information technology.	3.1 Optimize resource management and infrastructure.
	3.2 Cultivate a high-performing, diverse, and engaged workforce.
Goal 3's costs are distributed to Goal 1 and Goal 2 predominately by Goal 1 and Goal 2's Full Time Equivalent (FTE) usage, except for those non-pay costs that are clearly attributable to a specific goal.	3.3 Optimize technology and information management that supports the FTC mission.

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

PERFORMANCE MEASUREMENT REPORTING PROCESS

Bureau and office representatives serve as the Performance Measure Reporting Officials (PMROs), who act as data stewards for each of the agency's publicly-reported performance goals. The PMROs report to the Performance Improvement Officer (PIO) on a quarterly or annual basis via an internal data reporting tool. The Financial Management Office (FMO) leads periodic performance goal reviews in coordination with budget execution reviews. The CFO/PIO, the Executive Director, the Chief of Staff, and the Chairman are briefed on the results and any significant variances in planned versus actual results. The PIO and the FMO Performance Team then coordinate with the PMROs on any adjustments to strategies and tactics based on the performance results.

VERIFICATION AND VALIDATION OF PERFORMANCE DATA

Appendix A: Data Quality Information contains detailed information about the agency's key measures which include definitions, how calculations are done, data sources, and how data is collected. Additionally, the following outlines steps the agency takes to ensure the performance information it reports is complete, reliable, and accurate:

- The FTC has adopted a central internal repository for performance data entry, reporting, and review. The electronic data tool reduces human error, increases transparency, and facilitates senior management review of the agency's performance information.
- The agency maintains written procedures used to ensure timely reporting of complete, accurate, and reliable actual results relative to the key performance goals.
- The agency holds program managers accountable to set meaningful and realistic targets that also challenge the agency to leverage its resources. This includes ensuring ongoing monitoring and updating of performance targets. Further, when appropriate, program managers are required to explain how they will improve performance when targets are not met.
- The agency conducts quarterly performance measurement reviews with management as well as periodic reviews throughout the fiscal year with FTC executives. This process includes substantiating that actual results reported are indeed correct whenever those results reveal significant discrepancies or variances from the target.

Agency program managers also monitor and maintain automated systems and databases that collect, track, and store performance data, with support provided by the FTC's Office of the Chief Information Officer. In addition to internal monitoring of each system, experts outside of the business units (e.g., the Bureaus of Consumer Protection and Competition) routinely monitor the data collection. For example, senior economists from the Bureau of Economics review statistical data used by the Bureau of Competition to calculate performance results.

The FMO is responsible for providing direction and support on data collection methodology and analysis, ensuring that data quality checks are in place, and accurately reporting performance data.

PERFORMANCE GOALS OVERVIEW

In the current FY 2018-2022 Strategic Plan, the FTC has established 36 performance goals for assessing program performance against strategic goals and objectives, including eight new measures which are being baselined in FY 2018. A significant change was made to Goal 3 with the addition of seven new baseline performance goals plus a new objective that further addresses the importance of critical support functions in achieving the FTC mission. Of the 36 performance goals, 25 met or exceeded targets, one did not meet target, and data was not available at the time of publication for two. In addition eight goals were baselined. The following table displays historical high-level performance trends for all of the FTC's performance goals for the past five years.

SUMMARY OF PERFORMANCE GOALS		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
GOAL 1: Protect consumers from unfair and deceptive practices in the marketplace.	Target Met/Exceeded	6	10	11	10	9
	Target Not Met	3	1	1	1	1
	Data Not Available		1		1	1
	Baseline Year	3				1
GOAL 2: Maintain competition to promote a marketplace free from anticompetitive mergers, business practices, or policy outcomes.	Target Met/Exceeded	8	10	9	7	9
	Target Not Met	2		1	2	
	Data Not Available				1	1
	Baseline Year					
GOAL 3: Advance the FTC's performance through excellence in managing resources, human capital, and information technology.	Target Met/Exceeded	7	7	7	7	7
	Target Not Met					
	Data Not Available					
	Baseline Year					7
TOTAL	Target Met/Exceeded	21	27	27	24	25
	Target Not Met	5	1	2	3	1
	Data Not Available		1		2	2
	Baseline Year	3				8
	TOTAL MEASURES	29	29	29	29	36

Of the 36 performance goals, nine are considered "key" performance goals because they best indicate whether agency activities are achieving the desired outcome associated with the related objective. For each performance goal, the FTC has established a performance target, except for new measures which are setting a baseline in FY 2018, and will establish targets for FY 2019 and FY 2020 in the APP.

The following tables summarize actual performance during FY 2018 against established targets for the FTC's key performance goals. The tables also include actual results from the prior four fiscal years where appropriate. The FTC met or exceeded eight of the nine key performance goals. The ninth key goal was baselined in FY 2018.

LEGEND FOR UPCOMING TABLES

✔ Signifies that the target is met or exceeded

✖ Signifies that the target is not met

STRATEGIC GOAL 1: Protect consumers from unfair and deceptive practices in the marketplace.

KEY PERFORMANCE GOAL 1.1.3:

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

Description: This measure tracks the efficiency of the FTC's consumer protection law enforcement spending. We compare how much money the FTC saves consumers each year through law enforcement to the amount the FTC spends on consumer protection law enforcement. Consumer savings comprise: (a) the amount of money returned to consumers, and (b) an estimate of the amount of harm that would have occurred but for the FTC's law enforcement action. To calculate this latter figure, the FTC assumes that the unlawful conduct would have continued for one year but for our action. The FTC also assumes that the amount of harm that would have occurred in that year is the same as what consumers lost in the past. Due to large year-to-year variation, consumer savings is calculated as a three-year rolling average, divided by the current year's cost of enforcement.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	N/A	N/A	N/A	N/A	$6.50 in consumer savings per $1 spent
Actual	N/A	N/A	$8.60 in consumer savings per $1 spent*	$35.00 in consumer savings per $1 spent*	$38.90 in consumer savings per $1 spent
Status	N/A	N/A	N/A	N/A	✔

New in FY 2018: While a version of this metric has been reported for several years, beginning in FY 2018 we changed how we calculate this measure. We are now including money returned to consumers directly by the defendants, not just through the FTC. We have also started reporting this as a three-year rolling average.

*Prior year data, using the updated calculation method, is included for reference. Data on the amount of money returned to consumers by defendants, however, is not available for FY14 and FY15, which affects the rolling averages reported for FY16 and FY17.

Monopolization via Abuse of Government Processes

Notably this year, the U.S. District Court for the Eastern District of Pennsylvania **granted the Commission's request for permanent injunction in *FTC v. AbbVie*** and awarded, with pre-judgment interest, $493.7 million ($447.7M plus $46M in prejudgment interest) in equitable monetary relief to consumers harmed by AbbVie's use of baseless "sham" patent infringement lawsuits and reverse payment settlements to delay generic competitors from introducing lower-priced versions of the testosterone replacement drug AndroGel. This win for consumers marks the Commission's first-ever litigated victory on the merits in a sham litigation matter. This matter is pending on appeal.

KEY PERFORMANCE GOAL 1.1.4:

The amount of money the FTC returned to consumers or forwarded to the U.S. Treasury resulting from FTC enforcement action.

Description: This goal tracks the FTC's effectiveness in returning money to consumers who were defrauded and forwarding money to the U.S. Treasury (e.g., if sending money to individuals is impracticable, or if funds were paid as a civil penalty). The FTC targets law enforcement efforts on violations that cause the greatest amount of consumer harm. The amount of money returned to consumers or forwarded to the U.S. Treasury is a useful indicator that the FTC is targeting the right defendants. Due to large year-to-year variation, the number reported is a three-year rolling average (average of the current year and two prior year totals).

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	N/A	N/A	N/A	N/A	Baseline
Actual	N/A	N/A	$80.6 million*	$2.67 billion*	$3.22 billion
Status	N/A	N/A	N/A	N/A	N/A

New in FY 2018: While a version of this metric has been reported for several years, beginning in FY 2018 we changed how we calculate this measure. We are now including money returned to consumers directly by the defendants, not just through the FTC. We have also started reporting this as a three-year rolling average.

*Prior year data, using the updated calculation method, is included for reference. Data on the amount of money returned to consumers by defendants, however, is not available for FY14 and FY15, which affects the rolling averages reported for FY16 and FY17.

The FTC Hosts Workshops to Study Competition in Prescription Drug Markets and the Contact Lens Marketplace

The FTC hosted two competition policy workshops this year that addressed issues in key health care markets. In November 2017, the FTC **hosted a workshop titled "Understanding Competition in Prescription Drug Markets: Entry and Supply Chain Dynamics."** Recently, concern about rising drug prices has caused policymakers to question whether there are obstacles to generic entry that prevent competition from keeping prices in check. Participants discussed generic drug markets, intermediaries in the pharmaceutical supply chain, and potential next steps to encourage entry and expand access through lower prices.

In March 2018, the FTC **hosted a second workshop titled "The Contact Lens Rule and the Evolving Contact Lens Marketplace."** During this workshop, participants explored issues regarding competition in the contact lens marketplace, consumer access to contact lenses, prescription release and portability, and related subjects. The workshop was held in conjunction with the Commission's regulatory review of the Contact Lens Rule.

KEY PERFORMANCE GOAL 1.2.1:
Rate of consumer satisfaction with FTC consumer education websites.

Description: This measure gauges the effectiveness, helpfulness, and usability of the FTC's consumer education websites. Consumer education serves as the first line of defense against deception and unfair practices. Well-informed consumers are better able to protect themselves from bad actors in the marketplace. This measure includes the customer satisfaction scores for consumer.ftc.gov and bulkorder.ftc.gov.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	73	73	73	73	72.5
Actual	79	Data Not Available	76	77	77
Status	✔	N/A	✔	✔	✔

KEY PERFORMANCE GOAL 1.3.2:
Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters.

Description: The Office of International Affairs (OIA) works to expand cooperation and coordination between the FTC and international consumer protection partners through litigation support, information sharing, and building international consumer protection capacity. This measure counts the number of investigations and cases where information was shared between the FTC and foreign consumer protection agencies.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	40	40	40	40	40
Actual	45	58	53	50	43
Status	✔	✔	✔	✔	✔

Challenging the Wilhelmsen Maritime Services and Drew Marine Group Merger

In February 2018, the Commission issued an administrative complaint and authorized staff to seek a preliminary injunction **to prevent Wilhelmsen Maritime Services' proposed acquisition of Drew Marine Group**. According to the complaint, the deal likely would have significantly reduced competition by combining the world's two largest suppliers of marine water treatment chemicals and services used by global fleets to maintain critical on-board equipment on tankers, container ships, cruise ships, and military vessels (among others). In July 2018, the federal district court for the District of Columbia **granted the Commission's request for preliminary injunction, and the parties subsequently abandoned their transaction.**

STRATEGIC GOAL 2: Maintain competition to promote a marketplace free from anticompetitive mergers, business practices, or public policy outcomes.

KEY PERFORMANCE GOAL 2.1.1:

Percentage of full merger and nonmerger investigations in which the FTC takes action to maintain competition.

Description: This measure ensures that FTC actions maintain competition by preventing anticompetitive mergers and stopping business practices that restrain competition. This measure reflects actions taken to promote competition, including litigated victories, consent orders, abandoned transactions, or restructured transactions (either through a fix-it-first approach or eliminating the competitive concern) in a significant percentage of full merger and nonmerger investigations.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	40-60%	40-60%	40-60%	40-60%	40-70%
Actual	57.1%	57.7%	54.6%	49.1%	67.9%
Status	✔	✔	✔	✔	✔

KEY PERFORMANCE GOAL: 2.1.3:

Total consumer savings compared to the amount of FTC resources allocated to the merger program.

Description: This measure tracks the estimated amount of money that the Commission saved consumers by taking action against potentially anticompetitive mergers compared to the amount spent on the merger program. Due to large year-to-year variation, consumer savings is calculated as a five-year rolling average, divided by the current year's cost of enforcement.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	$26 in consumer savings per $1 spent	$26 in consumer savings per $1 spent	$26 in consumer savings per $1 spent	$42 in consumer savings per $1 spent	$42 in consumer savings per $1 spent
Actual	$25.10 in consumer savings per $1 spent	$51.30 in consumer savings per $1 spent	$46.40 in consumer savings per $1 spent	$55.60 in consumer savings per $1 spent	$50.20 in consumer savings per $1 spent
Status	✖	✔	✔	✔	✔

KEY PERFORMANCE GOAL 2.1.5:

Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program.

Description: This measure tracks the estimated amount of money that the Commission saved consumers by taking action against potentially anticompetitive business conduct compared to the amount spent on the nonmerger program. Due to large year-to-year variation, we calculate consumer savings as a five-year rolling average, divided by the current year's cost of enforcement.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	$18.50 in consumer savings per $1 spent	$4 in consumer savings per $1 spent	$4 in consumer savings per $1 spent	$40 in consumer savings per $1 spent	$40 in consumer savings per $1 spent
Actual	$20.30 in consumer savings per $1 spent	$48.60 in consumer savings per $1 spent	$52.30 in consumer savings per $1 spent	$39.60 in consumer savings per $1 spent	$40.10 in consumer savings per $1 spent
Status	✔	✔	✔	✖	✔

KEY PERFORMANCE GOAL 2.3.1:

Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.

Description: The Office of International Affairs (OIA) strives to ensure appropriate cooperation on and coordination of investigations under parallel review by the FTC and foreign competition agencies. This measure gauges the effectiveness of the FTC's enforcement cooperation with foreign antitrust authorities pursuing parallel enforcement activities.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	95%	95%	95%	95%	95%
Actual	100%	100%	100%	96%	98%
Status	✔	✔	✔	✔	✔

Building Antitrust Capacity in Ukraine

In 2018, the FTC concluded a two-year capacity-building program for the Antimonopoly Committee of Ukraine, aimed at enhancing the Committee's role in promoting Ukraine's transition to a functioning market economy. With financial support from the U.S. Agency for International Development (USAID), the FTC, along with the Department of Justice and Competition Bureau Canada, embedded several career lawyers and economists in the Antimonopoly Committee to transfer investigational and analytical expertise to their Ukrainian colleagues by working together on the Committee's cases. Among other things, FTC advisors encouraged adoption of International Competition Network best practices, helped implement a case screening mechanism, and worked with the Antimonopoly Committee to build an economics department. The program was so successful that both USAID and the Antimonopoly Committee asked the FTC to renew its assistance for an additional year.

STRATEGIC GOAL 3: Advance the FTC's performance through excellence in managing resources, human capital, and information technology.

KEY PERFORMANCE GOAL 3.2.3:

The extent to which employees believe the FTC cultivates engagement throughout the agency.

Description: The Employee Engagement Index (EEI) of the Federal Employee Viewpoint Survey (FEVS) determines this measure. The index gauges the extent to which employees believe that management listens and provides meaningful support and feedback in various areas that assist staff in supporting the overall mission of the agency. The index is compiled from questions across three sub-factors: Leaders Lead, Supervisors, and Intrinsic Work Experience.

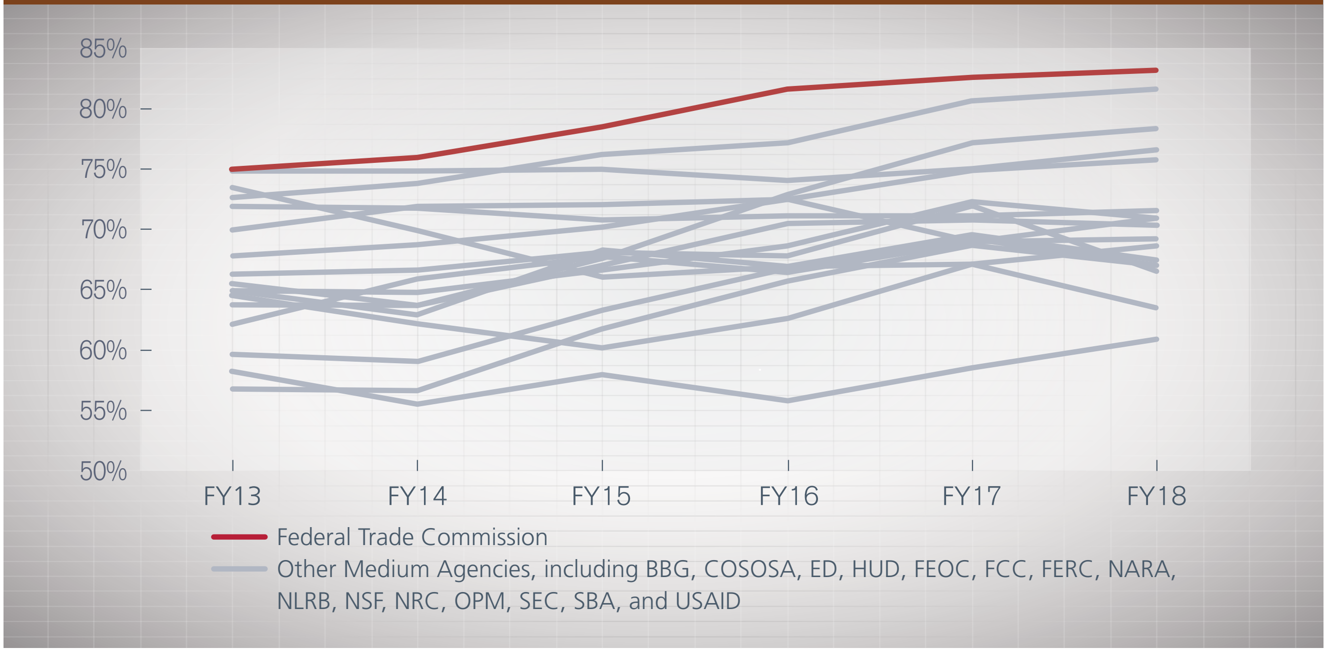
- Leaders Lead: Employees' perceptions of leadership's integrity as well as leadership behaviors such as communication and workforce motivation.
- Supervisors: Interpersonal relationship between worker and supervisor, including trust, respect, and support.
- Intrinsic Work Experience: Employees' feelings of motivation and competency relating to their role in the workplace

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Target	N/A	N/A	N/A	N/A	67.6% (government-wide average)
Actual	76.0%*	78.5%*	81.5%*	82.5%*	83.1%
Status	N/A	N/A	N/A	N/A	✔

New in FY 2018: The FTC's FY 2018-2022 Strategic Plan added this new key measure, tracking the EEI. This replaces a previous key measure, which tracked the FEVS Talent Management Index.

* Prior year data included for reference.

FEVS EMPLOYEE ENGAGEMENT INDEX SCORES FOR MEDIUM AGENCIES (1000-9999 EMPLOYEES)



AGENCY MISSION CHALLENGES

In today's increasingly complex economy, the FTC stands as a champion for competition and consumers. For example, when consumers and businesses encounter difficulties with financial scams, deceptive or fraudulent advertising, or online privacy and data security, the FTC is prepared to respond with vigorous law enforcement. Similarly, when consumers are harmed by anticompetitive business practices in key sectors of our economy like technology and health care, the FTC steps forward, bringing to bear its full complement of enforcement and policy tools.

Agency mission challenges are presented as they relate to the agency's strategic goals: Strategic Goal 1 (Protect Consumers) and Strategic Goal 2 (Maintain Competition). A reference to the most applicable strategic objectives is also provided, so readers may refer to descriptions of related performance targets and actual results.

Management's assessment was performed independently from the process by which the Inspector General (IG) identified management and performance challenges (see Other Information Section). Management concurs with the IG-identified challenges and assessment of agency progress in addressing the challenges.

STRATEGIC GOAL 1: PROTECT CONSUMERS

Pursuant to the agency's Protect Consumers goal, the FTC will continue to prioritize the following challenges: protecting Americans from fraud, including in the financial services marketplace; protecting consumers as technology evolves; protecting consumer privacy and improving data security, including combating identity theft; and addressing emerging advertising issues and targeting deceptive advertising.

PROTECTING AMERICANS FROM FRAUD:

Fraud affects all consumers and honest businesses. The FTC will continue its enforcement efforts to stop fraud, focusing on those instances that cause or are likely to cause the greatest consumer harm. The FTC continues to receive consumer complaints about imposter scams in which the perpetrators pose as government agencies, legitimate technical support companies, family members, or other trusted entities. Certain scams, such as those involving business and income opportunities, pose an even greater risk to consumers from lower income or underserved communities.

The FTC Begins Hearings Examining Competition and Consumer Protection in the 21st Century

In 2018, **the FTC announced a series of hearings** to consider whether broad-based changes in the economy, evolving business practices, new technologies, or international developments might require adjustments to competition and consumer protection law and policy. In conjunction with the public comment process, these events will provide the FTC with a diverse range of viewpoints and stimulate evaluation of key enforcement and policy issues. The first hearing was held in September 2018 and addressed topics including the landscape of competition and consumer protection law and policy; concentration and competitiveness in the U.S. economy; regulation of consumer data; the consumer welfare standard in antitrust; and vertical mergers. Additional hearings have been held since then, and more are planned for FY 2019.

Debt Relief Scammers Settle with the FTC and Florida

Three Helping America Group marketers, who allegedly sold phony debt relief services, agreed to be banned from telemarketing and selling debt relief, credit repair, and other financial products and services, under settlements with the FTC and the State of Florida. The marketers allegedly convinced people to pay hundreds to thousands of dollars a month by falsely promising to resolve their debts and improve their credit. Over time, victims found their debts unpaid, their accounts in default, and their credit scores lower; some were sued by their creditors, and others were forced into bankruptcy.

The FTC will maintain a focus on frauds targeting specific populations, including military consumers, seniors, non-English-speaking consumers, and small businesses. Con artists continue to target the most vulnerable consumers and consumers in financial distress. Therefore, the FTC will continue to pursue law enforcement actions to stop deceptive or other unlawful conduct in mortgage, student loan, and other debt relief services; payday lending; and debt collection. This unlawful conduct can have severe consequences for consumers who can least afford it. The FTC will also prioritize outreach and education for these populations.

The FTC will continue to closely coordinate with other federal agency partners to ensure that consumers are protected in the financial marketplace, and to avoid duplicative efforts between agencies. Through the FTC's Business Center at business.ftc.gov and other outreach efforts, the FTC will continue to offer educational materials to help businesses – especially small businesses – understand and comply with consumer protection laws and avoid becoming victims of fraud (Objectives 1.1, 1.2, and 1.3).

PROTECTING CONSUMERS AS TECHNOLOGY EVOLVES:

Technology provides countless benefits to consumers, including choice, convenience, and increased access to goods, services, and information. However, it also enables new vehicles for fraudulent, deceptive, and unfair practices in the marketplace. The FTC will continue its focus on the consumer protection issues associated with the use of emerging technology, including a careful consideration of the costs and benefits of new business practices and the importance of fostering innovation. The FTC will take enforcement actions against deceptive advertisements that appear in new formats and new media (e.g., apps, games, streaming videos, and social networks). The FTC recently held a workshop exploring how scammers are exploiting public interest in cryptocurrencies (such as Bitcoin and Litecoin) and discussed ways to empower and protect consumers against these scams. In addition, with the return of FTC jurisdiction over Internet Service Providers (ISPs) pursuant to the Federal Communications Commission's (FCC) Restoring Internet Freedom Order, the FTC will monitor consumer complaints about ISPs, and will take appropriate action against deceptive ISP advertising or other unfair or deceptive ISP practices. The FTC will continue to conduct research on emerging technologies to assist with enforcement actions, inform policy, and educate consumers.

Consumers and law enforcers face challenges resulting from technological advances that facilitate the use of illegal robocalls and make it easier for fraudsters perpetrating telemarketing scams to hide their location. The FTC will continue to work with consumer groups, telecommunications industry representatives, technologists, policymakers, and other stakeholders to develop solutions to halt illegal robocalls and other telemarketing practices that violate the Telemarketing Sales Rule. The FTC and FCC will continue their coordinated efforts to combat illegal robocalls and promote innovative solutions to protect consumers. The FTC and FCC hosted a joint policy forum highlighting the actions the agencies and others have taken to fight the scourge of

Decrypting Cryptocurrency Scams

The FTC **hosted a "Decrypting Cryptocurrency Scams" workshop** in Chicago to examine scams involving cryptocurrencies. The workshop brought together consumer groups, law enforcement, research organizations, and the private sector to explore how scammers are exploiting public interest in cryptocurrencies (such as Bitcoin and Litecoin) and to discuss ways to empower and protect consumers. Cryptocurrencies are digital assets that use cryptography to secure or verify transactions. They are not created by a government or central bank, but they can be exchanged for U.S. dollars or other government-backed currencies. Scams involving cryptocurrencies include deceptive investment and business opportunities, bait-and-switch schemes, and deceptively marketed "mining machines" that falsely promise opportunities to generate new cryptocurrency.

illegal robocalls. The FTC and FCC also co-hosted a Robocalls Expo to showcase innovative technologies, devices, and apps to minimize the number of illegal robocalls consumers receive (Objectives 1.1, 1.2, and 1.3).

PROTECTING CONSUMER PRIVACY AND IMPROVING DATA SECURITY:

The FTC will continue to take a leading role in efforts to protect consumers from unfair or deceptive practices related to the security and privacy of their personal information, while preserving the many benefits that technological advances offer. The agency will stop unfair and deceptive consumer privacy and data security practices through law enforcement and will promote strong and balanced privacy and security protections through policy initiatives on a range of topics. The FTC hosted a workshop on Informational Injury, highlighting emerging issues in understanding and quantifying privacy and data security related harm to consumers. The FTC also hosted its third annual PrivacyCon event to highlight research that explores the privacy and security implications of emerging technologies, such as the Internet of Things, artificial intelligence, and virtual reality. The event also focused on the economics of privacy, including how to quantify the harms that result when companies fail to secure consumer information, and how to balance the costs and benefits of privacy-protective technologies and practices. In addition, the FTC issued a report recommending that mobile device manufacturers consider taking additional steps to get more security updates to user devices faster. The report found that the complexity of the mobile ecosystem means that the security update process for patching operating system software on some mobile devices is intricate and time-consuming. The FTC recently launched a small business cybersecurity education campaign to help small businesses strengthen their cyber defenses and protect sensitive data that they store.

The agency will bring appropriate enforcement actions against entities that violate the Children's Online Privacy Protection Act (COPPA) Rule. The FTC recently co-hosted a workshop with the Department of Education to examine privacy issues related to education technology. The agency also will continue to participate in interagency groups, promote self-regulatory efforts, provide technical assistance to Congress on draft legislation, and participate in international privacy initiatives. In addition, the agency will continue to support the development of the digital economy through cross-border data flows, executing with diligence its enforcement role in the Privacy Shield framework and the Asia-Pacific Economic Cooperation/Cross Border Privacy Rules.

Identity theft exacts a heavy financial and emotional toll from its victims. The FTC will continue to assist the millions of Americans who are victimized each year through data security breaches and other means. The FTC will continue to be the repository for

Electronic Toy Maker Settles FTC Allegations that it Violated Children's Privacy Law

The **FTC obtained $650,000 from electronic toy manufacturer, Vtech** and its U.S. subsidiary in settlement of allegations that the company violated U.S. children's online privacy laws by collecting personal information from children without having provided direct notice to, and obtained consent from, their parents and without having taken reasonable steps to secure the data it collected. The settlement marks the agency's first children's privacy and security case involving Internet-connected toys.

identity theft complaints and make them available to federal criminal law enforcement agencies. The agency's trained counselors will continue to advise identity theft victims who call our toll-free number about rights and remedies available to them under federal law. The FTC's website IdentityTheft.gov is the federal government's one-stop resource to help consumers report and recover from identity theft. IdentityTheft.gov highlights useful resources and connects identity theft victims to federal agencies and other organizations that are critical to the recovery process. IdentityTheft.gov allows visitors to create a customized plan based on their specific experiences. Recently, the FTC and the Internal Revenue Service (IRS) teamed up to make it easier for consumers to report tax-related identity theft and to receive assistance to aid their recovery. The IRS now allows consumers to report identity theft to the IRS electronically through the FTC's IdentityTheft.gov website. In addition, the Bureau of Consumer Protection's Office of Technology Research and Investigation is monitoring and conducting research on emerging technologies. That research assists with the Commission's consumer protection efforts on enforcement, consumer education, and policymaking. The agency also will train local law enforcement to spot and prosecute identity theft, and will update educational materials (Objectives 1.1, 1.2, and 1.3).

ADDRESSING EMERGING ADVERTISING ISSUES AND TARGETING DECEPTIVE ADVERTISING:

Digital media has opened new avenues for companies to communicate with consumers, and the format of advertisements continues to evolve. Like all advertising, digital marketing must comply with the law. The FTC will take enforcement action against deceptive advertisements that appear in new formats and new media (e.g., apps, games, videos, and social networks). The FTC also will evaluate the use of online reviews of products or services, including

Court Imposes $40 Million Judgment Against Weight-Loss Supplement Marketers for Order Violations

A federal district judge issued an order finding several defendants in contempt for violating previous court orders related to the sale of weight-loss dietary supplements. The more than **$40 million judgment imposed against the defendants** who ran Hi-Tech Pharmaceuticals will be refunded to deceived consumers who bought the products. The sanction is one of the largest the FTC has obtained in a dietary supplement case. The Court found that the defendants continued to deceptively market dietary supplements with unsubstantiated claims such as "rapid fat loss," "fat burner," "extreme weight loss guaranteed," and "curbs the appetite," in violation of a 2008 order.

the use of fabricated reviews, undisclosed material connections with reviewers, prohibitions on negative reviews, or unsubstantiated testimonials, and take action as appropriate. Companies are increasingly blending advertising with news, entertainment, or editorial content in digital media. If consumers do not recognize and understand the difference between the advertising and other content, they may be deceived. The FTC, therefore, will continue to examine consumer protection issues raised by sponsored content, "native" advertising that looks like surrounding non-commercial content, and endorsements.

The FTC will continue to address deceptive advertising of health products, such as homeopathic products and dietary supplements. The agency will focus on disease prevention and treatment claims; claims aimed at baby boomers, seniors, and military members; and claims exploiting emerging health threats. The FTC also will continue to focus its law enforcement efforts on misleading environmental marketing claims and will educate businesses about the FTC's Guides for the Use of Environmental Marketing Claims ("Green Guides") (Objectives 1.1, 1.2, and 1.3).

STRATEGIC GOAL 2: MAINTAIN COMPETITION

Pursuant to the agency's Maintain Competition goal, the FTC will continue to prioritize promoting competition and preventing anticompetitive conduct in the health care and pharmaceutical sectors, technology and retail markets, and the energy industry. The agency will also work to promote sound competition policy at the international level and will continue advocating for competition before federal courts, state legislatures, and other governmental agencies. In order to facilitate these goals, the FTC has commenced a series of public hearings to examine whether broad-based changes in the economy, evolving business practices, new technologies, or international developments might require adjustments to competition and consumer protection laws, enforcement priorities, or policy. These Hearings on Competition and Consumer Protection in the 21st Century (21st Century Hearings) are designed to stimulate thoughtful dialogue and evaluation of the FTC's near- and long-term law enforcement and policy agenda.

PROMOTING COMPETITION IN HEALTH CARE AND PHARMACEUTICAL MARKETS:

The high cost of health care, which continues to account for a significant share of the gross domestic product, is a matter of concern for consumers, businesses, and taxpayers. To ensure that consumers receive the benefits of competitive health care markets, antitrust enforcement and advocacy in this sector are top priorities for the Commission.

The FTC will continue to focus resources on anticompetitive reverse payment patent settlement agreements. Branded and generic drug manufacturers use these agreements to delay generic competition. As the U.S. Supreme Court explained in *FTC v. Actavis*, "there is reason for concern that settlements taking this form tend to have significant adverse effects on competition." Similarly, the Commission will continue to investigate other anticompetitive conduct,

FTC Obtains Judgment Against Ad Agency

Marketing Architects, an advertising agency that created and disseminated allegedly deceptive radio ads for weight-loss products marketed by its client, Direct Alternatives, **agreed to pay $2 million to settle a complaint** filed by the FTC and the State of Maine. The complaint also alleged that Marketing Architects had a history of creating similar claims for other weight-loss marketers, including Sensa, which was the subject of a 2014 FTC complaint and settlement. Direct Alternatives earlier settled a 2016 suit filed by the FTC and Maine. The $2 million judgment is among the largest ever obtained by the FTC against an advertising agency.

Challenging the CDK Global and Auto/Mate Merger

In March 2018, the FTC authorized staff to seek a preliminary injunction **to stop CDK Global's proposed acquisition of Auto/Mate,** pending an administrative trial on the merits. According to the Commission's administrative complaint, the deal would have reduced competition in the already concentrated U.S. market for specialized software known as Dealer Management Systems. These systems are used by new car dealers to manage all aspects of the automotive sales business, including accounting, payroll, parts and vehicle inventory, service repair scheduling, and vehicle financing. Auto/Mate competed with CDK and other larger competitors in the industry and won business by offering lower prices, flexible contract terms, free software upgrades and training, and high quality customer service—hallmarks of the benefits of vigorous competition in the marketplace. The proposed acquisition likely would have eliminated these important benefits. Facing the Commission's challenge, the parties abandoned their transaction.

such as sham litigation or the abuse of government regulatory processes used to delay generic entry into pharmaceutical markets. Such practices deny consumers access to lower priced generic drugs. The FTC reviews, investigates, and challenges these harmful practices where appropriate.

The FTC also prioritizes stopping anticompetitive health care mergers that could lead to higher costs or reduced quality, including those involving health care providers and pharmaceutical and medical device companies. In recent years, the FTC has required significant divestitures in a large number of pharmaceutical transactions.

Beyond enforcement, the FTC utilizes its full range of policy and advocacy tools to promote competition in health care markets. For example, the FTC has advocated against state legislation that attempts to immunize competing hospitals and other health care providers from federal antitrust laws when they merge or engage in certain forms of collaboration. In the FTC's view, state efforts to immunize such conduct are unnecessary. The antitrust laws already permit procompetitive collaboration that would benefit consumers; therefore, the main effect of these statutes would be to immunize conduct that likely would restrain competition and result in higher health care prices for consumers, without generating offsetting benefits.

The FTC also attempts to better understand the markets it monitors and to anticipate future antitrust law and policy developments through research and scholarship. The FTC's ongoing 21st Century Hearings will continue that tradition (Objectives 2.1 and 2.2).

CONTINUING EMPHASIS ON TECHNOLOGY:

The continuing importance of technology and the fast pace at which it evolves are crucial marketplace challenges. FTC antitrust investigations involve increasingly complicated high-technology sectors of the economy, such as devices used in manufacturing, electronic components, and computer hardware and software. In enforcing the antitrust laws, the FTC analyzes mergers and acquisitions filed under the Hart-Scott-Rodino (HSR) premerger notification program, and monitors the marketplace for non-reportable transactions that might raise anticompetitive concerns. The FTC takes action against those mergers that are likely to reduce or eliminate competition, and that will not generate sufficient efficiencies to outweigh the competitive harm. The FTC is vigilant when a firm may be illegally using a dominant market position to stifle competition in order to raise prices, reduce the quality or choice of goods and services, or reduce innovation; or where groups of competitors take collective action that threatens to increase prices or stifle innovation.

Antitrust and competition policy matters in the technology marketplace are a primary focus of the 21st Century Hearings that commenced in September

2018. The hearings are covering topics such as: the intersection between privacy, big data, and competition; competition and consumer protection issues in communication, information, and media technology networks; and the consumer welfare implications of algorithmic decision tools, artificial intelligence, and predictive analytics (Objectives 2.1 and 2.2).

PREVENTING ANTICOMPETITIVE ACTIVITY IN THE ENERGY INDUSTRY:

The agency continues to closely monitor energy markets to identify and challenge anticompetitive mergers and conduct. FTC merger enforcement actions have resulted in multiple divestitures in the energy sector in recent years, particularly in local markets for retail fueling (e.g., Alimentation Couche-Tard (ACT)/Holiday and ACT/Jet-Pep). The FTC also continuously examines price movements and other activity through its Gasoline and Diesel Price Monitoring Project, a tool that can help identify anticompetitive conduct such as illegal agreements among competitors, agreements between manufacturers and product dealers, and monopolization that may undermine the benefits of competition.

The FTC regularly issues reports on the factors that influence the prices American consumers pay for gas. In compliance with the Energy Policy Act of 2005, the FTC issued its thirteenth annual Ethanol Market report in 2017, which concluded that the market is less concentrated than it was thirteen years ago (Objectives 2.1 and 2.2).

MAINTAINING ROBUST COMPETITION IN RETAIL MARKETS:

Competition in retail markets impacts the wallet of every American consumer. The FTC focuses significant resources on identifying and challenging mergers and conduct likely to harm competition in the retail sector. These actions preserve competition, which benefits consumers by keeping prices down, improving quality and service, and expanding innovation and consumer choice. In recent years, the Commission has successfully challenged several large retail mergers, including Walgreens/Rite Aid, Smucker/ConAgra, and several supermarket acquisitions.

As in other sectors, the FTC also continues to study evolving competitive dynamics that affect how consumers shop for products they want to buy. The retail sector, perhaps more than most, has been reshaped through advances in technology, including behavioral advertising, predictive analytics, and big data—three transformative innovations that the Commission's ongoing 21st Century Hearings will address (Objectives 2.1 and 2.2).

Challenging the Smucker and Conagra Merger

In March 2018, the Commission authorized staff to seek a preliminary injunction in federal court **to prevent J.M. Smucker's $285 million proposed acquisition of Conagra Brands, Inc.'s Wesson cooking oil brand,** pending an administrative trial on the merits. According to the Commission's complaint, the deal would have given Smucker, owner of the Crisco brand, control of at least 70 percent of the market for branded canola and vegetable oils sold to grocery and other retailers. The transaction would have eliminated the vigorous head-to-head competition between the two firms, increasing Smucker's negotiating leverage with retailers and leading to higher prices for consumers. In the face of the FTC's challenge, the parties abandoned the proposed transaction.

MANAGEMENT ASSURANCES

IMPLEMENTATION OF THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA)

The FTC's Enterprise Risk Management (ERM) and internal controls are integral to the agency's operations and to carrying out activities that achieve strategic goals and objectives. Internal controls are part of all agency systems and processes. Management is responsible for implementing, monitoring, and improving on these controls as well as assessing agency performance risks in order to operate effectively and efficiently, ensure reliability of financial and performance information, and comply with applicable laws and regulations.

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

During FY 2018, the SAT activities included planning the annual internal controls assessments; identifying key processes and related control activities; documenting the scope, design, and methodology of risk and internal control assessments; and monitoring corrective action plans and the remediation progress.

In FY 2018, the FTC continued with implementing its ERM program plan and strategy. The agency's progress includes implementing new risk registers with programs, monitoring risk registers, executing an annual segment of the multi-year internal control assessment plan, identifying and analyzing risk, assessing entity level control activities, and monitoring corrective actions. In determining whether management control deficiencies or nonconformances existed that must be disclosed in the annual assurance statement, the SAT and the Chairman evaluated several sources of information. These range from results of ERM activities and information from independent audits or reviews including those performed by the Office of Inspector General (OIG), the Government Accountability Office (GAO) (e.g., Federal Information Security Management Act review), independent audits of service providers' operations and financial systems (e.g., reviews conducted in accordance with Statement on Standards for Attestation Engagements or the SSAE No. 18 report), and other relevant evaluations and control assessments.

The Chairman's assurance statement is supported by the processes and reviews described above, which were performed in FY 2018. Management assurance tables appear in the Other Information section.

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

Joseph J. Simons
Chairman

CHAIRMAN'S FMFIA STATEMENT OF ASSURANCE

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

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

Based on the results of this assessment, the FTC provides an unmodified assurance that its internal controls over the effectiveness and efficiency of operations, reliable financial reporting, and compliance with applicable laws and regulations were operating effectively as of September 30, 2018, and that no material weaknesses were found in the design or operation of our internal controls. Some reporting officials identified areas for improvement in their individual assessments, which are being addressed internally and are not of a material nature.

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

Joseph J. Simons
Chairman
October 31, 2018

SUMMARY OF MATERIAL WEAKNESS AND NONCONFORMANCES

As noted in the Chairman's FMFIA Statement of Assurance, the FTC has no material weaknesses or nonconformances to report for FY 2018.

FEDERAL INFORMATION SECURITY MANAGEMENT ACT (FISMA)

As mandated by FISMA, the agency continues to maintain an information security program to manage information technology in accordance with OMB Circular A-130 requirements and National Institute of Standards and Technology (NIST) guidance. During FY 2018, three systems were retired, two were added, and eight assessment and authorization efforts were performed. The FTC currently has eleven systems authorized to operate. The FTC leverages six Federal Risk and Authorization Management Program (FedRAMP) cloud service providers: one for web hosting of the agency's public web properties, three for the agency's Sentinel Network Services, one for the litigation services, and one for electronic case management and Freedom of Information Act Solutions.

DIGITAL ACCOUNTABILITY AND TRANSPARENCY ACT OF 2014 (DATA ACT)

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

DEBT COLLECTION IMPROVEMENT ACT

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

PROMPT PAYMENT ACT

The Prompt Payment Act requires federal agencies to make timely payments to vendors, including any interest penalties for late invoice payments. In FY 2018, the FTC processed 3,328 invoices totaling $85 million that were subject to prompt payment. Of these invoices, 97.13 percent were paid on time. During FY 2018, the FTC paid a total of $4,409 in interest penalties, or .0049 percent of the total dollar amount invoiced.

AGENCY FINANCIAL MANAGEMENT SYSTEMS STRATEGY

The FTC's overall strategy for its financial management systems is to ensure that the systems provide accurate, reliable, and timely information for management decision making, maintain effective internal controls, and comply with applicable laws and regulations. It is also critical that the financial management systems support both operational efficiency and effectiveness in meeting the agency's strategic goals. The FTC uses the Oracle Federal Financials (OFF) as its core financial system and relies on the Department of the Interior's Interior Business Center (IBC), a Federal Shared Service Provider, to host and support OFF operations. The IBC also hosts and supports other financial management systems for the FTC including the personnel and payroll system, the travel management system, and the procurement management system (a component module of OFF). The FTC has been receiving payroll support services from the IBC since 1998 and additional financial management and systems services since 2008.

The core financial system is delivered using OFF Release 12.1, and provides general ledger, accounts payable, accounts receivable, budget execution, requisition, contract writing (Contract Lifecycle Management), and reporting capabilities.

The FTC, with the IBC's support, continues to modernize and integrate its financial management systems. In FY 2018, the FTC implemented the Invoice Processing Platform (IPP), a secure web-based service that more efficiently manages government invoicing from purchase orders through payment notifications. The IPP automates vendor invoicing and payment activities and aims to reduce costs and improve accuracy of transactions. These efforts not only comply with Federal Financial Management Improvement Act Section 803(a) requirements but also guidance of OMB Memorandum M-13-08 on the use of shared service solutions and automation to save cost and improve the quality and performance of the Federal Government.

In FY 2019, the IBC and the FTC will complete two significant upgrades to the financial system that began in FY 2018. The first upgrade will bring OFF from Release 12.1 to the latest Release 12.2. This will significantly improve processing of acquisition transactions. The second upgrade will improve the data analytics functions within OFF, migrating from the Oracle Discoverer reporting system to the Oracle Business Intelligence Enterprise Edition/Oracle Business Intelligence Application solutions. This will allow the FTC to use business analytics to deliver information across the agency from front line users to senior management.

In addition to application management and support services, the FTC also relies on the IBC for limited transaction processing. In support of the Federal Government's commitment to improve financial systems through shared service and the Office of Management and Budget's guiding principle to support plans that offer the best value for the Federal Government, it is important for the FTC to continue to evaluate its operations and the services it receives. This will allow the FTC to ensure the most effective deployment of personnel and financial resources. As part of the ongoing effort to achieve continued improvement, the FTC will evaluate the capabilities and gaps of existing services to ensure the FTC is employing the most effective mix of services, therefore providing the most value to taxpayers for Financial Management services at the FTC.

FEDERAL CIVIL PENALTIES INFLATION ADJUSTMENT ACT OF 1990

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

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

FRAUD REDUCTION AND DATA ANALYTICS ACT

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

During FY 2018, the FTC expanded its fraud risk program, strengthened the agency's processes, and improved internal controls to prevent, detect, and mitigate fraud risks. Please see the Fraud Reduction Report in the Other Information section of this report for additional information.

FINANCIAL HIGHLIGHTS

INTRODUCTION

The FTC's accounting practices continue to be accurate and transparent, which directly supports the agency's dual mission to protect consumers and promote competition, and consistently demonstrates the FTC's commitment to responsible stewardship of resources and sound financial operations. For the 22nd straight year, the FTC again received a "clean" or unmodified opinion on its audited financial statements. Independent auditors issue an unmodified opinion when an entity's financial statements are presented fairly, in all material aspects, in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

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

BALANCE SHEET

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

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

CONDENSED BALANCE SHEET AS OF SEPTEMBER 30, 2018 AND 2017

(Dollars in Millions)	FY 2018	FY 2017	% Change
Entity Assets			
Fund balance with Treasury	$ 129	$ 133	-3%
General property, plant, and equipment	39	51	-24%
Total Entity Assets	168	184	-9%
Non-Entity Assets			
Fund balance with Treasury	359	432	-17%
Accounts receivable	599	70	756%
Total Non-Entity Assets	958	502	91%
Total Assets	1,126	686	64%
Entity Liabilities			
Employee related liabilities	22	21	5%
Accounts payable and other	11	11	0%
Total Entity Liabilities	33	32	3%
Non-Entity Liabilities			
Redress collections not yet disbursed	359	432	-17%
Liability for amounts to be collected	599	70	756%
Total Non-Entity Liabilities	958	502	91%
Total Liabilities	$ 991	$ 534	86%
Cumulative results of operations	135	152	-11%
Total Net Position	135	152	-11%
Total Liabilities and Net Position	$ 1,126	$ 686	64%

BALANCE SHEET

ENTITY

Entity assets totaled $168 million, or 15 percent of all FTC assets, as of September 30, 2018, a decrease of $16 million, or 9 percent from the FY 2017 total of $184 million.

The Fund Balance with Treasury (FBwT) of $129 million comprises $37 million that is temporarily unavailable for expenditure and $92 million available to the FTC to make expenditures and pay liabilities, for a total decrease of $4 million, or 3 percent, from the FY 2017 total of $133 million. At the end of FY 2018, the FTC's FBwT contained $32 million in temporarily unavailable offsetting collections (fees from the FTC's National Do Not Call Registry and premerger notification filings) that exceeded the amount authorized to offset the FTC's appropriation. Of the $32 million, $6 million was temporarily reduced by the FY 2013 sequestration.

PP&E, net of accumulated depreciation/amortization, is $39 million, which consists of $29 million in leasehold improvements, $7 million in equipment, and $3 million in software. Of the total PP&E, $27 million is associated with the FY 2014 relocation of staff to office space at the Constitution Center. The $12 million decrease in PP&E is primarily due to asset disposals and the continued depreciation/amortization of assets related to the FY 2014 staff relocation.

The annual trend in the FTC's total assets reflects the OMB Category B apportionment between FY 2010 and FY 2013 of more than $74 million for the relocation of staff to office space at Constitution Center. The move was completed in FY 2014, with over $46 million being spent on capitalized assets. Since these assets were placed in service, the FTC's PP&E balance has decreased, primarily due to continual depreciation on these assets.

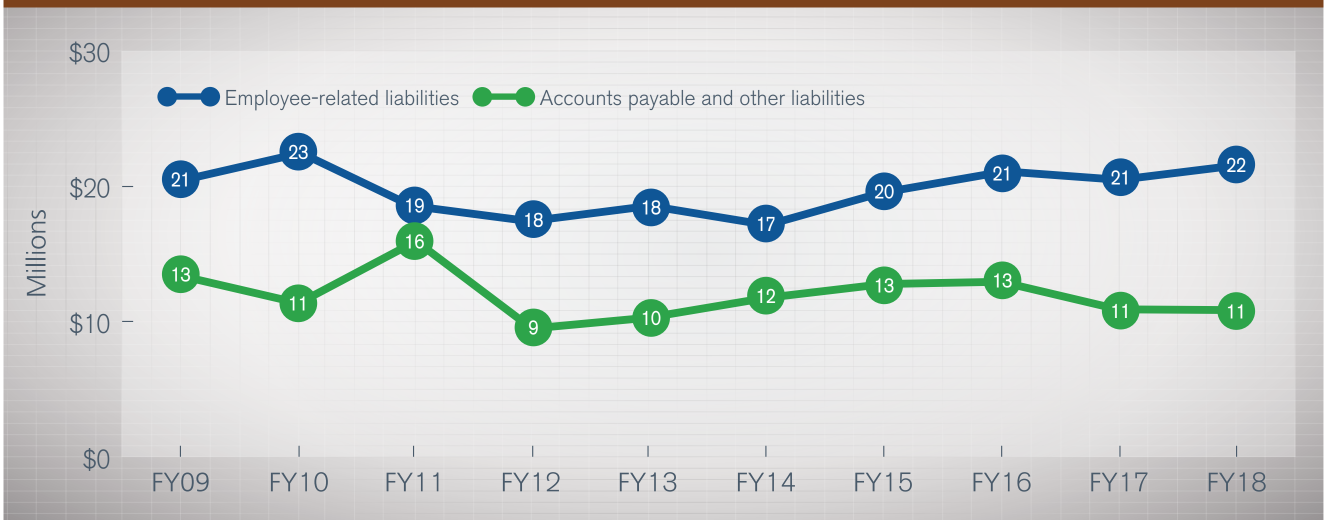
ENTITY ASSETS

Entity liabilities totaled $33 million, or 3 percent of all FTC liabilities as of September 30, 2018, and represent an insignificant change in liabilities from FY 2017 to FY 2018.

Employee-related liabilities of $22 million consist of accrued payroll, accrued annual leave wages earned by employees but not paid, and the Federal Employees Compensation Act (FECA) liability. Accounts payable and other liabilities totaling $11 million consists of amounts owed, but not yet paid, for goods or services the FTC has received.

Entity liabilities have a smaller range of fluctuation in comparison to entity assets. Accounts payable balances fluctuate more significantly when capitalized purchases are involved. This is evident in FY 2011 when purchases of information technology hardware and software were accrued near the end of the fiscal year. The FY 2016 figure included $2 million in unearned revenues for advances received from the Department of Justice (DOJ) in support of the Consumer Sentinel Network. Employee-related liabilities fluctuate based on the FTE count and the timing of the payroll disbursement cycle. At the end of FY 2014, the payroll and benefit liability included 7 days of unpaid wages while the FY 2018 year-end payroll accrual included 10 days of unpaid wages.

ENTITY LIABILITIES



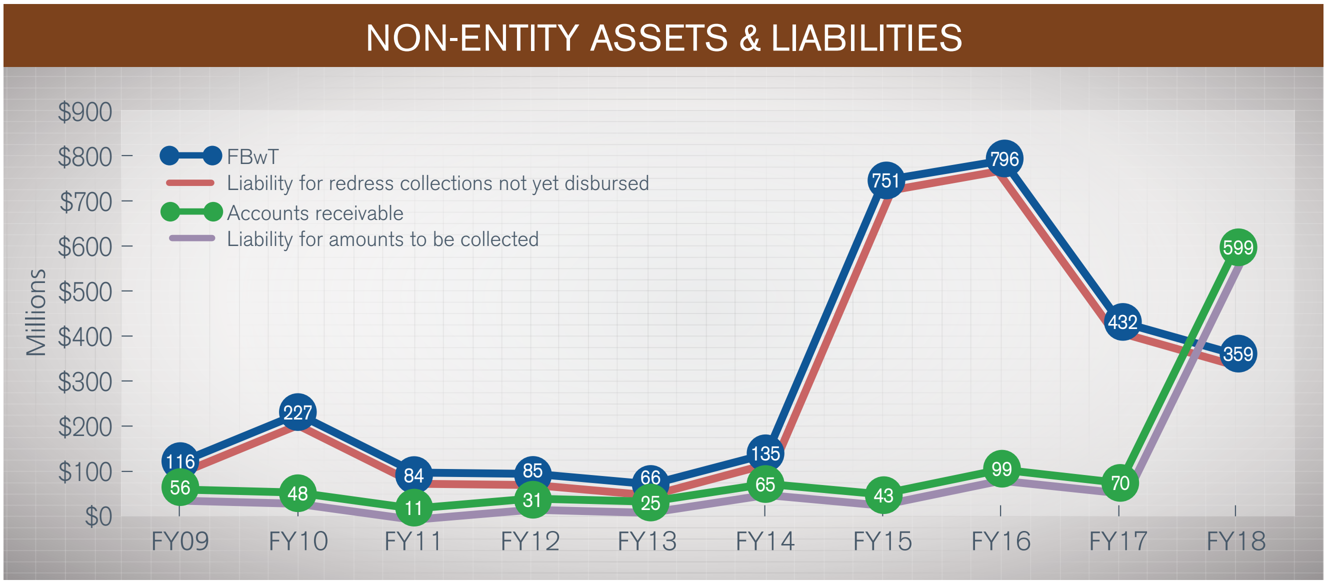
BALANCE SHEET

NON-ENTITY

Non-entity assets totaled $958 million, or 97 percent of all FTC assets, as of September 30, 2018. This represents an increase of $457 million, or 91 percent, from the FY 2017 total of $501 million.

Non-entity assets are equal to, and offset by, non-entity liabilities. The $599 million net accounts receivable balance is offset by the $599 million liability for amounts to be collected, while the $359 million FBwT is offset by the $359 million liability for redress collections not yet disbursed.

The FY 2018 ending net accounts receivable balance of $599 million reflects amounts to be paid to the FTC from court-ordered judgments in the consumer redress program. This represents a $529 million increase in net accounts receivable from the FY 2017 total of $70 million. The majority of the increase is the result of the receivable from a 2018 judgment against AbbVie, Inc. for $494 million (83 percent of the ending balance). A federal district court ruled that AbbVie used sham litigation to illegally maintain its monopoly over the testosterone replacement drug Androgel, and ordered $494 million in monetary relief to consumers who were overcharged for Androgel as a result of AbbVie's conduct. This court order represents the largest monetary award ever in a litigated FTC antitrust case.



The remaining ending net accounts receivable balance of $105 million primarily consists of amounts to be paid to the FTC from the following cases: AMG Services for a payday lending scheme that deceived consumers; I Works for deceptive "trial" memberships for bogus government-grant and money-making schemes; Midway Industries for tricking businesses and consumers into paying for overpriced office and cleaning supplies that they never ordered; and Stark Law for deceptive and abusive collection practices. Thirty-two additional matters account for the remainder of the balance.

The FY 2018 ending FBwT for consumer redress of $359 million is being held temporarily by the FTC until it is distributed to consumers, other harmed parties, or redress third party administrators (for distribution to consumers on behalf of the FTC), or disgorged to Treasury (if consumer redress is not practicable). The decrease of $73 million in FBwT consists of $526 million in collections offset by $599 million in disbursements. The largest collection ($471 million) and the largest disbursement ($505 million) both relate to a 2016 judgment against AMG Services, Inc., a payday lender that illegally charged consumers undisclosed and inflated fees. Four large judgments account for almost 75 percent of the FY 2018 ending FBwT of $359 million.

The graphic on the following page illustrates the major collections and disbursements that occurred throughout the fiscal year.

Historic trends of FBwT for consumer redress are primarily driven by a few select cases:

- In FY 2015, the FTC collected $458 million from a settlement resolving antitrust charges that Cephalon, Inc. illegally blocked generic competition to its drug Provigil by engaging in "pay for delay" conduct.
- In FY 2016, the FTC collected $200 million from Herbalife International of America, Inc. to settle FTC charges that Herbalife deceived consumers as part of a multi-level marketing operation. This large collection was primarily offset by a $120 million disbursement to harmed parties as a result of the Cephalon, Inc. settlement.
- In FY 2017, the FTC disbursed $200 million from the Herbalife settlement to claimants. Additionally, the FTC disbursed $125 million to harmed parties as a result of the Cephalon, Inc. settlement.

NON-ENTITY ASSETS - FUND BALANCE WITH TREASURY
FY 2018 Activity

FY 2018 NON-ENTITY FUND BALANCE WITH TREASURY TIMELINE OF ACTIVITY

	$432M	**Beginning Balance - FY 2018 Non-Entity Fund Balance with Treasury**	
A	$3M	CWB	Collected $3M from a 2015 settlement for a scheme that bilked millions of dollars from consumers by trapping them into loans they never authorized.
B	$1M	Direct Altrnatives/ Original Organics	Collected $1M in previously anticipated collection from a 2016 judgment that resulted from a joint FTC and Maine Attorney General action to stop deceptive advertising and illegal billing practices.
C	$13M	NetSpend Corporation	Collected $13M from a 2017 judgment for deceiving people about access to funds deposited on NetSpend debit cards.
D	($8.4M)	Sale Slash, LLC.	Disbursed $8.4M (442,898 refund checks) to consumers who bought deceptively marketed weight-loss supplements. Refunds are a result of a 2016 settlement with Sale Slash, LLC.
E	$6.3M	Tarr, Inc.	Collected $6.3M from a 2017 settlement with Tarr, Inc. for selling weight-loss, muscle-building, and wrinkle-reduction products to consumers using unsubstantiated health claims, fake magazine and news sites, bogus celebrity endorsements, and phony consumer testimonials.
F	($3M)	CWB	Disbursed $3M (72,836 refund checks) to harmed consumers from a payday loan scheme. Refunds are a result of 2015 settlement.
G	$48M	AMG Services Inc.	Collected $48M as part of a 2016 judgment for a payday lending scheme that deceived consumers across the country and illegally charged them undisclosed and inflated fees.
H	$5M	Telestar Consulting, Inc.	Collected $5M from a 2017 settlement to settle charges that Telestar Consulting, Inc. and its owner tricked childcare centers, schools, and police and fire departments into paying for products they never ordered.
I	($7.5M)	Allstar Marketing Group, LLC	Disbursed $7.5M (218,254 refund checks) to harmed consumers who were victims of deceptive "buy-one-get-one-free" promotions. Refunds are a result of a 2015 settlement.
J	$2M	Marketing Architects, Inc.	Collected $2M from a 2018 settlement with Marketing Architects, Inc. (MAI), an advertising agency that created and disseminated allegedly deceptive radio ads for weight-loss products marketed by its client, Direct Alternatives.
K	($10M)	Inbound Call Experts, LLC.	Disbursed $10M (36,830 refund checks) to consumers who lost money to a technical support scam. Refunds are a result of a 2016 settlement.
L	($4.7M)	Cardinal Health, Inc.	Disbursed $4.7M to hospitals and clinics that overpaid for radiopharmaceuticals. Funds are from a 2015 settlement against Cardinal Health, which unlawfully monopolized the market for low-energy radiopharmaceuticals in 25 geographic areas throughout the United States.

FY 2018 NON-ENTITY FUND BALANCE WITH TREASURY TIMELINE OF ACTIVITY (CONTINUED)

M	$3.3M	JK Publications	Collected $3.3M from a 2000 judgment against an adult web site operation for its illegal billing scam, which repeatedly placed charges on consumers' credit and debit cards for X-rated Internet visits they had not made and services they didn't order.
N	$1.8M	Apply Knowledge, LLC	Collected $1.8M from a 2018 settlement with a deceptive work-from-home scheme that conned millions of dollars from consumers by falsely promising they could earn substantial income by purchasing business coaching services.
O	($20M)	Uber	Disbursed $20M (88,799 refund checks) to drivers for Uber Technologies Inc. Refunds are a result of a 2017 settlement with Uber Technologies to resolve FTC charges that it misled prospective drivers with exaggerated earning claims and claims about financing through its Vehicle Solutions Program.
P	$423M	AMG Services Inc.	Collected $423M from a 2016 judgment for a payday lending scheme that deceived consumers across the country and illegally charged them undisclosed and inflated fees.
Q	($15M)	Lights of America	Disbursed $15M (499,105 refund checks) to harmed consumers for a judgment against Lights of America Inc. and other defendants for violating federal law by overstating the light output and life expectancy of their LED bulbs, and falsely comparing the brightness of their LED bulbs with that of other light bulbs. Refunds are a result of a 2014 judgment.
R	($11M)	NetSpend Corporation	Disbursed $11M (430,000 refund checks) to consumers. Refunds are a result of a 2017 settlement to settle allegations that the prepaid card company deceived consumers about access to funds deposited on NetSpend debit cards.
S	($505M)	AMG Services Inc.	Disbursed $505M (1,179,803 refund checks) consumers who were deceived by a massive payday lending scheme operated by AMG Services, Inc. Refunds are a result of a 2016 judgment.
T	$1.7M	Treasure Your Success	Collected $1.7 from a 2015 judgment for deceptive telemarketing activities purporting to be a credit card interest rate reduction service that used robocalls to solicit consumers.
	$4M	Net of other collections $18M and disbursing ($14M) activities, related to over 200 additional matters.	
	$359M	**Ending Balances – FY 2018 Non-Entity Fund Balance with Treasury**	

SIGNIFICANT CONTRIBUTORS TO THE FY 2018 NON-ENTITY FUND BALANCE WITH TREASURY ENDING BALANCES

$213M	Cephalon, Inc.	$213M (59% of the ending balance) held by the FTC from a 2015 settlement resolving antitrust charges that Cephalon, Inc., engaged in "pay for delay" conduct to illegally block generic competition to its drug Provigil. The settlement made available $1.2 billion to harmed parties. The FTC collected $458M from the settlement, with the remaining $742M paid directly paid to harmed parties. Of the $458M the FTC collected, a total of $245M was disbursed in FY 2016 and FY 2017. The remaining funds will be used to pay future claims. At the end of the settlement term, any remaining funds will be disgorged to the U.S. Treasury General Fund.
$33M	Lifelock	$33M held by the FTC from a 2015 settlement to resolve the FTC's contempt charges that Lifelock violated the terms of a 2010 federal court order that requires it to secure consumers' personal information and prohibits Lifelock from deceptive advertising.
$13M	AMG Services Inc.	$13M held by the FTC from a 2016 judgment (and earlier settlements) against a payday lending scheme that deceived consumers across the country and illegally charged them undisclosed and inflated fees.
$9M	Cardinal Health, Inc.	$9M held by the FTC from a 2015 settlement with Cardinal Health, which unlawfully monopolized the market for low-energy radiopharmaceuticals in 25 geographic areas throughout the United States.
$91M	The remaining FBWT balance consists of funds held by the FTC from 127 separate matters.	
$359M	**Ending Balance - FY 2018 Non-Entity Fund Balance with Treasury**	

STATEMENT OF NET COST

STATEMENT OF NET COST SUMMARY

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

(Dollars in Millions)	FY 2018	FY 2017	% Change
Protecting Consumers:			
Gross costs	$ 184	$ 182	1%
Less: earned revenue	(12)	(15)	-18%
Protecting Consumers	172	167	-3%
Maintain Competition:			
Gross costs	$ 156	$ 145	7%
Less: earned revenue	(133)	(126)	6%
Maintaining Competition	23	19	22%
Net Cost of Operations	**$ 195**	**$ 186**	**5%**

The Statement of Net Cost presents the FTC's gross costs less revenue earned for two of the FTC's strategic goals: Protect Consumers and Maintain Competition. The third goal, Advance Organizational Performance, has its costs distributed to the other two strategic goals based on FTE usage (unless a cost is clearly attributable to a specific goal). The FTC net cost of operations was $195 million in FY 2018, which consists of $340 million in gross costs offset by $145 million in earned revenue.

The FY 2018 net cost of operations for the Protect Consumers strategic goal was $172 million, consisting of $184 million in gross costs offset by $12 million in earned revenue, which is mostly revenue from fees collected for the National Do Not Call (DNC) Registry. The FTC receives fees from telemarketers who pay an annual subscription fee to download telephone numbers of consumers who do not wish to receive calls. The DNC fees are based on the number of area codes that a telemarketer downloads.

The FY 2018 net cost of operations for the Maintain Competition strategic goal was $23 million, consisting of $156 million in gross costs offset by $133 million in earned revenue, which is mostly revenue from fees collected for premerger notification filings, with a small portion (about $0.5 million) from multiple reimbursable agreements with other Federal agencies. Premerger notification filings are made under the Hart-Scott-Rodino (HSR) Antitrust Improvement Act of 1976, which gives the federal government the opportunity to investigate and challenge certain mergers that are likely to harm consumers before injury occurs. The HSR Act requires the filing of premerger notifications with the FTC and the DOJ Antitrust Division. The filing fees are determined by the size of the merging parties and the value of the proposed transaction. By law, the FTC retains one-half of all premerger filing fees collected and remits one-half to the DOJ Antitrust Division.

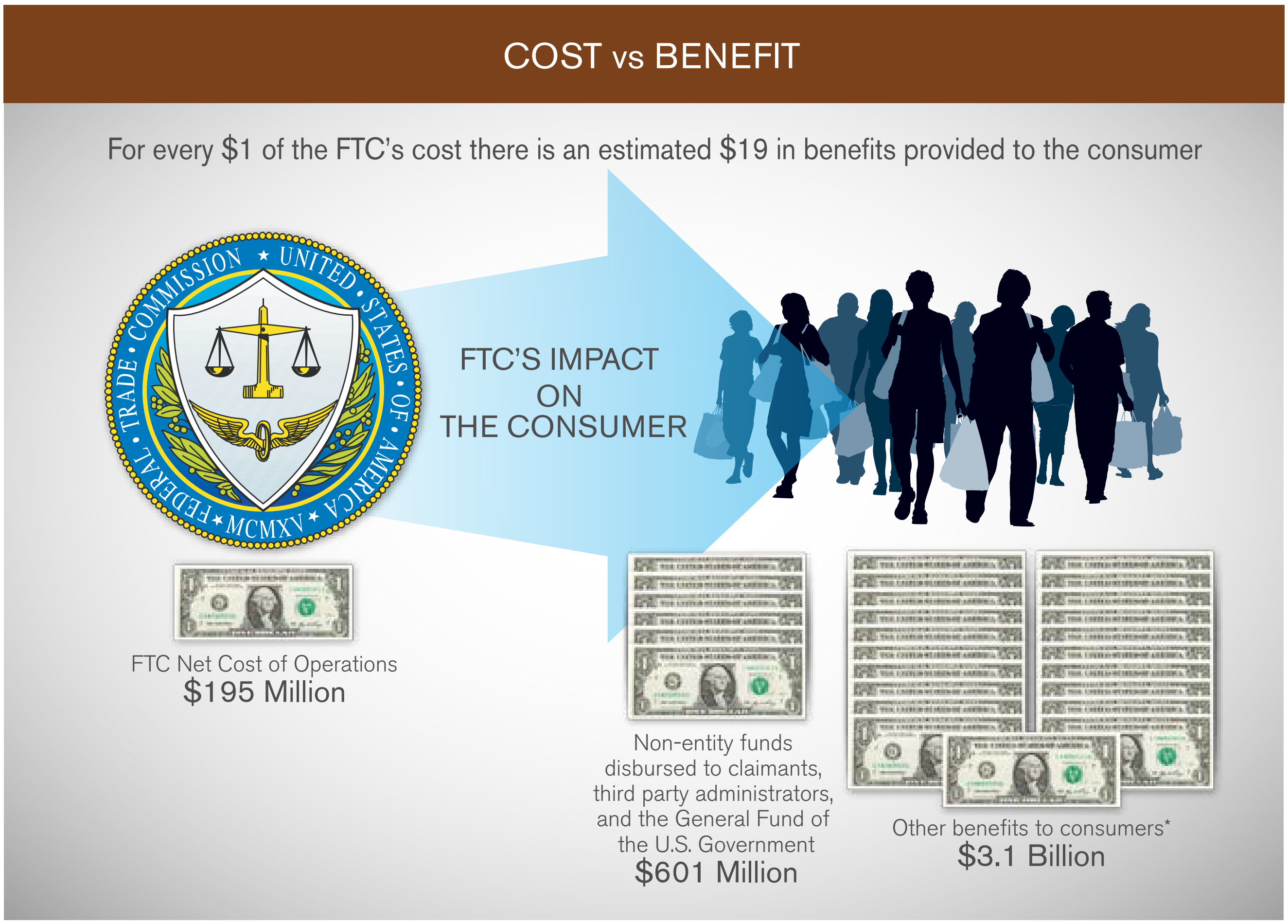
The increase in the overall gross costs is primarily attributable to higher overhead costs related to payroll, higher cost factors for pension and post-retirement benefits, information technology, and write-offs of fixed assets. Additionally, costs for expert witnesses increased significantly in FY 2018.

FTC NET COST OF OPERATIONS VS. BENEFIT TO CONSUMERS

The FTC had gross costs of $340 million in FY 2018, offset by $145 million in earned revenue resulting in a total net cost of operations of $195 million. However, a large portion of the FTC's operations result in activity whose benefits are not reflected on the Statement of Net Cost. These important benefits to the public should be considered in determining the overall impact of the agency's strategic goals.

The Statement of Net Cost includes only entity activity. During FY 2018, the FTC disbursed $601 million in non-entity collections to claimants, third party administrators, and the General Fund of the U.S. Government. Additionally, the FTC saved consumers an estimated $1.3 billion* through its merger and non-merger competition law enforcement actions and an estimated $1.8 billion* through its consumer protection law enforcement actions.

The FTC's cost to protect consumers and maintain competition is a small fraction of the amount the FTC has saved consumers. For FY 2018, the FTC provided an estimated total of $3.7 billion in benefits to consumers. When this benefit is compared to the $195 million in net costs, it equates to every $1 of the FTC's cost returning an estimated $19 in FTC-provided benefits to consumers.



*These estimates were calculated based on performance measures 1.1.3 (consumers savings from consumer protection law enforcement), 2.1.3 (consumer savings from merger enforcement), and 2.1.5 (consumer savings from non-merger enforcement). See Appendix A – Data quality information on these measures and how these estimates were calculated. While the performance measures are based on 3-5 year rolling averages, the statistic presented above is based on only the FY 2018 activity.

BUDGETARY RESOURCES AND HOW THEY WERE USED

BUDGET AUTHORITY

The FTC receives an annual appropriation that is available until expended, subject to Office of Management and Budget (OMB) apportionment and Congressional restrictions on the expenditure of funds (see FTC's FY 2019 Congressional Budget Justification, page 3, "Appropriations Language Provisions"). The FTC's budget authority is derived from a direct appropriation and offsetting collections.

In FY 2018, the FTC received $306 million in new budget authority. This was a $7 million decrease from the FY 2017 amount. The FY 2018 budget authority comprised $168 million in general fund appropriations, plus $138 million in spending authority from offsetting collections, consisting of $126 million from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and $12 million from fees collected for the National Do Not Call Registry.

Because current year offsetting collections up to the congressionally authorized amount are deducted from gross budget authority and outlays, only 55 percent of the FTC's net budget authority comes from Treasury General Fund appropriations. This reduces the burden the FTC places on the federal budget to $168 million, which is less than 1/10 of 1 percent of the total non-defense discretionary spending for FY 2018.

The FTC's total budgetary resources as presented on the Statement of Budgetary Resources is $349 million. This consists of $306 million in new budgetary authority for FY 2018, $33 million in unobligated balances from prior years, and $10 million in recoveries of obligations from prior years. Of the $349 million in budgetary resources, $345 million was apportioned, with $4 million being unapportioned.

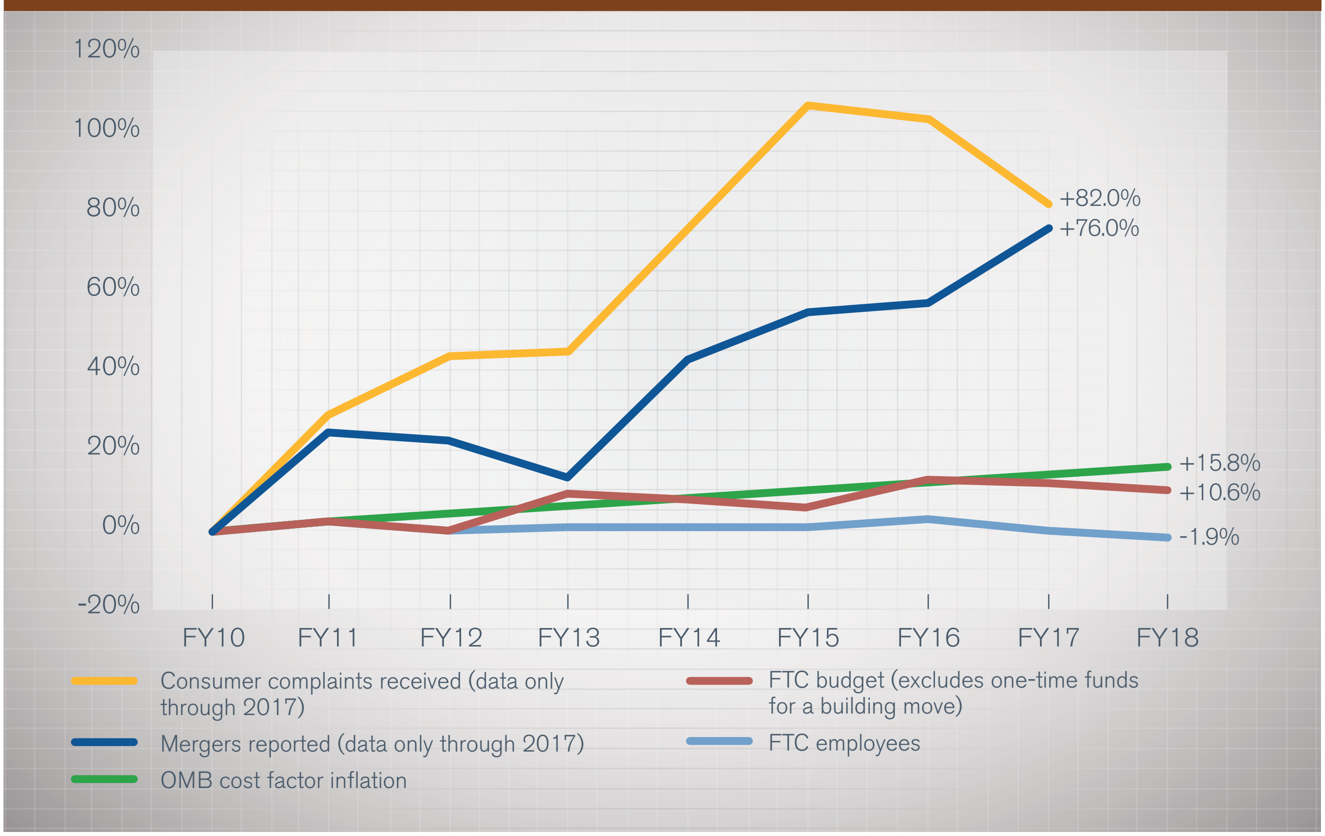
NEW BUDGET AUTHORITY

Historically, the FTC's budget authority has been relatively static. From FY 2010 through FY 2013, the FTC received an OMB category B apportionment for the relocation of staff to office space at the Constitution Center. Excluding the category B funding, the FTC had an 11 percent or $30 million change from FY 2010 ($276 million) to FY 2018 ($306 million). As shown in the figure below, the agency's FY 2018 budget authority would have had to increase a total of $44 million (or 16 percent) just to keep pace with OMB's annual escalation factors.

The constraints from stagnant financial resources are further magnified by increasing costs and rising expectations from the American public. From 2010 to 2017 (2018 data was not yet available) the number of consumer complaints and mergers reported each rose by more than 75 percent among other measures of the FTC's increased workload. While the FTC continues to do more with less, the gap between the actual budget authority that the FTC has received and the inflation-adjusted amount is apparent, and continues to widen as the agency's competition and consumer protection workloads increase.

The FTC's increasing costs are also reflected in expert witness costs. As a direct result of the FTC's highly regarded law enforcement activities, the FTC is engaged in a larger number of complex investigations and litigation matters related to both the competition and consumer protection missions. For example, the services of these expert witnesses are critical to the successful investigation and litigation of merger cases, as experts provide insight on proper definition of product and geographic markets, assess the likelihood of entry by new competitors, and develop models to evaluate merger efficiencies as compared to potential competitive harm. Another factor contributing to higher expert witness costs is a rise in the number of consumer complaints. For FY 2019 the FTC requested an additional $3.38 million (total $309.7 million) to cover rising expert witness costs.

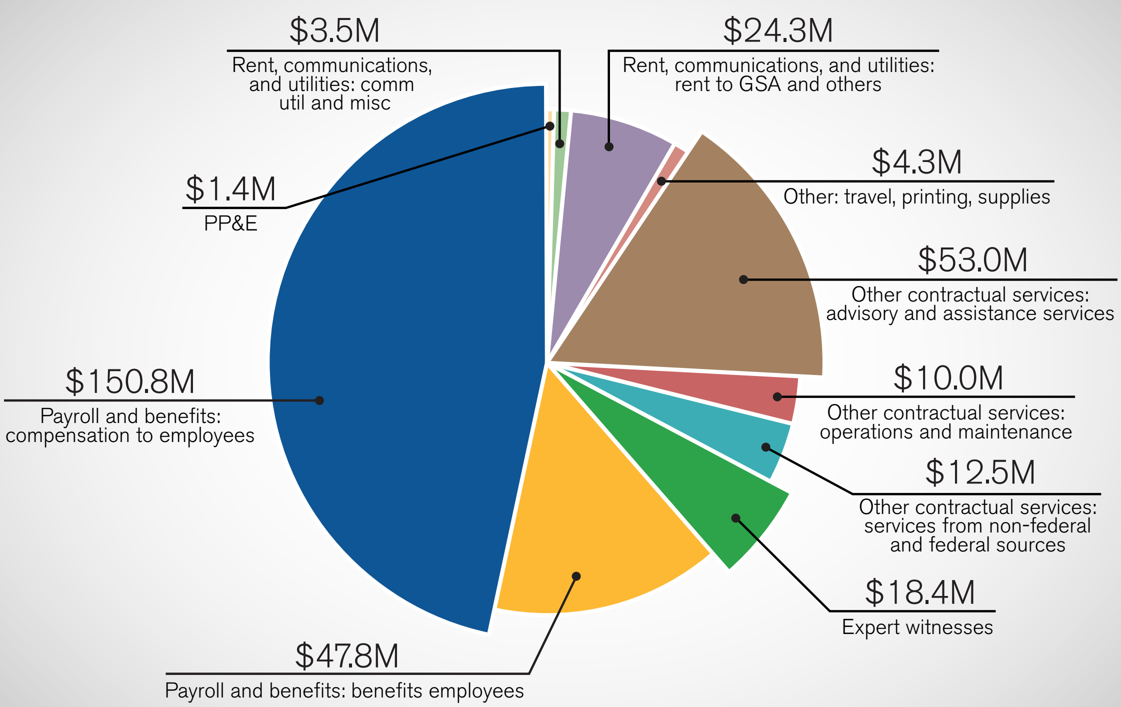
PERCENTAGE CHANGE IN CONSUMER COMPLAINTS, MERGERS, AND FTC RESOURCES SINCE 2010



THE FTC'S FY 2018 OBLIGATIONS:

In FY 2018, the FTC obligated $326 million. This was an increase of $11.5 million, or less than 4 percent, compared to new obligations in FY 2017. The increase in obligations incurred in FY 2018 was primarily from higher spending on contractual services related to information technology (IT) support services and for transitioning the IT infrastructure to a cloud-based environment. Additionally, spending on expert witnesses increased by $3 million, to $18 million, in FY 2018 compared to FY 2017. The FTC payroll spending also increased by 0.8 percent to $199 million in FY 2018 from $197 million in FY 2017. This increase was mostly attributable to the 1.9 percent pay raise for FY 2018, plus upward grade classifications pursuant to 5 C.F.R. 531.401 et seq. offset by savings from attrition.

FY 2018 FTC OBLIGATIONS BY CATEGORY

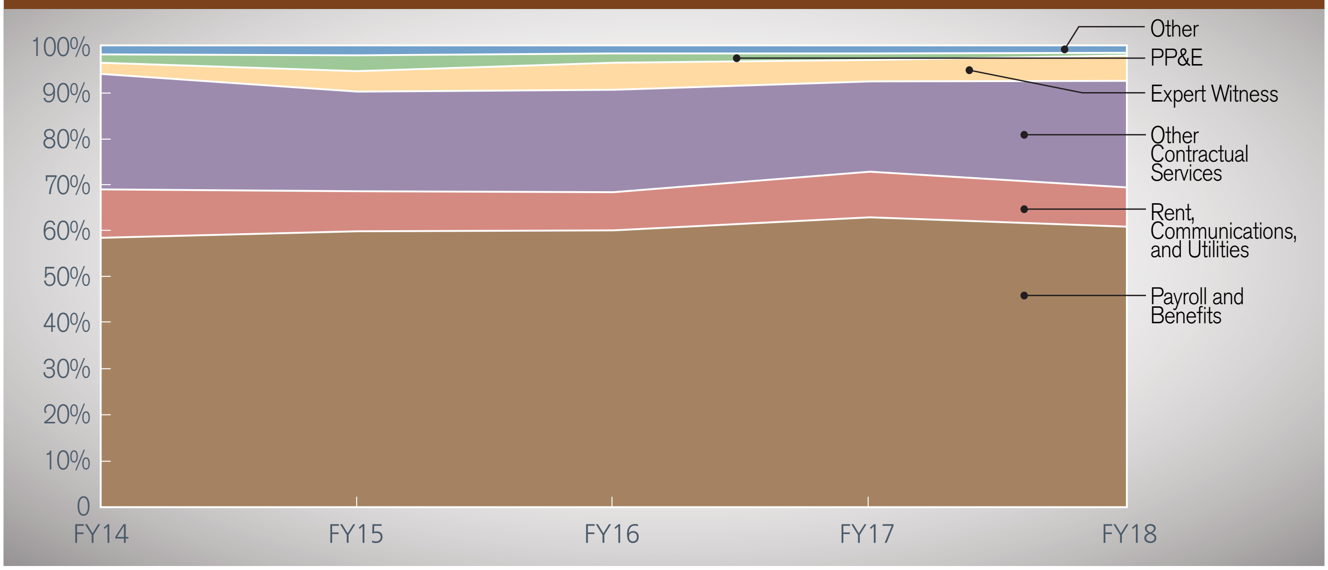


Total obligations incurred during FY 2018: $326M

Historically the FTC's obligations by category have remained relatively steady when expressed as a percentage of all obligations during a particular fiscal year. However, between FY 2014 and FY 2018 there were several notable changes:

- Expert witness obligations increased from $7.7 million in FY 2014 to $18.4 million in FY 2018, a 138 percent increase over a five-year period.
- PP&E obligations decreased from $5.8 million in FY 2014 to $1.4 million in FY 2018, or a decrease from 1.8 percent of total obligations in FY 2014 to 0.4 percent in FY 2018.

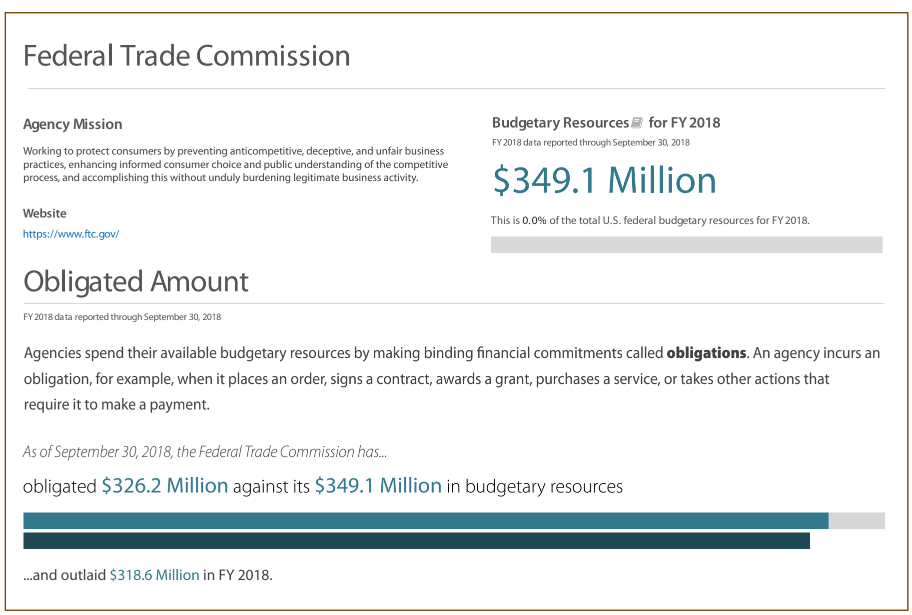
FTC OBLIGATIONS* BY CATEGORY - 5 YEAR TREND



*Excludes obligations from the OMB category B apportionment for the relocation of staff to office space at Constitution Center

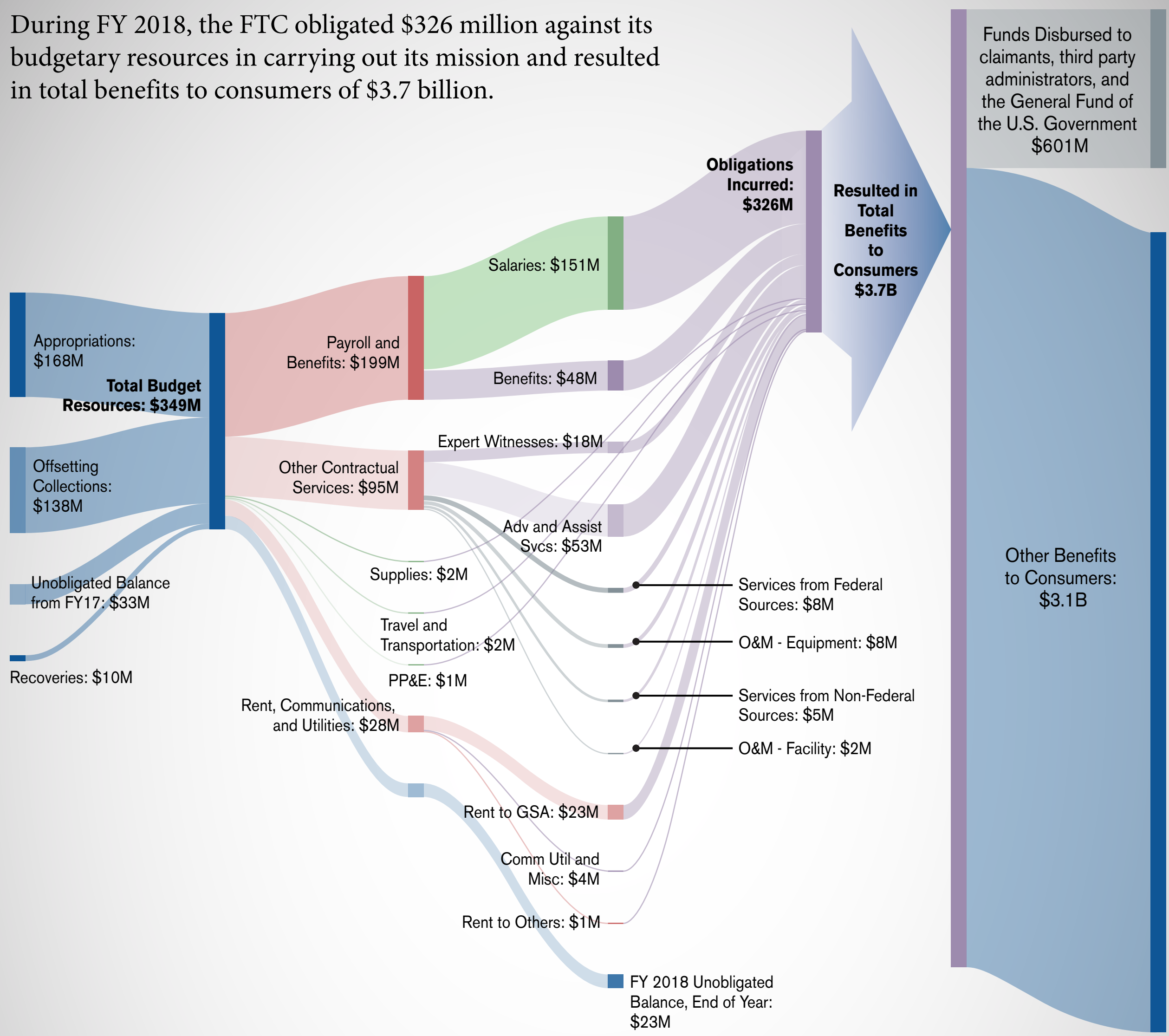
FTC USASPENDING.GOV PROFILE:

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



FY 2018 SUMMARY OF BUDGETARY RESOURCES, OBLIGATIONS, AND BENEFITS

During FY 2018, the FTC obligated $326 million against its budgetary resources in carrying out its mission and resulted in total benefits to consumers of $3.7 billion.



FINANCIAL MANAGEMENT INDICATORS FOR FY 2018

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

DEBT MANAGEMENT	
Eligible debt transferred to Treasury	100%
FUNDS MANAGEMENT	
Fund balance with Treasury (identifies the difference between the fund balance reported in Treasury reports and the agency fund balance with Treasury recorded in its general ledger)	100% reconciled
PAYMENT MANAGEMENT	
Percentage invoices paid on time (per Prompt Payment Act)	97.13%
Percentage interest penalties paid to total dollars invoiced	.0049%
Percentage of total dollars outstanding in current status (good standing) for individually billed travel account holders	100%
Percentage of total dollars outstanding in current status (good standing) for centrally billed travel accounts	100%
Percentage of total dollars outstanding in current status (good standing) for purchase cards	100%

LIMITATIONS OF FINANCIAL STATEMENTS

The FY 2018 financial statements have been prepared from the books and records of the agency in accordance with OMB Circular A-136, financial reporting requirements, as amended. The financial statements represent the financial position and results of operations of the agency pursuant to the requirements of Chapter 31 of the U.S. Code Section 3515(b). While these statements have been prepared from the agency's books in accordance with GAAP for federal entities and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. These statements should be read with the understanding that they are for a component of the U.S. government, a sovereign entity.

Financial Section

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

David Rebich

Chief Financial Officer

I am pleased to present the FTC's Agency Financial Report (AFR) for Fiscal Year 2018. The AFR allows us the opportunity to demonstrate the FTC's efficient and effective stewardship of taxpayer dollars entrusted to the FTC to accomplish the agency's mission. Our goal is to present the Agency's use of resources, operational effectiveness, financial stewardship, and internal controls in a manner that demonstrates the incredible value that the FTC provides to the American public. The financial statements and corresponding financial analysis coupled with the Agency's Performance Highlights, demonstrate how the FTC optimizes the use of its financial resources to protect American consumers and maintain competition in the marketplace.

The FTC is the only federal agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The FTC exemplifies good government by advancing consumer interests and encouraging innovation and competition. The FTC's greatest assets are the employees who work tirelessly to achieve the agency's mission. Their incredible dedication and focus are evident in the FTC's Employee Engagement Score of 83% on the 2018 Federal Employee Viewpoint Survey.

For the 22nd consecutive year, an independent auditor issued an unmodified opinion on the FTC's Financial Statements, with no material weaknesses or significant deficiencies. This continued achievement is due to the exceptional efforts of the Financial Management Office staff, which is supported by fund managers and the dedicated cadre of Contracting Officer Representatives throughout the agency. This past year, the FTC has demonstrated our commitment to continuous improvement with the following accomplishments:

- Developed and monitored the FTC risk profile;
- Established a Fraud Workgroup to develop a Fraud Risk Register;
- Replaced a manual expense accrual methodology with an automated statistical model;
- Implemented electronic invoicing through the Invoice Processing Platform;
- Focused resources on closing 26 Corrective Action Plans (CAPs) in the Financial Management Office (FMO), and encouraged collaboration throughout the agency to close an additional 42 CAPs identified from previous internal and external audits and reviews; and
- Implemented the FY 2018-FY 2022 Strategic Plan and began collecting data on meeting the new performance goals.

Looking forward to FY 2019, we will continue to work with our Shared Service Provider (SSP) to upgrade to a newer version of the Oracle Federal Financial software and continue to transition to a new financial reporting tool. We will also continue to evaluate the use of resources within FMO to ensure that our financial management operations are efficient and effective. In addition, we will evaluate our resource levels, including the use of contractors, as well as our relationship with our SSP. It is important that we deploy the most cost effective balance of service offerings to ensure we are being good stewards of taxpayer dollars.

The accomplishments outlined in this report are the result of the FTC employees' hard work and dedication to the mission. The unmodified audit opinion and financial accomplishments reflect organizational commitment to sound financial management. We will continue to support the Agency's mission, while being exemplary stewards of the funds entrusted to us by the American people. I would like to thank all of the employees here at the FTC and especially the employees within the Financial Management Office.

David Rebich
Chief Financial Officer
November 13, 2018

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

Office of Inspector General

November 13, 2018

MEMORANDUM

FROM: Andrew Katsaros
Acting Inspector General

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

SUBJECT: Report on Audit of the FTC's FY 2018 and 2017 Financial Statements

I am pleased to provide you with the attached audit report required by the Accountability of Tax Dollars Act of 2002, which presents an unmodified opinion on the Federal Trade Commission's (FTC) financial statements for fiscal years 2018 and 2017. We commend the FTC for attaining an unmodified (clean) opinion for the 22nd consecutive year.

We contracted with the independent certified public accounting firm of Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) to audit the financial statements of the FTC as of and for the fiscal years ended September 30, 2018 and 2017, and to provide reports on internal control over financial reporting and compliance with laws and other matters. The contract required the audit to be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office's *Financial Audit Manual.*

In its audit, Brown & Company found:

- FTC's financial statements as of and for the fiscal years ended September 30, 2018 and 2017, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures performed; and
- no reportable noncompliance for fiscal year 2018 with provisions of applicable laws, regulations, contracts, and grant agreements tested.

Brown & Company is responsible for the attached auditor's report dated November 13, 2018, and the conclusions expressed in the report. We do not express opinions on FTC's financial statements or conclusions about the effectiveness of internal control or conclusions on compliance with laws and regulations.

We appreciate the cooperation given by management to Brown & Company and the Office of Inspector General during the audit. If you have any questions or would like to discuss the report, please contact me at (202) 326-2355.

Attachment

BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

Inspector General
Federal Trade Commission
Washington, D.C.

In our audits of the fiscal years 2018 and 2017 financial statements of the Federal Trade Commission (FTC), we found

- FTC's financial statements as of and for the fiscal years ended September 30, 2018, and 2017, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;

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

- no reportable noncompliance for fiscal year 2018 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

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

Report on the Financial Statements

In accordance with the provisions of Accountability of Tax Dollars Act of 2002 (ATDA) (Pub. L. No. 107-289), we have audited FTC's financial statements. FTC's financial statements comprise the balance sheets as of September 30, 2018, and 2017; the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended; and the related notes to the financial statements.

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

Management's Responsibility

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

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PHONE: (240) 770-4900 • FAX: (301) 773-2090 • mail@brownco-cpas.com • www.brownco-cpas.com

Auditor's Responsibility

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

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

Opinion on Financial Statements

In our opinion, FTC's financial statements present fairly, in all material respects, FTC's financial position as of September 30, 2018, and 2017, and its net cost of operations, changes in net position, budgetary resources, and custodial activity for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Other Information

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

Report on Internal Control over Financial Reporting

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

Management's Responsibility

FTC's management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of FTC's financial statements as of and for the year ended September 30, 2018, in accordance with U.S. generally accepted government auditing standards, we considered the FTC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FTC's internal control over financial reporting. Accordingly, we do not express an opinion on FTC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Definition and Inherent Limitations of Internal Control over Financial Reporting

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

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

Results of Our Consideration of Internal Control over Financial Reporting

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

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

Intended Purpose of Report on Internal Control over Financial Reporting

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

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

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2018 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to FTC. Accordingly, we do not express such an opinion.

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

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

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

Brown & Company

Largo, Maryland
November 13, 2018

BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

PRINCIPAL FINANCIAL STATEMENTS

FINANCIAL STATEMENT DESCRIPTIONS

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

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

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

Statement of Changes in Net Position – Reports the accounting activities that caused the change in net position during the reporting period.

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

Statement of Custodial Activity – Reports collections and their disposition by the agency on behalf of the Treasury General Fund and one other Federal agency. The FTC acts as custodian and does not have use of these funds.

The accompanying Notes to the Financial Statements describe significant accounting policies as well as detailed information on select statement lines.

BALANCE SHEET

As of September 30, 2018 and 2017

(Dollars in thousands)

	2018	2017
Assets (Note 2):		
Intragovernmental:		
Fund balance with Treasury (Note 3)	$ 487,600	$ 565,055
Accounts receivable, net (Note 4)	18	52
Advances and prepayments	232	253
Total intragovernmental	487,850	565,360
Accounts receivable, net (Note 4)	598,971	69,972
Property, plant, and equipment, net (Note 5)	38,529	50,714
Total Assets	$ 1,125,350	$ 686,046
Liabilities (Notes 6 and 7):		
Intragovernmental:		
Accounts payable	$ 560	$ 1,181
Other liabilities (Note 7)	2,296	1,847
Total intragovernmental	2,856	3,028
Accounts payable	10,169	9,533
Accrued redress due to claimants	598,515	69,887
Undisbursed redress collections (Note 15)	358,776	431,573
Other (Note 7)	19,673	19,857
Total Liabilities	989,989	533,878
Net Position (Note 1(n)):		
Unexpended appropriations	-	-
Cumulative results of operations	135,361	152,168
Total Net Position	135,361	152,168
Total Liabilities and Net Position	$ 1,125,350	$ 686,046

The accompanying notes are an integral part of these statements.

STATEMENT OF NET COST

For the Years Ended September 30, 2018 and 2017

(Dollars in thousands)

	2018	2017
Costs by Strategic Goal (Note 10):		
Strategic Goal 1: Protect Consumers:		
Gross costs	$ 184,553	$ 181,505
Less: earned revenue	(12,311)	(14,565)
Net cost	172,242	166,940
Strategic Goal 2: Maintain Competition:		
Gross costs	156,580	145,532
Less: earned revenue	(133,481)	(126,037)
Net cost	23,099	19,495
Net Cost of Operations	$ 195,341	$ 186,435

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2018 and 2017

(Dollars in thousands)

	2018	2017
Unexpended Appropriations:		
Beginning balance	$ -	$ -
Budgetary Financing Sources:		
Appropriations received	168,023	175,374
Appropriations used	(168,023)	(175,374)
Total budgetary financing sources	-	-
Total Unexpended Appropriations	-	-
Cumulative Results of Operations		
Beginning balance	$ 152,168	$ 156,333
Budgetary Financing Sources:		
Appropriations used	168,023	175,374
Other Financing Sources (Non-Exchange):		
Imputed financing	10,511	6,896
Total financing sources	178,534	182,270
Net cost of operations (Note 10)	(195,341)	(186,435)
Net change	(16,807)	(4,165)
Cumulative Results of Operations	135,361	152,168
Net Position (Note 1(n))	$ 135,361	$ 152,168

The accompanying notes are an integral part of these statements.

STATEMENT OF BUDGETARY RESOURCES

For the Years ended September 30, 2018 and 2017
(Dollars in thousands)

	2018	2017
Budgetary Resources:		
Unobligated balance, brought forward, October 1	$ 33,167	$ 25,950
Recoveries of unpaid prior year obligations	9,454	8,947
Other changes in unobligated balance	94	18
Unobligated balance from prior year budget authority, net	42,715	34,915
Appropriations	168,023	175,374
Spending authority from offsetting collections	138,317	137,625
Total Budgetary Resources	$ 349,055	$ 347,914
Status of Budgetary Resources:		
New obligations and upward adjustments (total) (Note 11)	$ 326,238	$ 314,747
Unobligated balance, end of year:		
Apportioned, unexpired accounts	18,285	27,241
Unapportioned, unexpired accounts	4,532	5,926
Unexpired unobligated balance, end of year	22,817	33,167
Unobligated balance, end of year (total)	22,817	33,167
Total Budgetary Resources	$ 349,055	$ 347,914
Outlays, Net:		
Outlays, gross	$ 318,589	$ 313,468
Actual offsetting collections	(145,907)	(138,700)
Outlays, net	172,682	174,768
Distributed offsetting receipts	(7,816)	(94,654)
Agency outlays, net	$ 164,866	$ 80,114

The accompanying notes are an integral part of these statements.

STATEMENT OF CUSTODIAL ACTIVITY

For the Years Ended September 30, 2018 and 2017

(Dollars in thousands)

	Protect Consumers	Maintain Competition	FY 2018	FY 2017
Revenue Activity (Note 14):				
Sources of collections:				
Premerger filing fees (net of refunds)	$ -	$ 132,923	$ 132,923	$ 125,440
Civil penalties and fines	2,450	-	2,450	2,517
Consumer redress	7,612	-	7,612	94,463
Other miscellaneous receipts	204	-	204	191
Total cash collections	10,266	132,923	143,189	222,611
Accrual adjustments	434	-	434	(731)
Total Custodial Revenue	$ 10,700	$ 132,923	$ 143,623	$ 221,880
Disposition of Collections (Note 14):				
Transferred to others:				
Treasury general fund	$ 10,266	$ -	$ 10,266	$ 97,171
Department of Justice	-	132,923	132,923	125,520
Amounts yet to be transferred	434	-	434	(811)
Total Disposition of Collections	$ 10,700	$ 132,923	$ 143,623	$ 221,880
Net Custodial Activity	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1–SIGNIFICANT ACCOUNTING POLICIES

(A) FUND ACCOUNTING STRUCTURE

The Federal Trade Commission (FTC) records and tracks financial activities using Treasury Account Symbols (TAS). These TAS are described below:

GENERAL FUND

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

DEPOSIT FUND

Consumer Redress Escrow (TAS 29X6013): This account consists of money collected as a result of court ordered judgments related to the consumer redress program and held temporarily by the FTC until distributed (either directly by the FTC or through a third-party agent) to consumers or harmed entities, or transferred to the General Fund of the U.S. Government. Judgments imposed but not yet collected are accrued as accounts receivable and recorded in this account. Accrued receivables and funds collected are considered non-entity assets under the FTC's custody or management. They do not affect the FTC's net position and are not reported on the agency's Statement of Changes in Net Position. (See Note 3, Fund Balance with Treasury and Note 15, Consumer Redress Activities.)

CLEARING/SUSPENSE ACCOUNT

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

RECEIPT ACCOUNTS

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

General Fund Proprietary Receipts (TAS 29 3220): Miscellaneous receipts that by law are not available for the FTC's use and collections for the consumer redress program for which redress to consumers is not practicable are transferred to the General Fund of the U.S. Government at the end of each fiscal year.

(B) BASIS OF PRESENTATION AND ACCOUNTING

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

The FTC's financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for federal entities and with OMB Circular A-136, Financial Reporting Requirements (as revised July 2018). 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.

As described in Note 1(a), Fund Accounting Structure, the FTC maintains a single fund to account for salaries and all necessary expenses. Further, there are limited intra-entity transactions with any other fund (e.g., deposit fund) that would require eliminating entries to present consolidated statements. Accordingly, the statements are not labeled consolidated nor is the Statement of Budgetary Resources presented as combined.

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

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

(C) USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For example, estimates are used in computing accounts payable for vendor service contracts, the allowance for uncollectible accounts, and the allocation of costs to strategic goals in the Statement of Net Cost. Actual results could differ from the estimated amounts. The vendor accounts payable accrual is an estimate, and is accrued separately from the accounts payable accrual for travel and interagency agreements. In FY 2018, the FTC enhanced its approach to estimating the accrual for vendor accounts payable. The agency uses statistical techniques to evaluate vendor accounts payable balances for previous fiscal years, averages the balances to obtain an accrual estimate, and then adjusts the estimate using a factor that represents the proportional change in obligations between the current and the previous fiscal year. Every year, the agency statistically validates that the yearend vendor accounts payable accrual was reasonable. The validated amount is subsequently used in calculating the following year's estimate, which also considers any changes to invoice payment timeframes that may affect the vendor accounts payable's statistical assumptions.

(D) BUDGET AUTHORITY

The Congress passes appropriations annually that provide the FTC with authority to obligate funds for necessary expenses to carry out program activities. These funds are available until expended, subject to the OMB apportionment and to congressional restrictions on the expenditure of funds (see the FTC's FY 2018 Congressional Budget Justification, page 3, "Appropriations Language Provisions"). In addition, the FTC places internal restrictions on fund expenditures to ensure the efficient and proper use of all funds. The FTC's budget authority is derived from a direct appropriation and offsetting collections. The FTC accounts for budget authority in its General Fund account (29X0100) as reflected in the Statement of Budgetary Resources.

(E) ENTITY AND NON-ENTITY ASSETS

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

(F) FUND BALANCE WITH TREASURY

The Fund Balance with Treasury (FBwT) is the aggregate amount of undisbursed funds in the FTC's general fund, deposit fund, and clearing/suspense fund. General fund cash balance includes a portion that is available to the FTC to make expenditures and pay liabilities and a portion that is unavailable. Deposit fund and clearing/suspense fund balances are non-entity funds that are temporarily held by the FTC until transferred to another federal agency (Treasury or DOJ), or distributed to a third party. Fund balances are carried forward into subsequent fiscal years until disbursements are made. (See Note 3, Fund Balance with Treasury.)

(G) ACCOUNTS RECEIVABLE, NET

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

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

(H) GENERAL PROPERTY, PLANT, AND EQUIPMENT

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

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

Asset Type	Capitalization Threshold
Furniture	$ 50,000
General Equipment	$ 50,000
IT Equipment	$ 150,000
Leasehold Improvements	$ 150,000
Internal Use Software	$ 200,000

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

(I) ACCRUED LIABILITIES AND ACCOUNTS PAYABLE

Accrued liabilities and accounts payable represent a probable future outflow or other sacrifice of resources from past transactions or events. Liabilities are recognized when they are incurred, regardless of whether they are covered by budgetary resources. The FTC has liabilities that are entity and non-entity. Entity liabilities cannot be liquidated without legislation that provides the resources to do so. In addition, the government, acting in its sovereign capacity, can abrogate the FTC's liabilities (other than contracts).

(J) EMPLOYEE HEALTH BENEFITS AND LIFE INSURANCE

FTC employees are eligible to participate in the contributory Federal Employees' Health Benefit Program (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) administered by the Office of Personnel Management (OPM). The FTC contributes a percentage to each program to pay for current benefits.

(K) EMPLOYEE RETIREMENT BENEFITS

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

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

The FTC does not report CSRS and FERS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. The OPM reports this information. However, the FTC recognizes the full cost of providing future pension benefits to covered employees at the time the employees' services are rendered using cost factors provided by the OPM that estimate the true service cost of providing the pension benefits. The FTC recognizes the excess of the true service cost over amounts contributed as an imputed cost. This additional cost is financed by the OPM and recognized as an imputed financing source by the FTC. (See Note 16, Reconciliation of Net Operating Cost and Net Budgetary Outlays.)

(L) FECA AND OTHER POST-EMPLOYMENT BENEFITS

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

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

(M) ANNUAL AND SICK LEAVE

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

(N) NET POSITION

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

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

(O) REVENUES AND OTHER FINANCING SOURCES

The FTC's activities are financed through exchange revenues it receives from others and through an appropriation provided by the Congress. Exchange revenues consist of fees collected for premerger notification filings under the HSR Act and fees collected for the National Do Not Call Registry. Additionally, exchange revenues include a small amount of reimbursements for services performed under inter-agency agreements.

(P) METHODOLOGY FOR ASSIGNING COSTS AND EXCHANGE REVENUES

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

NOTE 2–ENTITY AND NON-ENTITY ASSETS

The FTC's entity assets are comprised of undisbursed general funds, accounts receivable, and property, plant and equipment. Accounts receivable, net, represents amounts due from other federal agencies, current and former employees, and vendors.

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

Entity and non-entity assets consisted of the following as of September 30, 2018:

(Dollars in thousands)	2018 Entity	2018 Non-Entity	2018 Total
Intragovernmental:			
Fund balance with Treasury:			
General funds	$ 128,824	$ -	$ 128,824
Deposit funds - consumer redress	-	358,776	358,776
Accounts receivable, net	18	-	18
Advances and Prepayments	232	-	232
Total intragovernmental assets	129,074	358,776	487,850
Accounts receivable, net	18	598,953	598,971
Property, plant and equipment, net	38,529	-	38,529
Total Assets	$ 167,621	$ 957,729	$ 1,125,350

Entity and non-entity assets consisted of the following as of September 30, 2017:

(Dollars in thousands)	2017 Entity	2017 Non-Entity	2017 Total
Intragovernmental:			
Fund balance with Treasury:			
General funds	$ 133,482	$ -	$ 133,482
Deposit funds - consumer redress	-	431,573	431,573
Accounts receivable, net	52	-	52
Advances and Prepayments	253	-	253
Total intragovernmental assets	133,787	431,573	565,360
Accounts receivable, net	81	69,891	69,972
Property, plant and equipment, net	50,714	-	50,714
Total Assets	$ 184,582	$ 501,464	$ 686,046

NOTE 3–FUND BALANCE WITH TREASURY

The FTC's FBwT consists of undisbursed appropriated funds, which are either unobligated or obligated, as well as non-budgetary deposit funds arising from amounts collected for consumer redress and not yet disbursed to disbursing agents or directly to claimants. The unobligated balance includes available and unavailable balances.

The unavailable – unapportioned balance of $4,532 thousand is the result of recoveries that exceeded anticipated and apportioned amounts. The unavailable - excess offsetting collections balance of $26,004 thousand are HSR fees collected above the yearly congressional authorized amount to collect and spend, and comprises of $6,924 thousand in the current year and $19,080 thousand from previous years. The unavailable - temporary reduction of $6,450 thousand consists of $5,418 thousand HSR and $1,032 thousand National Do Not Call Registry offsetting collections sequestered from FY 2013.

The difference of $32,454 thousand between the Statement of Budgetary Resources unobligated balance, end of year of $22,817 thousand and the FBwT total unobligated balance of $55,271 thousand is the $26,004 thousand Unavailable – excess offsetting collections and Unavailable – temporary reduction of $6,450 thousand.

The FTC's FBwT, as reflected in the entity's general ledger, has no material discrepancy with the amounts reported in U.S. Treasury account balances.

Fund balance with Treasury consisted of the following as of September 30, 2018 and 2017:

(Dollars in thousands)	2018	2017
Status of Fund Balance with Treasury:		
Unobligated balance:		
Available - apportioned	$ 18,285	$ 27,241
Unavailable - unapportioned	4,532	5,926
Unavailable - excess offsetting collections	26,004	19,080
Unavailable - temporary reduction	6,450	6,450
Total Unobligated balance:	55,271	58,697
Obligated balance not yet disbursed	73,553	74,785
Non-budgetary fund balance with Treasury	358,776	431,573
Total Status of Fund Balance with Treasury	$ 487,600	$ 565,055

NOTE 4–ACCOUNTS RECEIVABLE, NET

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

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

The related allowance for uncollectible accounts is the estimate the FTC will not collect from the defendant(s), which often times is a large percentage of the judgment. The $529,062 thousand increase in the FY 2018 accounts receivable, net from the FY 2017 accounts receivable, net of $69,891 thousand consists mostly of a FY 2018 judgment against AbbVie, Inc., for $493,716 thousand that has no allowance, because a bond for the full amount of the judgment is with the court while the defendant's appeal is decided by the Court of Appeals.

Net interest and the related allowance for doubtful accounts was recorded as of September 30, 2018. Accumulated unrecognized interest on receivables deemed uncollectible totaled $6,412 thousand and $739 thousand as of September 30, 2018, and 2017, respectively.

Accounts receivable, net consisted of the following as of September 30, 2018:

(Dollars in thousands)	Gross Receivables	Allowance for Uncollectible Accounts	2018 Net
Entity Accounts Receivable:			
Intragovernmental	$ 18	$ -	$ 18
With the public	57	39	18
Total entity accounts receivable	75	39	36
Non-Entity Accounts Receivable:			
Consumer redress	2,674,249	2,075,734	598,515
Civil penalties	39,826	39,388	438
Total non-entity accounts receivable	2,714,075	2,115,122	598,953
Total Accounts Receivable	$ 2,714,150	$ 2,115,161	$ 598,989

Accounts receivable, net consisted of the following as of September 30, 2017:

(Dollars in thousands)	Gross Receivables	Allowance for Uncollectible Accounts	2017 Net
Entity Accounts Receivable:			
Intragovernmental	$ 52	$ -	$ 52
With the public	81	-	81
Total entity accounts receivable	133	-	133
Non-Entity Accounts Receivable:			
Consumer redress	2,585,646	2,515,759	69,887
Civil penalties	39,081	39,077	4
Total non-entity accounts receivable	2,624,727	2,554,836	69,891
Total Accounts Receivable	$ 2,624,860	$ 2,554,836	$ 70,024

NOTE 5–GENERAL PROPERTY PLANT, AND EQUIPMENT, NET

The following represents the FTC's capital assets and accumulated depreciation as of September 30, 2018, and 2017. No impairment was recognized in either year. The accumulated depreciation has increased by $5,521 thousand while the current year depreciation and amortization expense is $9,907 thousand, as presented in Note 16. The difference of $4,386 thousand results from asset disposals where $4,286 thousand of accumulated depreciation/amortization was removed for fully depreciated assets. In addition, a $100 thousand leasehold adjustment was recorded due to the Chicago regional office space move.

Property, plant, and equipment, net consisted of the following as of September 30, 2018:

Asset Class (Dollars in thousands)	Service Life	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	5-20 years	$ 25,802	$ 18,837	$ 6,965
Leasehold improvements	15 years	46,301	17,564	28,737
Software	5 years	22,791	19,964	2,827
Total Property, Plant, and Equipment		$ 94,894	$ 56,365	$ 38,529

Property, plant, and equipment, net consisted of the following as of September 30, 2017:

Asset Class (Dollars in thousands)	Service Life	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	5-20 years	$ 26,992	$ 15,138	$ 11,854
Leasehold improvements	15 years	46,566	14,718	31,848
Software	5 years	28,000	20,988	7,012
Total Property, Plant, and Equipment		$ 101,558	$ 50,844	$ 50,714

NOTE 6–LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

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

LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities incurred for which revenues or other sources of funds necessary to pay the liabilities have not been made available through Congressional appropriations or current earnings. These include unfunded FECA liabilities and accrued annual leave.

LIABILITIES NOT REQUIRING BUDGETARY RESOURCES

Non-entity liabilities that are covered by non-entity assets. These include:

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

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

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

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2018:

(Dollars in thousands)	Not Covered by Budgetary Resources	Not Requiring Budgetary Resources	FY 2018 Total
Intragovernmental Liabilities:			
FECA liability	$ 358	$ -	$ 358
Other employment related liability	3	-	3
Accrued civil penalties due to Treasury	-	438	438
Total Intragovernmental Liabilities	361	438	799
Non-Federal Liabilities:			
Accrued leave	11,455	-	11,455
Actuarial FECA	2,146	-	2,146
Undisbursed redress collections	-	358,776	358,776
Accrued redress due to claimants	-	598,515	598,515
Total Non-Federal Liabilities	13,601	957,291	970,892
Total Unfunded Liabilities	13,962	957,729	971,691
Liabilities Covered by Budgetary Resources			18,298
Total Liabilities			$ 989,989

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2017:

(Dollars in thousands)	Not Covered by Budgetary Resources	Not Requiring Budgetary Resources	FY 2017 Total
Intragovernmental Liabilities:			
FECA liability	$ 353	$ -	$ 353
Other employment related liability	-	-	-
Accrued civil penalties due to Treasury	-	4	4
Total Intragovernmental Liabilities	353	4	357
Non-Federal Liabilities:			
Accrued leave	11,681	-	11,681
Actuarial FECA	2,095	-	2,095
Undisbursed redress collections	-	431,573	431,573
Accrued redress due to claimants	-	69,887	69,887
Total Non-Federal Liabilities	13,776	501,460	515,236
Total Unfunded Liabilities	14,129	501,464	515,593
Liabilities Covered by Budgetary Resources			18,285
Total Liabilities			$ 533,878

NOTE 7 – OTHER LIABILITIES

As of September 30, 2018, and 2017, components of amounts reported on the Balance Sheet as Other Intragovernmental Liabilities and Other Liabilities along with a categorization of current versus long-term are as follows:

Other liabilities consisted of the following as of September 30, 2018:

(Dollars in thousands)	2018 Non-Current	2018 Current	2018 Total
Other intragovernmental liabilities:			
Accrued employee benefits	$ -	$ 1,500	$ 1,500
FECA liability	358	-	358
Reimbursable advances	-	-	-
Accrued civil penalties due to Treasury	-	438	438
Total Other Intragovernmental Liabilities:	358	1,938	2,296
Other Non-Federal liabilities:			
Accrued payroll and benefits	-	6,072	6,072
Accrued leave	11,455	-	11,455
Actuarial FECA	2,146	-	2,146
Total Other Non-Federal Liabilities	13,601	6,072	19,673
Total Other Liabilities	$ 13,959	$ 8,010	$ 21,969

Other liabilities consisted of the following as of September 30, 2017:

(Dollars in thousands)	2017 Non-Current	2017 Current	2017 Total
Other intragovernmental liabilities:			
Accrued employee benefits	$ -	$ 1,477	$ 1,477
FECA liability	353	-	353
Reimbursable advances	-	13	13
Accrued civil penalties due to Treasury	-	4	4
Total Other Intragovernmental Liabilities:	353	1,494	1,847
Other Non-Federal liabilities:			
Accrued payroll and benefits	-	6,081	6,081
Accrued leave	11,681	-	11,681
Actuarial FECA	2,095	-	2,095
Total Other Non-Federal Liabilities	13,776	6,081	19,857
Total Other Liabilities	$ 14,129	$ 7,575	$ 21,704

NOTE 8–OPERATING LEASES

Leases of government-owned and commercial-owned property are made through and managed by the GSA. The FTC does not have any lease agreements with non-federal entities. While leases with the GSA are cancellable, the FTC's intention is to stay in the GSA leased space and disclose the amounts that will be paid in the future to the GSA under signed lease agreements. The FTC leases spaces from four government-owned properties and seven commercial properties totaling approximately 611 thousand square feet for use as offices, storage, and parking. The FTC's government leases expire on various dates through 2028, while the commercial leases expire at various dates through 2031.

Future minimum lease payments due under leases of government-owned property for the fiscal year ended September 30, 2018:

Fiscal Year (Dollars in thousands)		
2019	$	7,143
2020		798
2021		803
2022		755
2023		599
Thereafter		2,787
Total Future Minimum Lease Payments	$	12,885

Future minimum lease payments due under leases of commercial-owned property for the fiscal year ended September 30, 2018:

Fiscal Year (Dollars in thousands)		
2019	$	14,134
2020		14,414
2021		14,622
2022		15,482
2023		15,587
Thereafter		18,334
Total Future Minimum Lease Payments	$	92,573

NOTE 9–COMMITMENTS AND CONTINGENCIES

As of September 30, 2018, and 2017, the FTC had no pending single or aggregate administrative proceeding(s), legal action(s), and claim(s) brought by or against it, including pending litigation where adverse decisions are considered by management and legal counsel as "probable" or "reasonably possible." This includes tort claims administered by the DOJ and funded through the Judgment Fund of the U.S. Treasury. Accordingly, no balances are recorded in the financial statements in relation to contingencies.

NOTE 10–EXCHANGE REVENUES

The Statement of Net Cost presents the FTC's costs and exchange revenues for its two major strategic goals. The exchange revenues and related costs are presented by the major strategic goals they support and are further classified as "intragovernmental" or "public." Intragovernmental costs and exchange revenues arise from transactions with another federal entity and public costs and exchange revenues arise from transactions with non-federal entities.

The FTC's intergovernmental costs are for services received from other federal agencies under reimbursable agreements to carry out its programs. The federal agencies providing the services bill the FTC based on full cost recovery. The FTC recognizes costs based on the services it receives from other agencies.

FEDERAL EXCHANGE REVENUES

A small portion of the FTC's overall exchange revenue is intragovernmental arising from services provided to other federal agencies under interagency agreements. The FTC bills requesting agencies to recover the full cost of services, primarily salaries, and recognizes revenue at the time expenditures are incurred. The reimbursable revenue and costs are $575 thousand for FY 2018 and $2,536 thousand for FY 2017.

The majority of the FTC's exchange revenue is "public" and derived from two primary sources:

Fees collected for premerger notification filings under the HSR Act - The HSR Act requires entities to file premerger notifications with the FTC and the Antitrust Division of the DOJ and establishes a waiting period before certain mergers, acquisitions, or transfers of assets may be completed. The filing fees are determined by the values and sizes of involved parties. By law, the FTC retains one-half of all premerger filing fees collected and remits the other one-half to the DOJ's Antitrust Division.

Subscription fees collected for the National Do Not Call Registry - The Do Not Call (DNC) Registry Fee Extension Act of 2007, which amended the Do Not Call Implementation Act, established a permanent fee structure for the DNC registry and provides that fees be reviewed annually and adjusted for inflation, as appropriate. Telemarketers must pay an annual subscription fee and download a list of telephone numbers of consumers who do not wish to receive calls. Fees are based on the number of area codes downloaded. The FTC recognizes revenue when collected and the telemarketers are given access to the requested data.

The HSR and DNC fees are determined based on their respective congressional authorities. Each year, language in the appropriations bill specifies the amount of fees collected that the FTC can use to offset its annual appropriation. While the fees relate to major strategic goals, the fees are not related to specific costs incurred. As a result, the information below presents the full cost of operations with related exchange revenues by the FTCs two primary strategic goals.

Exchange revenues and related costs by strategic goal for the fiscal years ended September 30, 2018 and 2017

(Dollars in thousands)	2018	2017
Strategic Goal 1: Protect Consumers		
Intragovernmental gross costs	$ 44,845	$ 44,611
Public costs	139,708	136,894
Gross costs, Protect Consumers	184,553	181,505
Intragovernmental earned revenue - reimbursements	(17)	(1,939)
Public earned revenue - Do Not Call registry fees	(12,294)	(12,626)
Earned revenue, Protect Consumers	(12,311)	(14,565)
Net Cost, Protect Consumers	172,242	166,940
Strategic Goal 2: Maintain Competition		
Intragovernmental gross costs	38,048	35,770
Public costs	118,532	109,762
Gross costs, Maintain Competition	156,580	145,532
Intragovernmental earned revenue - reimbursements	(558)	(597)
Public earned revenue - premerger filing fees	(132,923)	(125,440)
Earned revenue, Maintain Competition	(133,481)	(126,037)
Net Cost, Maintain Competition	23,099	19,495
Net Cost of Operations	$ 195,341	$ 186,435

NOTE 11–APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED: DIRECT VS. REIMBURSABLE OBLIGATIONS

Obligations incurred consisted of the following for the fiscal years ended September 30, 2018 and 2017:

(Dollars in thousands)	2018	2017
Obligations Incurred:		
Category A - direct obligations	$ 325,871	$ 314,003
Category B - reimbursable obligations	367	744
Total Obligations Incurred	$ 326,238	$ 314,747

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

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

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

NOTE 12–EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

The Budget of the United States Government (President's Budget) contains budget proposals for the upcoming fiscal year along with forecasted results for the current fiscal year and actual results for the previous fiscal year. The most current version of the President's Budget is the FY 2019 President's Budget, which contains FY 2017 actual results. There are no material differences between amounts reported in the FY 2017 Statement of Budgetary Resources and the FY 2017 actual amounts as reported in the FY 2019 President's Budget; however, the Statement of Budgetary Resources includes Distributed Offsetting Receipts, which are excluded from the President's Budget. The FY 2020 Budget of the United States Government is not available to compare FY 2018 actual amounts to the FY 2018 Statement of Budgetary Resources. The expected availability for this report is February 2019 on the OMB's website.

NOTE 13–UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered obligations consisted of the following as of September 30, 2018 and 2017:

(Dollars in thousands)	2018	2017
Non-Federal unpaid obligations	$ 46,116	$ 46,970
Federal unpaid obligations	9,463	10,441
Federal paid obligations	232	253
Total federal obligations	9,695	10,694
Total Undelivered Orders	$ 55,811	$ 57,664

NOTE 14–CUSTODIAL ACTIVITIES

The primary custodial activities of the FTC are:

PREMERGER FILING FEES

Fees collected for premerger notification filings under the HSR Act are divided evenly between the FTC and the DOJ. The portion of collections designated for the DOJ is reported as a custodial activity. As of September 30, 2018 and 2017, the FTC collected $265,846 and $250,880 thousand respectively, in HSR premerger filing fees. One-half of the amounts collected in each year was distributed to the DOJ, as shown on the Statement of Custodial Activity.

CIVIL PENALTIES

Civil monetary penalties and antitrust violations collected in connection with the settlement or litigation of the FTC's administrative or Federal court cases are collected by either the FTC or the DOJ as provided by law. In those situations where the FTC collects the penalties, the funds are deposited in a receipt account with the Treasury. Civil penalties collected also include amounts collected for undecided civil penalty cases that are held until final disposition of the cases. All civil penalties collected are transferred to the General Fund of the U.S. Government at the end of the fiscal year.

CONSUMER REDRESS

Collections for consumer redress reported on the Statement of Custodial Activity are limited to those collections that have been disgorged to the Treasury. Net disgorgements to the Treasury were $7,612 thousand as of September 30, 2018 and $94,463 thousand as of September 30, 2017.

Other line items on the Statement of Custodial Activity include:

ACCRUAL ADJUSTMENTS

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

AMOUNTS YET TO BE TRANSFERRED

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

NOTE 15–CONSUMER REDRESS ACTIVITIES

The FTC obtains funds for consumer redress in connection with the settlement or litigation of both administrative proceedings and Federal court cases. The FTC holds redress funds in a deposit fund at Treasury until a determination is made on the practicability of redress. The FTC attempts to distribute funds to injured parties whenever possible. If redress is determined to be practicable, funds are either directly disbursed by the FTC to claimants or are transferred to accounts at financial institutions from which redress third party administrators process claims and disburse proceeds to injured parties. Disbursements to claimants and third party administrators totaled $591,345 and $543,432 thousand as of September 30, 2018, and 2017 respectively.

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

Redress fund activities consisted of the following for the fiscal years ended September 30, 2018 and 2017:

(Dollars in thousands)	2018	2017
Consumer Redress:		
Fund Balance with Treasury		
Beginning balance	$ 431,573	$ 796,395
Collections	526,160	273,073
Disbursements to claimants and third party administrators for redress, net	(591,345)	(543,432)
Disgorgements to Treasury, net	(7,612)	(94,463)
Total Fund Balance with Treasury, Ending	$ 358,776	$ 431,573
Accounts Receivable, Net		
Beginning balance	$ 69,887	$ 98,182
Net activity	528,628	(28,295)
Total Accounts Receivable, Ending	$ 598,515	$ 69,887

NOTE 16 – RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS

The reconciliation schedules presented below bridge the gap between the net operating costs presented on the Statement of Net Cost and the net outlays presented on the Statement of Budgetary Resources for the fiscal years ended September 30, 2018, and 2017. The increase in agency outlays is primarily due to the reduction in redress amounts disgorged to the Treasury, which are displayed as distributed offsetting receipts.

Reconciliation of Net Operating Cost and Net Budgetary Outlays for the Years Ended September 30, 2018 and 2017:

	FY 2018		
	Intragovernmental	With the Public	Total
Net Operating Cost	$ 82,318	$ 113,023	$ 195,341
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization	-	(9,907)	(9,907)
Losses on Asset Dispositions	-	(1,540)	(1,540)
Increase/(Decrease) in Assets	(55)	(63)	(118)
(Increase)/Decrease in Liabilities	557	(403)	154
Imputed Costs	(10,510)	-	(10,510)
Expense Offsets for Capitalized Costs	-	(629)	(629)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(10,008)	(12,542)	(22,550)
Components of Budgetary Outlays Not Part of Net Operating Cost			
Purchases of Assets	-	(109)	(109)
Collections of Pre-Merger Fees - Custodial Activity	-	-	-
Miscellaneous Receipts	-	(7,816)	(7,816)
Total Components of Budgetary Outlays Not Part of Net Operating Cost	-	(7,925)	(7,925)
Net Outlays (Calculated)	$ 72,310	$ 92,556	$ 164,866
Related Amounts on the Statement of Budgetary Resources			
Outlays, Gross			$ 318,589
Actual Offsetting Collections			(145,907)
Outlays, Net			$ 172,682
Distributed Offsetting Receipts			(7,816)
Agency Outlays, Net			$ 164,866

	FY 2017		
	Intragovernmental	With the Public	Total
Net Operating Cost	$ 77,845	$ 108,590	$ 186,435
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization	-	(10,534)	(10,534)
Losses on Asset Dispositions	-	-	-
Increase/(Decrease) in Assets	231	2	233
(Increase)/Decrease in Liabilities	(2,644)	4,295	1,651
Imputed Costs	(6,896)	-	(6,896)
Expense Offsets for Capitalized Costs	-	96	96
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(9,309)	(6,141)	(15,450)
Components of Budgetary Outlays Not Part of Net Operating Cost			
Purchases of Assets	-	3,783	3,783
Collections of Pre-Merger Fees - Custodial Activity	-	422	422
Miscellaneous Receipts	-	(95,076)	(95,076)
Total Components of Budgetary Outlays Not Part of Net Operating Cost	-	(90,871)	(90,871)
Net Outlays (Calculated)	$ 68,536	$ 11,578	$ 80,114
Related Amounts on the Statement of Budgetary Resources			
Outlays, Gross			$ 313,468
Actual Offsetting Collections			(138,700)
Outlays, Net			$ 174,768
Distributed Offsetting Receipts			(94,654)
Agency Outlays, Net			$ 80,114

Other Information

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

As required by the *Reports Consolidation Act of 2000,* the Federal Trade Commission (FTC) Office of Inspector General (OIG) has identified the following issues as the most serious management and performance challenges facing the FTC. The entire FY 2018 report is available at https://www.ftc.gov/about-ftc/office-inspector-general.

1. Securing Information Systems and Networks from Destruction, Data Loss, or Compromise

The FTC is continuing to address two significant areas of risk – legacy IT and availability of cybersecurity personnel. The FTC will also need to mitigate its IT risks by fully integrating privacy controls into security controls, thereby creating a consolidated and unified set of controls.

2. Addressing the Escalating Costs of Expert Witnesses

The FTC is challenged with rising costs for expert witness contracts and must actively manage its investigative and litigation resources. Overcoming this challenge will be critical as the agency pursues larger and more complex cases. In the FTC's estimation, unpredictability surrounding the mix of scope and disposition of cases presents the greatest challenge to projecting costs for the expert witness program.

The OIG also provided the following "watch list" issue areas that do not rise to the level of serious management and performance challenges, but nonetheless require management's continued attention.

1. Development of a Risk Management Framework in Support of FISMA

2. Acquisition Planning and Contract Management

3. Improper Influences by Former Officials and Employees

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

TABLE 1: SUMMARY OF FINANCIAL STATEMENT AUDIT

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

TABLE 2: SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control Over Financial Reporting (Federal Managers' Financial Integrity Act (FMFIA) Para. 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control Over Operations (FMFIA Para. 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA Para. 4)						
Statement of Assurance	Systems conform to financial management system requirements					
Non-Conformances	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
	0	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0	0

PAYMENT INTEGRITY

The Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 requires agencies to annually report on all programs and activities, identify those that may be susceptible to significant improper payments, estimate annual improper payments in the susceptible programs and activities, and report the results of their improper payment activities. In FY 2015, the FTC performed and documented testing of statistical samples from larger payment processes to verify that the FTC payment programs are not susceptible to significant improper payments and also conducted a qualitative risk assessment over all payment programs. The FY 2015 quantitative and qualitative analyses served as a baseline for the FTC's FY 2018 activities.

In accordance with the OMB A-123 Appendix C guidance, the FTC performed a FY 2018 risk assessment for nine payment processes. The 2018 qualitative risk assessment was a refreshment of the FY 2015 risk assessment to meet the three-year required cycle. The risk assessment included all major payment programs including payroll, procurement, redress payments to consumers, travel, purchase card, premerger filing fee refunds, training, and two miscellaneous payment processes. Each payment program was defined by its own internal control framework. The FTC evaluated each payment program over $1 million using the following qualitative risk factors identified in OMB Circular A-123 Appendix C:

- The relative complexity of the program or activity operation;
- The extent and significance of recent changes in the program that may be reason for improper payment in funding, authorities, practices and procedures;
- The level, experience, and quality of training for personnel responsible for program eligibility determination or certifying that payments are accurate;
- The inherent risks of improper payments due to the nature of programs or operation;
- Known control deficiencies (i.e., reported by OIG or GAO) that might hinder accurate payment certification;
- The program or activity was recently initiated at the agency;
- The volume of payments made annually; and
- Results from prior improper payment work.

As a result of the FY 2018 risk assessment, the FTC determined that the agency's programs and activities present low risk of improper payments and that none of the agency's programs or activities were determined to be susceptible to significant improper payments. In addition to the risk assessment of all payment processes, the Interior Business Center (IBC), the FTC's shared service provider, compares the FTC's payee records in the financial system with payee records in the Do Not Pay databases. To prevent improper payments, the FTC reviews potential matches on an on-going basis and incorporates a pre-award check on potential contractors against the Do Not Pay databases.

For programs with more than $1 million of expenditures, the FTC determined and documented that performing recapture audits were not cost effective. The FTC's analysis had two parts. First was the error rates determined during the FY 2015 quantitative risk assessment and the second was the documented management assessments of the controls within the payment processes. The FY 2015 test work used statistical methods to project error rates to the population of payments for the larger payment processes. These larger payment amounts could have produced errors classifying the process as 'Significant'. This test work did not detect errors within the population of payments and, therefore, did not identify payments subject to recapture. Recent management assessments of each payment process determined sufficient controls to detect and prevent improper payments were in place and operating effectively. As a result, the Office of the Chief Financial Officer determined and documented that projected amounts subject to recapture audits are 'di minimus' and recapture audits are not cost-effective.

PAYMENT INTEGRITY (CONTINUED)

	Number (#) of Payments Reviewed for Possible Improper Payments	Dollars ($) of Payments Reviewed for Possible Improper Payments	Number (#) of Payments Stopped	Dollars ($) of Payments Stopped	Number (#) of Potential Improper Payments Reviewed and Determined Accurate	Dollars ($) of Potential Improper Payments Determined Accurate
Reviews with the IPERIA specified databases	8,771	$ 686.7M	0	$ 0.00	0	$ 0.00
Reviews with databases not listed in IPERIA	0	$ 0.00	0	$ 0.00	0	$ 0.00

More information on Improper Payments can be found at https://paymentaccuracy.gov/.

"REDUCE THE FOOTPRINT" IMPLEMENTATION

The Federal Trade Commission is committed to reducing the total square footage of its office and warehouse inventory relative to the established FY 2015 baseline in accordance with Section 3 of the Office of Management and Budget (OMB) Memorandum 12-12, *Promoting Efficient Spending to Support Agency Operations: Reduce the Footprint*.

Reduce the Footprint Baseline Comparison	FY 2015 Baseline	FY 2018	Change (FY 2015 Baseline - FY 2018)
Rentable Square Footage	611,407	611,402	(5)

Total square footage decreased by less than 1 percent in FY 2018 from the FY 2015 baseline year and 829 square feet compared to FY 2017 primarily due to moving into a new, smaller space in Los Angeles, which is consistent with Section 3, OMB M-12-12.

The FTC renovations aim to utilize space and energy in the most efficient manner possible in all buildings it occupies. The FTC continues to identify opportunities to reduce total square footage for consideration in future budget years while carrying out its mission.

The FTC currently has no buildings that meet the requirements to report operations and maintenance costs.

FRAUD REDUCTION REPORT

During 2018, the FTC directed several efforts to implement the Fraud Reduction Data Analytics Act (FRDAA) of 2015. The objectives of these efforts were to implement the financial and administrative controls contained within the act, strengthen the FTC processes to reflect the GAO Fraud Risk Principle contained in the federal internal control standards, and apply the leading fraud risk practices for managing fraud risk, promoted by the OMB in its recent update to Circular A123.

This year, the FTC implemented several strategies, procedures, and took steps to prevent and detect fraud within the agency. These actions include the following:

The CFO designated in writing the Enterprise Risk Management (ERM) program manager as the agency's official Fraud Risk Coordinator. Responsibilities of the Fraud Risk Coordinator include: 1) coordinate agency-wide efforts to identify, assess and respond to fraud risks; 2) implement the collection and analysis of available data to support managers' efforts to prevent, detect and respond to fraud risks; 3) conduct ongoing monitoring, audit and evaluations over fraud prevention, detection and response activities; and 4) incorporate fraud risk management into the broader ERM framework.

The Fraud Risk Coordinator chartered a Fraud Risk Register Work Group consisting of program staff from each major mission and mission support program. The Work Group trained its members in GAO standards, OMB practices and the FTC risk management framework. Work Group members then developed the FTC's Fraud Risk Register by identifying, analyzing and prioritizing risks and identifying different available data sets, which may support ongoing monitoring to prevent and detect fraud. The developed Fraud Risk Register was integrated into the overall FTC ERM risk management framework.

The ERM program conducted several financial process reviews this year, which identified fraud vulnerabilities within processes. The ERM program worked with agency programs to mitigate risks surrounding redress payments to the public through, limited designations of authorized officials to approve payments, implementation of sequentially numbered authorization records and payment voucher forms, reconciliations of authorizations to payments and improved monitoring of contractors' controls during payment processes. In addition, the FTC implemented a new cash management policy to significantly restrict the number of monetary instruments received, redirect customer payments to electronic funds payments and shift the mailing of any remaining cash receipts from program offices to the Financial Operations Division where collections are processed.

This year, the ERM program began collecting and analyzing data to prevent and detect fraud. A review of the Federal Transit Benefit Program payment schedules analyzed data to confirm payments were made only to eligible beneficiaries and only during their periods of eligibility. Additionally, the ERM Program analyzed micro-purchase card data and individually billed travel card data to identify inappropriate card use, then researched and resolved exceptions with cardholders.

During FY 2019, the FTC plans to strengthen and extend agency level fraud risk management and monitoring by leveraging its cross-programmatic Fraud Risk Register Work Group, increasing data collection and analysis, conducting additional audit and evaluations to identify vulnerabilities and coordinating all of these activities within the overall ERM framework.

CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

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

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

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level ($ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
The Clayton Act Section 7A(g)(1) 15 U.S.C 18a(g)(1)	Premerger filing notification violations	1976	January 22, 2018	$ 41,484	BC	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Clayton Act Section 11(l) 15 U.S.C. 21(l)	Violations of cease and desist orders	1959	January 22, 2018	$ 22,039	BC	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The FTC Act Section 5(l) 15 U.S.C. 45(l)	Unfair or deceptive acts or practices	1973	January 22, 2018	$ 41,484	BC and BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The FTC Act Section 5(m)(1)(A) 15 U.S.C. 45(m)(1)(A)	Unfair or deceptive acts or practices	1975	January 22, 2018	$ 41,484	BC and BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The FTC Act Section 5(m)(1)(B) 15 U.S.C. 45(m)(1)(B)	Unfair or deceptive acts or practices	1975	January 22, 2018	$ 41,484	BC and BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The FTC Act Section 10 15 U.S.C. 50	Failure to file required reports	1914	January 22, 2018	$ 545	BC and BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Webb-Pomerene (Export Trade) Act Section 5 15 U.S.C. 65	Failure to file required statements	1918	January 22, 2018	$ 545	BC	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Wool Products Labeling Act Section 6(b) 15 U.S.C. 68d(b)	Failure to maintain required records	1940	January 22, 2018	$ 545	BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Fur Products Labeling Act Section 3(e) 15 U.S.C. 69a(e)	Failure to maintain required records	1951	January 22, 2018	$ 545	BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903

CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION (CONTINUED)

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level ($ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
The Fur Products Labeling Act Section 8(d)(2) 15 U.S.C. 69f(d)(2)	Failure to maintain required records	1951	January 22, 2018	$ 545	BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Energy Policy and Conservation Act Section 333(a) 42 U.S.C. 6303(a)	Knowing violations	1975	January 22, 2018	$ 449	BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Energy Policy and Conservation Act Section 525(a) 42 U.S.C. 6395(a)	Recycled oil labeling violations	1975	January 22, 2018	$ 22,039	BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Energy Policy and Conservation Act Section 525(b) 42 U.S.C. 6395(b)	Willful violations	1975	January 22, 2018	$ 41,484	BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Fair Credit Reporting Act Section 621(a)(2) 15 U.S.C. 1681s(a)(2)	Knowing violations	1996	January 22, 2018	$ 3,895	BCP	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Medicare Prescription Drug Inprovement and Modernization Act of 2003 Public Law 108-173 Section 1115(a) 21 U.S.C. 355 note	Non-compliance with filing requirements	2003	January 22, 2018	$ 14,666	BC	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903
The Energy Independence and Security Act of 2007 Section 814(a) 42 U.S.C. 17304	Market manipulation or provision of false information to federal agencies	2007	January 22, 2018	$ 1,180,566	BC	Federal Register Vol. 83, January 22, 2018, Pages 2902-2903

GRANTS OVERSIGHT & NEW EFFICIENCY (GONE) ACT

Per OMB Management Procedures Memorandum 2016-04, the GONE Act reporting requirements apply to agencies that award grants or cooperative agreements. As the FTC does not award grants or cooperative agreements, the reporting requirements do not apply.

Appendices

APPENDIX A: DATA QUALITY INFORMATION

STRATEGIC GOAL 1 – PROTECT CONSUMERS FROM UNFAIR AND DECEPTIVE PRACTICES IN THE MARKETPLACE.

PERFORMANCE GOAL 1.1.3: TOTAL CONSUMER SAVINGS COMPARED TO THE AMOUNT OF FTC RESOURCES ALLOCATED TO CONSUMER PROTECTION LAW ENFORCEMENT.

Description: This measure tracks the efficiency of the FTC's consumer protection law enforcement spending. We compare how much money the FTC saves consumers each year through law enforcement to the amount the FTC spends on consumer protection law enforcement. Consumer savings comprise: (a) the amount of money returned to consumers; and (b) an estimate of the amount of harm that would have occurred but for the FTC's law enforcement action. To calculate this latter figure, the FTC assumes that the unlawful conduct would have continued for one year but for our action. The FTC also assumes that the amount of harm that would have occurred in that year is the same as what consumers lost in the past. Performance Goals 2.1.3 and 2.1.5 are similar measures that track the impact of antitrust law enforcement. The amount reported is a three-year rolling average (average of the current year and two prior year totals).

Calculation/Formula: (Amount of money returned to consumers + the sum of the estimated consumer savings generated by law enforcement actions) / Annual expenditures on consumer protection law enforcement. The amount reported is a three-year rolling average (average of the current year and two prior year totals).

The amount of money returned to consumers is the sum of refund checks cashed by consumers as the result of FTC enforcement actions.

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

The annual expenditures on consumer protection law enforcement are the FTC budget dollars spent on consumer protection law enforcement. Dollars spent on the Consumer and Business Education and Economics and Consumer Policy work are excluded from this calculation. The amount reported is a three-year rolling average (average of the current year and two prior year totals).

Definitions: N/A

Data Sources:
Amount of money the FTC returned to consumers: Based on BCP's collection's database data exports from FOCUS, the agency's financial system maintained by the Financial Management Office (FMO), redress contractor reports, and matter bank statements.

Sum of the estimated consumer savings generated by law enforcement actions: Staff uses company sales and other records, as well as information from company employees and customers, where applicable. After the completion of a case, staff reports the estimated dollar value of consumer loss in the Redress and Enforcement Database. If staff has not completed the survey in the Redress and Enforcement Database or provided the required information, staff is surveyed by email.

For money spent on law enforcement: FMO staff provides the annual expenditures data to BCP staff.

Data Collection:

Amount of money the FTC returned to consumers:

1. The BCP Collection and Enforcement Database tracks all consumer protection judgements entered, all collections made on those judgements, and all aggregate case-by-case distributions made to consumers without FTC contractors.

2. The Redress Administration Office (RAO) in Division of Consumer Response and Operations (DCRO) reconciles monthly activity reports submitted by the redress contractors with matter bank statements.

3. RAO reconciles the monthly FMO sub-ledger with the approved dispersals for each individual matter.

Sum of the estimated consumer savings generated by law enforcement actions: The consumer savings by case are maintained in a spreadsheet by BCP. A spreadsheet with the completed cases for the current fiscal year is reviewed quarterly by headquarters and regional office management to ensure that all applicable cases are included in the report.

Data Limitations/Response: The calculation does not perfectly estimate the agency's impact because it assumes that the challenged business practices would have continued for only one more year and it ignores the deterrent effect of FTC enforcement.

PERFORMANCE GOAL 1.1.4: AMOUNT OF MONEY RETURNED TO CONSUMERS OR FORWARDED TO THE U.S. TREASURY RESULTING FROM FTC ENFORCEMENT ACTION.

Description: This goal tracks the FTC's effectiveness in returning money to consumers who were defrauded and forwarding money to the U.S. Treasury (e.g., if sending money to individuals is impracticable, or if funds were paid as a civil penalty). The FTC targets law enforcement efforts on violations that cause the greatest amount of consumer harm; the amount of money returned to consumers or forwarded to the U.S. Treasury is a useful indicator that the FTC is targeting the right defendants. The number reported is a three-year rolling average (average of the current year and two prior year totals).

Calculation/Formula: Sum of refund checks cashed by consumers, plus the amount of money paid to the FTC by defendants and forwarded to the U.S. Treasury, either because sending refunds was not feasible or because the money was paid as a civil penalty. The amount reported is a three-year rolling average (average of the current year and two prior year totals).

Definitions: N/A

Data Sources: The redress data are based on BCP's collection's database data exports from FOCUS, the agency's financial system maintained by the Financial Management Office (FMO), redress contractor reports, and matter bank statements. The civil penalty data are summarized in a spreadsheet maintained by BCP staff in the DCRO.

Data Collection:

1. The BCP Collection and Enforcement Database tracks all consumer protection judgements entered, all collections made on those judgements, and all aggregate case-by-case distributions made to consumers without FTC contractors.

2. The Redress Administration Office (RAO) in DCRO reconciles monthly activity reports submitted by the redress contractors with matter bank statements.

3. RAO reconciles the monthly FMO sub-ledger with the approved dispersals for each individual matter.

4. BCP budget staff reconciles the civil penalty spreadsheet with a separately maintained spreadsheet that includes a list of all civil penalty orders in the current fiscal year. BCP budget staff also reconciles the civil penalty spreadsheet with data maintained by FMO and with memos received by the Department of Justice, which contain copies of the checks and electronic fund transfers for civil penalties.

Data Limitations/Response: The amount of money is not a perfect measure of the effectiveness of the agency's work protecting consumers. If the FTC steps in and stops scams in their incipiency, there is less injury and therefore less redress provided in those situations; but consumers are undoubtedly better off. Also, the amount of money returned/forwarded to the U.S. Treasury may depend on the amount of money the defendants have to satisfy the judgment.

PERFORMANCE GOAL 1.2.1: RATE OF CONSUMER SATISFACTION WITH FTC CONSUMER EDUCATION WEBSITES.

Description: This measure gauges the effectiveness, helpfulness, and usability of the FTC's consumer education websites. Consumer education serves as the first line of defense against deception and unfair practices. Well-informed consumers are better able to protect themselves from bad actors in the marketplace. This measure includes the customer satisfaction scores for Consumer.ftc.gov and Bulkorder.ftc.gov.

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

Definitions: N/A

Data Sources: FTC staff can access survey results through ForeSee's online portal.

Data Collection: ForeSee conducts user surveys and generates the measurement based on industry standard practices. In FY 2017, consumers completed more than 3,000 surveys on consumer.ftc.gov and bulkorder.ftc.gov.

Data Limitations/Response: Survey data are collected and results calculated by third-party company ForeSee. Participation in the survey is voluntary.

PERFORMANCE GOAL 1.3.2: NUMBER OF INVESTIGATIONS OR CASES IN WHICH THE FTC OBTAINED FOREIGN-BASED EVIDENCE OR INFORMATION OR ENGAGED IN OTHER MUTUAL ASSISTANCE THAT CONTRIBUTED TO FTC LAW ENFORCEMENT ACTIONS, OR IN WHICH THE FTC COOPERATED WITH FOREIGN AGENCIES AND/OR MULTILATERAL ORGANIZATIONS ON ENFORCEMENT MATTERS.

Description: The Office of International Affairs (OIA) works to expand cooperation and coordination between the FTC and international consumer protection partners through litigation support, information sharing, and building international consumer protection capacity. This measure counts the number of investigations and cases where information was shared between the FTC and foreign consumer protection agencies.

Calculation/Formula: # of FTC consumer protection investigations or cases where supporting evidence or information was obtained from foreign agencies + # of foreign consumer protection investigations or cases where supporting evidence or information was provided by the FTC + # of enforcement matters where the FTC otherwise engaged in enforcement cooperation with foreign agencies or multilateral enforcement networks.

Definitions:

- *Mutual assistance:* Sharing information, including complaints or personally identifiable information, investigative assistance including obtaining evidence under appropriate legal authorities, the coordination of enforcement actions and priorities, or other appropriate assistance that aids in the enforcement of laws and rules.
- *Multilateral organizations:* Formal international organizations and agency-based peer networks that are pursuing enforcement –related cooperation projects and activities.

Data Sources: OIA weekly reports and internal tracking sheets.

Data Collection: OIA consumer protection team members report matters they worked on in which information was shared on a log maintained on an OIA shared drive. Managers review these matters to ensure that they qualify as part of the measure and have not been previously counted.

Data Limitations/Response: Data are captured at several different points within OIA including weekly reports and internal tracking sheets. Data are input by several different staff members. Management review is necessary to ensure all appropriate cases and investigations are counted and to avoid double counting of particular matters.

STRATEGIC GOAL 2: MAINTAIN COMPETITION TO PROMOTE A MARKETPLACE FREE FROM ANTICOMPETITIVE MERGERS, BUSINESS PRACTICES, OR PUBLIC POLICY OUTCOMES.

PERFORMANCE GOAL 2.1.1: PERCENTAGE OF FULL MERGER AND NONMERGER INVESTIGATIONS IN WHICH THE FTC TAKES ACTION TO MAINTAIN COMPETITION.

Description: This measure ensures that FTC actions maintain competition by preventing anticompetitive mergers and stopping business practices that restrain competition. This measure reflects actions taken to promote competition, including litigated victories, consent orders, abandoned transactions, or restructured transactions (either through a fix-it-first approach or eliminating the competitive concern) in a significant percentage of full merger and nonmerger investigations.

Calculation/Formula: The measure is calculated by taking the number of full investigations concluded with an action during the fiscal year divided by the total number of full investigations concluded during the fiscal year.

Definitions:

- *Action:* Refers to any successful enforcement actions taken other than closing an investigation. Examples include litigated victories, consent orders authorized, and transactions either abandoned or restructured due to antitrust concerns raised by the FTC.
- *Full investigation:* Refers to any investigation, merger or nonmerger, in which the Commission has either issued a second request or has authorized staff to issue subpoenas and civil investigative demands to collect more information.

Data Sources:

- *Public Actions:* The FTC's press releases are the primary source of information for public actions. Public actions include consent orders and litigated case outcomes.
- *Non-Public Actions:* Internal communications from staff attorneys are used to identify actions that are nonpublic. Non-public actions include investigations that were closed because parties abandoned or restructured a transaction or because staff determined that the transaction or conduct was unlikely to harm competition.

Information collected for this measure is stored in a database of enforcement information for the competition mission. This information is cross-referenced with data on second requests and compulsory process authorizations as recorded in the agency's matter management system of record.

Data Collection: The data are entered into the BC Enforcement database by BC performance staff and reviewed monthly by analysts, attorneys, economists, and senior management.

Data Limitations/Response: The dataset used for this measure relies on accurate entry of information on public and non-public actions for relevant investigations. The risk of inaccurate data entry can be mitigated by crosschecking information in the enforcement database with other systems of record. However, there is still a limitation that certain non-public actions may be overlooked in the reporting process, and thus not counted in this measure.

PERFORMANCE GOAL 2.1.3: TOTAL CONSUMER SAVINGS COMPARED TO THE AMOUNT OF FTC RESOURCES ALLOCATED TO THE MERGER PROGRAM.

Description: This measure tracks the estimated amount of money that the Commission saved consumers by taking action against potentially anticompetitive mergers compared to the amount spent on the merger program. The amount reported is a five-year "rolling average" (average of the current year and four prior year totals).

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

Definitions:

- *Consumer Savings:* The estimated amount of money saved by U.S. consumers as a result of FTC enforcement actions.
- *Volume of Commerce:* The dollar value of the relevant market in which the FTC is attempting to maintain competition in a given case.
- *Relevant Product Market:* The marketplace for the purchase and sale of a particular good, service, or combination thereof, which is the focus of an FTC investigation.

Data Sources: The lead attorney estimates consumer savings for a particular case using the applicable estimation formula developed by the Bureau of Economics. Staff economists review all attorney estimates for concurrence before they are used in reporting. The FTC's financial management office provides the amount of resources expended on the merger program on an annual basis.

Data Collection: The data are entered into the BC Enforcement database by performance staff and reviewed monthly by analysts, attorneys, economists, and senior management.

Data Limitations/Response: The data are dependent on the estimates of consumer savings made by staff attorneys in accordance with the applicable estimation formulas. In order to ensure accurate estimates, all staff attorney estimates are shared with staff economists for concurrence before being used in reporting.

PERFORMANCE GOAL 2.1.5: TOTAL CONSUMER SAVINGS COMPARED TO THE AMOUNT OF FTC RESOURCES ALLOCATED TO THE NONMERGER PROGRAM.

Description: This measure tracks the estimated amount of money that the Commission saved consumers by taking action against potentially anticompetitive business conduct compared to the amount spent on the nonmerger program. The amount reported is a five-year "rolling average" (average of the current year and four prior year totals).

Calculation/Formula: Estimated consumer savings generated under goal 2.1.4 are divided by the amount of resources spent on the nonmerger program for the current fiscal year. When available, case-specific data are used to generate the estimate of consumer savings. Otherwise, staff uses a formula of one percent of the volume of commerce of the relevant product market(s) for one year. In order to create a balanced performance profile, performance is reported as a "rolling average" over five years, compensating for highly variable results in any individual year due to the influence of a few significant cases or the level of nonmerger activity in that year.

Definitions:

- *Consumer Savings:* The estimated amount of money saved by U.S. consumers as a result of FTC enforcement actions.
- *Volume of Commerce:* The dollar value of the relevant market in which the FTC is attempting to maintain competition in a given case.
- *Relevant Product Market:* The marketplace for the purchase and sale of a particular good, service, or combination thereof, which is the focus of an FTC investigation.

Data Sources: The lead attorney estimates consumer savings for a particular case using the applicable estimation formula. Staff economists review all attorney estimates for concurrence before they are used in reporting. The FTC's financial system provides the amount of resources expended on the nonmerger program on an annual basis.

Data Collection: The data are entered into the BC Enforcement database by performance staff and reviewed monthly by analysts, attorneys, economists, and senior management.

Data Limitations/Response: The data are dependent on the estimates of consumer savings made by staff attorneys in accordance with the applicable estimation formulas. In order to ensure accurate estimates, all staff attorney estimates are shared with staff economists for concurrence before being used in reporting.

PERFORMANCE GOAL 2.3.1: PERCENTAGE OF FTC CASES INVOLVING AT LEAST ONE SUBSTANTIVE CONTACT WITH A FOREIGN ANTITRUST AUTHORITY IN WHICH THE AGENCIES FOLLOWED CONSISTENT ANALYTICAL APPROACHES AND REACHED COMPATIBLE OUTCOMES.

Description: The Office of International Affairs (OIA) strives to ensure appropriate cooperation on and coordination of investigations under parallel review by the FTC and foreign competition agencies. This measure gauges the effectiveness of the FTC's enforcement cooperation with foreign antitrust authorities pursuing parallel enforcement activities.

Calculation/Formula: # of FTC cases, with at least one substantive contact with a foreign antitrust agency, where the foreign agency is pursuing a case against the same company(s) and where they followed consistent analytical approaches and reached compatible outcomes / # of FTC cases where the FTC had at least one substantive contact with a foreign antitrust agency, where the foreign agency is pursuing a case against the same company(s).

Definitions:

- *Followed consistent analytical approaches:* The core analytical approaches relied on by each of the cooperating reviewing agencies are based on accepted principles of competition law, economics, and policy.
- *Reached compatible outcomes:* the reviewing agencies' resolutions do not raise significant direct conflicts that impede each agency's desired outcome.

Data Sources: Office of International Affairs (OIA) weekly reports and internal tracking sheets.

Data Collection: International antitrust team members monitor and report on FTC matters in which substantive contact took place. Staff reviews and compiles the matters reported, as overseen by an international antitrust attorney. Managers review and ensure that the matters reported qualify for the measure. Professional judgment from OIA senior management is used to make a final decision on compatibility for FTC measurement purposes.

Data Limitations/Response: Investigations may involve multiple agencies and may span over one or more fiscal years, such that cooperation with different agencies on the same transaction may be accounted for in separate fiscal years. Data are captured at several different points within OIA including weekly reports and internal tracking sheets. Data are input by several different staff members. Management review is necessary to ensure both that the matters reported included substantive contact with a foreign antitrust authority and that the consistency of approaches and compatibility of outcomes are properly assessed.

STRATEGIC GOAL 3: ADVANCE THE FTC'S PERFORMANCE THROUGH EXCELLENCE IN MANAGING RESOURCES, HUMAN CAPITAL, AND INFORMATION TECHNOLOGY.

PERFORMANCE GOAL 3.2.3: THE EXTENT TO WHICH EMPLOYEES BELIEVE THE FTC CULTIVATES ENGAGEMENT THROUGHOUT THE AGENCY.

Description: The Employee Engagement Index (EEI) of the FEVS determines this measure. The Index gauges the extent to which employees believe that management listens and provides meaningful support and feedback in various areas that assist staff in supporting the overall mission of the agency. The index is compiled from questions across three sub-factors: Leaders Lead, Supervisors, and Intrinsic Work Experience.

- *Leaders Lead:* Employees' perceptions of leadership's integrity as well as leadership behaviors such as communication and workforce motivation.
- *Supervisors:* Interpersonal relationship between worker and supervisor, including trust, respect, and support.
- *Intrinsic Work Experience:* Employees' feelings of motivation and competency relating to their role in the workplace.

Calculation/Formula: The FEVS EEI measures conditions important to supporting employee engagement through responses to 20 questions across the three sub factors described above. The FEVS automatically calculates an agency Index score from responses to these 20 questions.

Definitions:

- *Federal Employee Viewpoint Survey (FEVS):* The FEVS is annual online survey of all federal agencies conducted by the Office of Personnel Management. It is a tool that measures employees' perceptions of whether, and to what extent, conditions that characterize successful organizations are present in their agencies. The FEVS is offered to a sample of full-time and part-time, permanent, non-seasonal employees of Departments and/large agencies and the small/independent agencies that accept an invitation to participate in the survey.

Data Sources: Data are collected from the Federal Employee Viewpoint Survey (FEVS). The Office of Personnel Management conducts the survey annually.

Data Collection: The FEVS is conducted annually, government-wide, usually in the late spring and early summer. Data are collected and compiled automatically. Government-wide and agency results are provided by the Office of Personnel Management in the fall following survey administration.

Data Limitations/Response: The FEVS is voluntary not mandatory, therefore data are limited to federal employees who decide to complete the survey. HCMO will continue to market the FEVS throughout the FTC and encourage employees to complete the survey.

APPENDIX B: ACRONYMS

Acronym	Definition
AFR	Agency Financial Report
APP	Annual Performance Plan
APR	Annual Performance Report
BC	Bureau of Competition
BCP	Bureau of Consumer Protection
CAP	Corrective Action Plan
COPPA	Children's Online Privacy Protection Act
CSRS	Civil Service Retirement System
DATA Act	Digital Accountability and Transparency Act of 2014
DCRO	Division of Consumer Response and Operations
DNC	Do Not Call
DOJ	Department of Justice
DOL	Department of Labor
EEI	Employee Engagement Index
ERM	Enterprise Risk Management
FASAB	Federal Accounting Standards Advisory Board
FBwT	Fund Balance with Treasury
FCC	Federal Communications Commission
FECA	Federal Employees' Compensation Act
FEVS	Federal Employee Viewpoint Survey
FedRAMP	Federal Risk and Authorization Management Program
FEGLIP	Federal Employees' Group Life Insurance Program
FEHBP	Federal Employees' Health Benefit Program
FERS	Federal Employees' Retirement System
FERS-FRAE	Federal Employees' Retirement System – Further Revised Annuity Employees
FERS-RAE	Federal Employees' Retirement System – Revised Annuity Employees
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FMO	Financial Management Office
FTC	Federal Trade Commission
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GSA	General Services Administration
HSR	Hart-Scott-Rodino Act
IBC	Department of the Interior Business Center
IG	Inspector General
IPP	Invoice Processing Platform
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IRS	Internal Revenue Service
ISP	Internet Service Provider
IT	Information Technology

Acronym	Definition
N/A	Not Applicable or Not Available
NIST	National Institute of Standards and Technology
OFF	Oracle Federal Financials
OIA	Office of International Affairs
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPA	Office of Public Affairs
OPM	Office of Personnel Management
PIO	Performance Improvement Officer
PMRO	Performance Measure Reporting Official
PP&E	Property, Plant, and Equipment
RAO	Redress Administration Office
SAT	Senior Assessment Team
SSAE	Statement on Standards for Attestation Engagements
SSP	Shared Service Provider
TAS	Treasury Account Symbol
TSP	Thrift Savings Plan
U.S.	United States
USAID	United States Agency for International Development

APPENDIX C: CONTACT INFORMATION AND ACKNOWLEDGEMENTS

FEDERAL TRADE COMMISSION

	600 Pennsylvania Avenue, NW Washington, D.C. 20580
General Information Number	202-326-2222
Internet Home Page	www.ftc.gov
FTC Spanish Home Page	www.ftc.gov/espanol
Strategic Plan Internet Site	www.ftc.gov/about-ftc/performance
FTC Press Releases	www.ftc.gov/news-events/press-releases

AGENCY FINANCIAL REPORT (AFR) SPECIFIC

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

AFR Internet Site	www.ftc.gov/about-ftc/performance
AFR Contact	Joseph O'Leska
AFR Telephone	202-326-2716
AFR Email Address	gpra@ftc.gov
AFR Fax Number	202-326-3529
AFR Mailing Address	Federal Trade Commission attn: AFR, M/D H-774 600 Pennsylvania Avenue, NW Washington, D.C. 20580

CONSUMER RESPONSE CENTER

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

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THE WORK OF THE

FEDERAL TRADE COMMISSION

IS CRITICAL TO PROTECTING AND STRENGTHENING

FREE & OPEN MARKETS

AND PROMOTING INFORMED

CONSUMER CHOICE,

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