Audit Report

OIG-24-024

FINANCIAL MANAGEMENT

Audit of the Community Development Financial Institutions Fund's Financial Statements for Fiscal Year 2023

January 29, 2024

Office of Inspector General
Department of the Treasury

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DEPARTMENT OF THE TREASURY
WASHINGTON, D. C. 20220

OFFICE OF
INSPECTOR GENERAL

January 29, 2024

**MEMORANDUM FOR MARCIA SIGAL, ACTING DIRECTOR
COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND**

FROM: Ade O. Bankole /s/
Director, Financial Statement Audits

SUBJECT: Audit of the Community Development Financial Institutions Fund's Financial Statements for Fiscal Year 2023

We hereby transmit the attached subject report. Under a contract monitored by our office, KPMG LLP (KPMG), a certified independent public accounting firm, audited the financial statements of the Community Development Financial Institutions (CDFI) Fund as of September 30, 2023, and for the year then ended. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency, *Financial Audit Manual*.

In its audit of the CDFI Fund, KPMG found

- the financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- a material weakness in controls over management's review of changes in accounting principles and reporting requirements; and
- no instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested.

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the CDFI Fund's financial statements or conclusions about the effectiveness of internal control or compliance with laws and regulations. KPMG is responsible for the attached auditors' report dated January 26, 2024, and the conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

If you wish to discuss this report, please contact me at (202) 439-5835, or a member of your staff may contact Catherine Yi, Audit Manager, Financial Statement Audits, at (202) 553-7412.

Attachment

AGENCY FINANCIAL REPORT
FISCAL YEAR 2023

Community Development Financial Institutions Fund
U.S. Department of the Treasury

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Notes:

Capitalized terms used but not defined in this document have the meanings as defined in the CDFI Fund's authorizing statute, applicable program regulations, or applicable notice of availability.

Numerals with decimal units are shown to one decimal place and are rounded to the nearest tenth. For example, 1.24 million is rounded down to 1.2 million, and 1.25 is rounded up to 1.3 million.

MESSAGE FROM THE DIRECTOR

I am pleased to present the fiscal year (FY) 2023 Agency Financial Report for the United States (U.S.) Department of the Treasury's (Treasury) Community Development Financial Institutions (CDFI) Fund.

Since its inception in 1994, the CDFI Fund has provided more than $7.4 billion through a variety of grant programs, $76.0 billion in tax credits through the New Markets Tax Credit (NMTC) Program and has guaranteed nearly $2.5 billion in bonds through the CDFI Bond Guarantee Program (CDFI BGP), all to increase the impact of the CDFIs and other community development organizations in economically distressed and underserved communities.

CDFI Fund award recipients successfully leverage billions in private sector investment to create jobs, build affordable housing, build essential community facilities, provide financial counseling, and invest in neighborhood revitalization initiatives—all in communities lacking access to traditional lending or banking institutions.

This year, the CDFI Fund collectively awarded more assistance resources than in any other single year in its history. Over the course of FY 2023, the CDFI Fund awarded more than $2.0 billion in awards, allocated $10.0 billion in NMTCs, and guaranteed $300.0 million in bonds. Despite the significant level of awards made over the course of FY 2023, requests for assistance again exceeds the supply of resources for nearly all the CDFI Fund's various programs.

As for our financial performance, I am pleased to report that the CDFI Fund has received an unmodified audit opinion of its financial statements for FY 2023. Based on our internal evaluation, our financial and performance data have been validated as complete and reliable.

Given its strong financial and management position, the CDFI Fund remains poised to vigorously implement its mission of expanding economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

Marcia J. Sigal
Acting Director
Community Development Financial Institutions Fund
1/26/2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

VISION

An America in which all people and communities have access to the investment capital and financial services they need to prosper.

MISSION

To expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

ORGANIZATION

The Community Development Financial Institutions (CDFI) Fund, a wholly owned government corporation, was created as a bipartisan initiative through the *Riegle Community Development and Regulatory Improvement Act of 1994* (Public Law (P.L.) 103-325) to perform a wide range of functions to ensure that it fulfills its mission. The CDFI Fund was placed in the United States (U.S.) Department of the Treasury (Treasury) and began operations in July 1995.

The CDFI Fund has worked for more than a quarter of a century to generate economic opportunity where it is needed most. It accomplishes this through various programs it administers, all aimed at expanding the availability of credit, investment capital, and financial and other services in distressed urban, rural, and Native American communities.

People and communities with limited access to financial services and products lack the tools they need to save for the future, build credit, buy a home, start a business, and develop affordable housing and community facilities. As a result, they have fewer opportunities to grow and thrive and fewer opportunities to join America's economic mainstream.

The CDFI Fund's role is to generate economic opportunity in underserved low-income communities by expanding access to credit, capital, and financial services. It accomplishes this by providing capital through the following active programs in FY 2023:

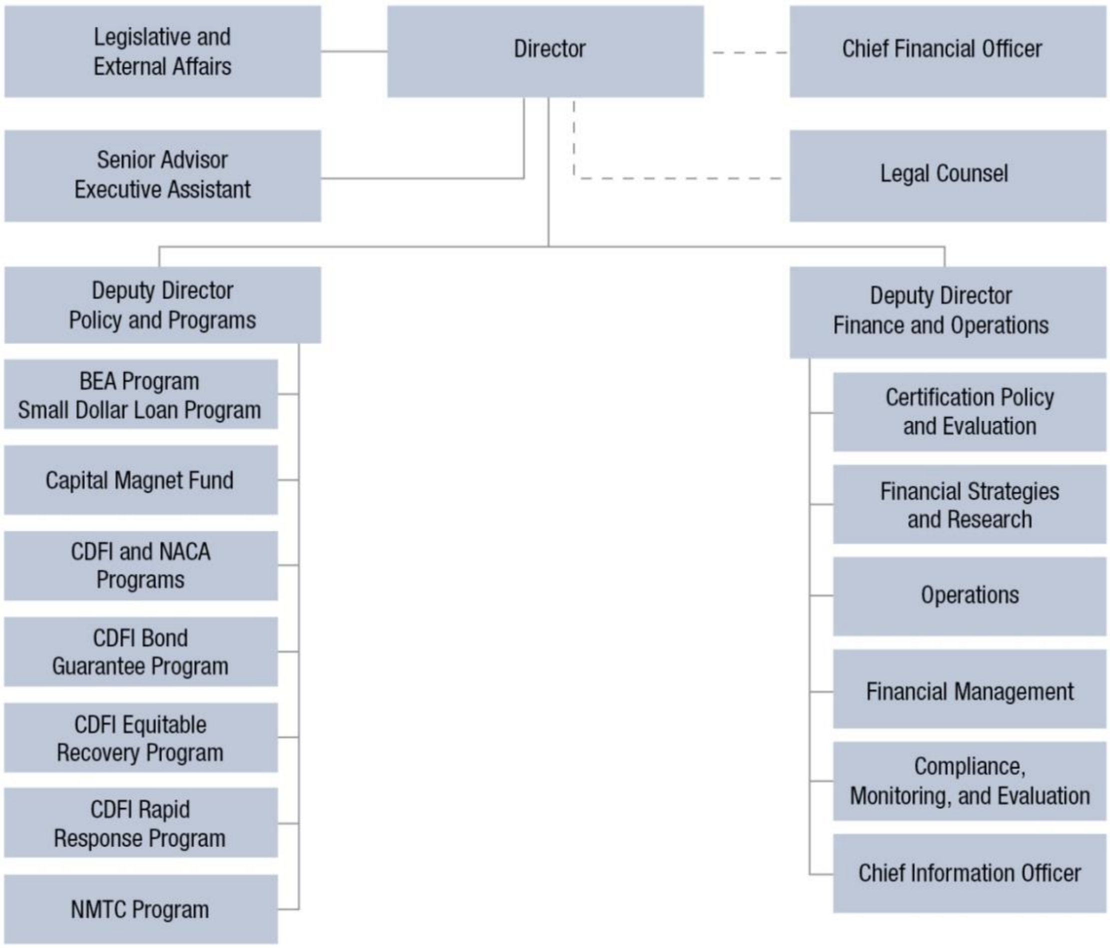
- **Community Development Financial Institutions Program (CDFI Program)** – Provides Financial Assistance and Technical Assistance awards to help Certified and Emerging CDFIs sustain and expand their services and build their technical capacity.
- **Native American CDFI Assistance Program (NACA Program)** – Provides Financial Assistance and Technical Assistance awards to build the capacity of CDFIs serving Native American, Alaska Native, and Native Hawaiian communities.
- **Depository Institution Initiatives (DII)** includes:
  - **Bank Enterprise Award Program (BEA Program)** – Provides monetary awards to federally-insured banks and thrifts that demonstrate increased lending,

investment, and service activities in the most economically distressed communities and/or in Certified CDFIs.

- **Small Dollar Loan Program (SDL Program)** – Provides Loan Loss Reserve and Technical Assistance grants to help Certified CDFIs offer fair and affordable small dollar loan products in communities underserved by mainstream financial institutions.

- **Capital Magnet Fund (CMF)** – Provides awards to Certified CDFIs and nonprofit affordable housing organizations for the development, preservation, rehabilitation, and purchase of affordable housing and for related economic development in low-income communities.
- **CDFI Bond Guarantee Program (CDFI BGP)** – Serves as a source of long-term, low-cost capital for CDFIs by guaranteeing bonds issued to support CDFIs that make investments for eligible community or economic development purposes.
- **Emergency Support Programs** includes:
    - **CDFI Equitable Recovery Program (CDFI ERP)** – Provides grants to Certified CDFIs to expand lending in Low- and Moderate-Income communities and to people disproportionately impacted by the COVID-19 pandemic. Also enables Certified CDFIs to build organizational capacity to accomplish their objectives for a CDFI ERP award. The program consists of a single application round conducted during FY 2022 and FY 2023.
    - **CDFI Rapid Response Program (CDFI RRP)** – A pandemic recovery program consisting of a single application round conducted in FY 2021 that provided grants for CDFIs to deliver emergency support to distressed and underserved communities suffering from COVID-19 pandemic-related hardship.
- **New Markets Tax Credit (NMTC) Program** – Awards tax credit allocation authority to Certified Community Development Entities (CDEs), enabling them to attract investment from the private sector and invest funds in low-income communities.

CDFI Fund



The Director of the CDFI Fund has responsibility for implementing the CDFI Fund's mission, which includes:

- Establishing the strategic direction for the CDFI Fund in alignment with Treasury's policy priorities;
- Developing and implementing plans to accomplish the CDFI Fund's mission and strategic goals;
- Engaging the CDFI industry and serving as the CDFI Fund's primary public spokesperson;
- Acquiring and managing human capital, securing budgetary resources, information technology, and physical resources needed to support operations; and
- Implementing the President's Management Agenda and administrative priorities.

The Director of the CDFI Fund is supported in this work by two Deputy Directors. The Deputy Director of Policy and Programs implements the CDFI Fund's strategic vision through the design and management of the CDFI Fund's programs. The Deputy Director of Finance and Operations is responsible for the development of operating policies and procedures, internal controls, fiscal and human resource management, information technology, compliance activities, and certification. In collaboration with the Deputy Director for Finance and Operations, Financial Management (FM)—maintains responsibility of managing budget execution, formulating the Administration's budget proposal for the CDFI Fund, overseeing monthly financial statements, managing the CDFI Fund's yearly audit, and preparing the Agency Financial Report. The Bureau of the Fiscal Service Administrative Resource Center (FS-ARC) acts as the fiscal agent for the CDFI Fund. FS-ARC provides a full range of accounting services including budget support, vendor and employee record maintenance/reporting, accounts payable, accounts receivable and debt collections, receivable reporting, purchase and fleet card, payroll accounting, cash, accounting, and reporting. The FM is responsible for the record keeping carried out by the FS-ARC.

PERFORMANCE OVERVIEW

The CDFI Fund's Annual Performance Report, submitted with its congressional budget justification, will be issued by February 1, 2024. The report will be available online at https://www.treasury.gov/about/budget-performance/Pages/cj-index.aspx.

The CDFI Fund's programs and performance align with Treasury's strategic framework, which include the following strategic goals:

- Goal 1: Promote Equitable Economic Growth and Recovery
- Goal 2: Enhance National Security
- Goal 3: Protect Financial Stability and Resiliency
- Goal 4: Combat Climate Change
- Goal 5: Modernize Treasury Operations

As an office within Treasury's Office of Domestic Finance, strategic Goals 1 and 5 are most relevant to the CDFI Fund's mission and operations. The discussion below outlines how the CDFI Fund's performance in FY 2023 contributed to these two strategic goals:

Goal 1: Promote Equitable Economic Growth and Recovery

The CDFI Fund contributes to strategic Goal 1 through the operation of the funding programs. In FY 2023, the CDFI Fund:

- Awarded more than $1.73 billion in funding to 604 CDFIs for the CDFI ERP—authorized by the *Consolidated Appropriations Act, 2021* (P.L. 116-260)—to support lending and investment activities in low- or moderate-income communities disproportionately impacted by the coronavirus disease of 2019 pandemic. The program also enables CDFIs to build capacity by acquiring technology, staff, and other tools necessary to plan and execute the activities under a CDFI ERP award.

- Allocated a total of $10 billion in NMTC through the calendar years 2021 and 2022 rounds of the NMTC Program. The NMTC Program incentivizes community development and economic growth using tax credits that attract private investment to distressed communities. The NMTC allocations awarded during FY 2023 will be used to raise capital for investment in low-income communities.
- Provided $70.0 million in awards to 184 Federal Deposit Insurance Corporation-insured depository institutions through the FY 2023 round of the BEA Program. This award round was funded from FY 2022 and FY 2023 appropriations. All these awards are reinvested into economically distressed communities and CDFIs to generate even further economic opportunity.
- Deployed more than $194.0 million in Financial Assistance (FA) awards, through the FY 2022 round of the CDFI Program and NACA Program, to 252 CDFIs. FA awards provide CDFIs with capital critical for establishing new businesses, creating jobs, financing affordable housing, increasing homeownership, and providing financial services in low-income and distressed communities nationwide.
- Issued three bond guarantees totaling $300.0 million under the FY 2023 round of the CDFI BGP.

These programs support the activities of CDFIs and a network of community development lenders that provide access to capital, credit and financial services to communities that may have less access to mainstream financial institutions. The CDFI Fund's programs provide these communities with resources needed to facilitate economic growth and recovery.

Represented in the table below are the CDFI Fund award recipients' performance measures, which reflect how the CDFI Fund meets Goal 1.

Goal 1: Key Performance Data Highlights

Performance Measure	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual
CDFI Program - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	75.0%	71.4%	67.1%	66.0%
CDFI Program - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans	79.6%	75.7%	77.7%	71.6%
BEA Program Leverage Ratio is the $ Sum of All Award Recipients Qualified Activities to the $ Sum of All Awards each year[1]	N/A	B*	TBD	N/A
NACA Program – Percentage of NACA Loans and Investments in Native Areas ($ Amount of Loans)	57.2%	60.1%	65.3%	89.0%
NACA Program – Percentage of NACA Loans and Investments in Native Areas (# of Loans)	72.1%	72.6%	70.3%	81.0%
ALL – Award Cycle Time (# of Months)[2]	5.5	6.9	8.8	8.0
ALL – Time to Initial Disbursement (# of Months)[3]	4.4	5.29	3.5	1.7
NMTC Program – Percentage of Loans and Investments That Went into Severely Distressed Communities[4,5]	77.2%	77%	79%	75.4%
Ratio of the dollar amount of small dollar loans closed each year to the number of SDL Program recipients reporting in the year[6]	N/A	B*	$700,586	$537,920
ALL - Number of Affordable Housing Units Developed or Produced[7]	44,361	58,125	71,615	109,599
Healthy Food Financing Initiative (HFFI) - Retail Outlets Created/Preserved[8]	25	29	32	23

*B – Baseline (start of measure once data is available); I - Indicator; TBD - To Be Determined; N/A - Not Available

Explanation of Results

[1] The FY 2021 BEA Program Award Round made their award announcement on April 6, 2022 and given the length of their reporting period, the CDFI Fund will not have performance data until after the 9/30/2023 compliance report deadline. The FY 2022 BEA Program Award Round was a joint round conducted with the FY 2023 BEA Program Award Round in spring 2023, so there is no program performance to report at this time.

[2] For All Award Cycle Time, there was no FY 2022 award round for CMF so it was not included in the calculation. BEA Program is not included as well because its FY 2022 award round will be joint with its FY 2023 award round and the application deadline was June 8, 2023 with an award announcement in September 2023.

[3] For All-Time to Initial Disbursement, the programs are still in process with their Award Agreements and disbursements for FY 2022, so these numbers are estimates.

[4] NMTCs are awarded by calendar year and do not align with the CDFI Fund's FY. For example, FY 2022 represents the CY 2021 NMTC Program round. Further, the NMTC Program does not conduct disbursements.

[5] For the CY 2021 NMTC Program Application round which represents FY 2022, the NMTC Program changed the investment commitment into severely distressed communities from 75% to 85%. As a result, the target value for the NMTC performance measure will change from 75 to 85, however, NMTC allocatees have a multi-year deployment window, so the new target value will be phased in by increasing the target value to 80% for FY 2025 and 85% for FY 2026.

[6] The FY 2021 SDL Program Award Round made their award announcement in September 23, 2021, therefore, outcome reporting will not start until FY 2023. The FY 2022 SDL Program Award Round made their award announcement in May 16, 2022, therefore, outcome reporting will not start until FY 2024. The SDL Program performance measure has been changed from prior budget submissions because the earlier concept of the performance measure was not feasible to collect based on current reporting forms.

[7] For FY 2022, the Number of Affordable Housing Units Developed or Produced measure includes units produced by CDFI RRP FY 2021 award recipients.

[8] For the HFFI – Retail Outlets Created/Preserved, performance measure, this measure will start to show a decline in number compared to prior years as the 3-year performance reporting for FY 2023/FY 2024 joint round award recipients winds down given HFFI funding is zeroed out in the FY 2025.

Goal 5: Modernize Treasury Operations

Strategic Objective 5.1: Recruit and Retain a Diverse and Inclusive Workforce and Future Work Routines

In FY 2023, the CDFI Fund continued its recruitment efforts to hire additional staff to support growth across programs and operations, including new programs and expanding operational needs in the areas of information technology, compliance, certification, reporting, and research. The CDFI Fund posted vacancies nationwide ensuring a talented and diverse pool of candidates to fill vacant positions. The CDFI Fund operates in a hybrid environment offering its employees flexible work arrangements to fill talent gaps and improve retention. The CDFI Fund leveraged information technology tools to enable teleworkers to reserve "hoteling" spaces, provided access to training and Human Resources forms required for remote workers, deployed improved collaboration technologies for hybrid teams, and tested new approaches to space configurations and sharing.

Of the 100 full time CDFI Fund staff, 84 are remote workers and 16 are teleworkers. Due to its change to a hybrid work environment, the CDFI Fund significantly reduced its carbon footprint.

Strategic Objective 5.3: Better Use of Data

In FY 2023, the CDFI Fund began work on several initiatives to reduce reporting burden on both awardees and non-awardees and streamline its reporting processes. In the first part of this initiative, the CDFI engaged a contractor to assist with identifying all current data collection sources, eliminating redundant reporting, streamlining or simplifying existing reports, and identifying alternative ways (e.g., publicly available sources) to collect/maintain data.

The second part of the initiative is the construction of a Data Warehouse (DW) to house all legacy and current data providing one comprehensive source for all data. Once completed, the DW will support internal and external reporting with standardized and ad-hoc reporting functionalities.

The CDFI Fund was designated as a Treasury High Impact Service Provider in FY 2022. In FY 2023, the CDFI Fund worked closely with Treasury to begin laying the groundwork for the collection of customer satisfaction data around our reporting systems. We expect to begin deploying customer satisfaction surveys in FY 2024, collecting customer feedback, and developing action plans to address customer pain points identified in the surveys. Revisions to existing reporting processes to address issues will begin in FY 2025.

FINANCIAL HIGHLIGHTS AND ANALYSIS OF OPERATIONS

The financial highlights below are an analysis of the information included in the CDFI Fund's financial statements that appear within the "Financial Section" of this report. The CDFI Fund prepared its principal financial statements to report the financial position and results of operations of its programs consistent with the requirements of 31 U.S. Code 3515(b). These statements have been prepared from the books and records of the CDFI Fund (and Treasury) in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for federal entities and the formats prescribed by the Office of Management and Budget (OMB). These statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records, and should be read with the understanding that they are for a component of the U.S. government.

The following schedule presents key financial statement line items as of and for the fiscal year ended (FYE) September 30, 2023.

Summary Financial Information (*dollars in thousands*)

	2023
Total Assets	$4,668,875
Total Liabilities	$1,434,915
Total Net Position	$3,233,960
Total Net Cost – CDFI Program	$172,535
Total Net Cost – NACA Program	$19,803
Total Net Cost – DII	$81,065
Total Net Cost – CMF	$210,006
Total Net Revenue – CDFI BGP	$(7,232)
Total Net Cost – Emergency Support Programs	$324,298
Total Net Cost – NMTC	$2,417
Total Net Cost – Costs Not Assigned to Programs	$29,315
Total Budgetary Resources	$3,319,898
Agency Outlays, Net	$1,477,160

In FY 2023, the CDFI Fund changed to accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB) for federal agencies for purposes of CDFI Fund's financial accounting and reporting. Prior to October 1, 2022, the CDFI Fund presented the financial statements in accordance with the accounting standards promulgated by the Financial Accounting Standards Board (FASB). During this transition year the CDFI Fund will present single-year financial statements and disclosures.

A key change affecting the CDFI Fund's Statement of Net Cost relates to the timing of the recognition of grant expense. The FASAB standard requires grant expense recognition when an award recipient uses their award funding compared to the FASB standard, which recognized expense as funds were disbursed to award recipients. To comply with the FASAB standard, the CDFI Fund has mandated that award recipients submit a *Standard Form 425: Federal Financial Report* (SF-425), to report on their grant's financial progress, by providing the amount of award funding expended during the CDFI Fund's FY.

The CDFI Fund obligated $1.7 billion for the CDFI ERP—authorized by P.L. 116-260. The CDFI Fund expended $1.2 billion to CDFI ERP recipients, of which $102.9 million was recognized as an Emergency Support Program gross cost on the Statement of Net Cost and $1.1 billion was recognized as an advance on the Balance Sheet. Additionally, the CDFI Fund recognized a $2.9 million liability for CDFI ERP awards that had been formally executed at FY end but had yet to be expended to an award recipient, of which $2.9 million was recognized as an Emergency Support Program gross cost on the Statement of Net Cost.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

CDFI Fund management is responsible for managing risks and maintaining effective internal control and financial management systems to meet the objectives of the *Federal Managers' Financial Integrity Act* (FMFIA) and the *Federal Financial Management Improvement Act* (FFMIA). OMB Circular A-123 (OMB A-123), *Management's Responsibility for Enterprise Risk Management and Internal Control,* provides the implementation guidance for FMFIA and defines management's responsibility for establishing and assessing internal controls. The OMB A-123 also requires federal agencies to adhere to the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*, and to evaluate and report on the effectiveness of the organization's internal controls to achieve the objectives of: (1) effective and efficient operations, (2) reliable reporting for internal and external use, and (3) compliance with applicable laws and regulations (FMFIA Section 2). Additionally, agencies are required to assess whether financial management systems comply with federal financial management systems requirements (FMFIA Section 4).

The CDFI Fund's internal controls are assessed in accordance with the *Treasury Guide for Assessing Internal Control in Accordance with OMB A-123 Appendix A: Management of Reporting and Data Integrity Risk*, which includes a comprehensive risk-based internal control evaluation plan. This plan includes a methodology that identifies and documents key controls and provides for the assessment and testing of those controls to obtain reasonable assurance that the controls are designed, implemented, and operating effectively.

The CDFI Fund uses centralized financial management and budget formulation hosting services provided by FS-ARC. The shared service approach enables the CDFI Fund to have access to core financial systems without having to maintain separate technical and system architectures. Using shared services reduces the need for the CDFI Fund to maintain duplicative financial management systems, thereby promoting efficiency and cost saving measures, while enhancing the quality, timeliness, and accuracy of financial management processes.

The FFMIA requires federal agencies to implement and maintain financial management systems that substantially comply with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Standard General Ledger at the transaction level. As a component of Treasury, the CDFI Fund assesses its financial management systems annually for conformance, in accordance with OMB A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996*. The CDFI Fund uses FS-ARC's financial management system as part of a shared service arrangement and relies on FS-ARC's Service Organization Control 1-Type 2 report and the FS-ARC FFMIA Assessment to conduct its review.

Based on the results of the assessments of internal controls and financial management systems referred to above, the CDFI Fund can provide reasonable assurance that, in accordance with Section 2 of the FMFIA, the CDFI Fund's internal control over operations, reporting, and compliance with laws and regulations were operating effectively as of September 30, 2023. In addition, the CDFI Fund can provide reasonable assurance that, as of September 30, 2023, the CDFI Fund's financial management systems are in substantial conformance with the federal financial management systems requirements of Section 4 of the FMFIA.

The Payment Integrity Information Act of 2019 (PIIA) requires the CDFI Fund 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. An improper payment is any payment that should not have been made or that was made in an incorrect amount (including both overpayments and underpayments).

The CDFI Fund is not aware of any violations of the Antideficiency Act.

RISKS AND CHALLENGES

Resource Prioritization: Funding for CDFI Fund assistance programs is subject, in large part, to the annual Congressional appropriations process. As such, funding provided to the CDFI Fund will vary based upon Congressional action and could result in reduced budgetary support for the CDFI Fund. In addition, funding for the CDFI Fund is also subject to Presidential Administration's priorities. Prior Presidential Administrations sought to eliminate funding for the CDFI Fund in their annual budget proposals. Future Presidential Administrations could also seek to reduce or eliminate funding.

Operational Resilience: The CDFI Fund may face significant disruptions to operations, a lapse in appropriations or other unforeseen events which could inhibit successful mission delivery, curtail progress in critical areas, and introduce challenges for agency employees and contractors as well as our customers.

OUTLOOK FOR 2024 AND BEYOND

The CDFI Fund launched its new Certification Application during December 2023 and is prioritizing applications from uncertified organizations. Currently, Certified CDFIs (approximately 1400) are provided a grace period of one year (with an option for early submission) to apply for recertification.

The CDFI Fund anticipates receiving additional funding from the Emergency Capital Investment Program as authorized by P.L. 116-260. A transfer of proceeds from the sale of investments and related earned interest and dividends of $44.8 million will begin in FY 2024. The CDFI Fund anticipates using the proceeds to provide financial and technical assistance to CDFIs.

KPMG LLP
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Independent Auditors' Report

Acting Inspector General, U.S. Department of the Treasury
Director, Community Development Financial Institutions Fund:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Community Development Financial Institutions Fund (CDFI Fund), which comprise the balance sheet as of September 30, 2023, and the related statements of net cost, changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CDFI Fund as of September 30, 2023, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CDFI Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in fiscal year 2023, the CDFI Fund elected to present the financial statements and related notes to the financial statements in accordance with accounting and reporting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB). Prior to October 1, 2022, the CDFI Fund presented the financial statements and related notes to the financial statements in accordance with accounting and reporting standards promulgated by the Financial Accounting Standards Board. Our opinion is not modified with respect to this matter.

Other Matter – Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by FASAB. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-01, we:

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by FASAB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the Table of Contents, Message from the Director, and Appendix A: Glossary of Acronyms but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2023, we considered the CDFI Fund's internal control over financial reporting (internal control) 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 the CDFI Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the CDFI Fund's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 a 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. We consider the deficiency described *in the* accompanying Schedule of Findings to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CDFI Fund's financial statements as of and for the year ended September 30, 2023 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-01.

CDFI Fund's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the CDFI Fund's response to the finding identified in our audit and described in the accompanying Schedule of Findings. The CDFI Fund's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of the Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CDFI Fund's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
January 26, 2024

Schedule of Findings

Material Weakness in Controls over Management's Review of Changes in Accounting Principles and Reporting Requirements

In fiscal year 2023, the Community Development Financial Institutions Fund (CDFI Fund) changed to accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB) for purposes of CDFI Fund's financial accounting and reporting. Prior to October 1, 2022, the CDFI Fund presented the financial statements in accordance with the accounting standards promulgated by the Financial Accounting Standards Board (FASB).

Because the CDFI Fund did not perform a sufficient risk assessment to identify, evaluate and respond to changes needed to financial reporting, the CDFI Fund's controls were not operating effectively to sufficiently evaluate and address the changes in accounting principles and reporting requirements under the applicable financial reporting framework, as they related to changes in accounting policies under Statement of Federal Financial Accounting Standards (SFFAS) 1: *Accounting for Selected Assets and Liabilities*; SFFAS 5: *Accounting for Liabilities of the Federal Government*; SFFAS 2: *Accounting for Direct Loans and Loan Guarantees*; SFFAS 7: *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, and Federal Financial Accounting Technical Releases 12, *Accrual Estimates for Grant Programs*.

As a result,

- The beginning balance of cumulative results of operation was overstated and the beginning balance of unexpended appropriations was understated by $336.4 million, respectively.
- Appropriations used totaling $994.4 million were improperly recognized, which also caused a misclassification in the components of net position.
- Advances and prepayments and other liabilities were overstated by $31.4 million.
- Certain components of the subsidy re-estimate footnote disclosure were omitted.

These errors were corrected after being brought to the CDFI Fund management's attention during the audit.

The relevant criteria are the Government Accountability Office's *Standards for Internal Control in the Federal Government*, dated September 2014, and Office of Management and Budget Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

Recommendation:

We recommend that the CDFI Fund management implement formal processes and procedures to understand and identify risks related to changes in financial reporting requirements and to ensure the risks are sufficiently mitigated by the design, implementation, and operating effectiveness of relevant internal controls.

The CDFI Fund's Response:

The CDFI Fund's management plans to perform a more robust risk assessment procedures throughout the fiscal year to identify, evaluate, and respond to changes needed to financial reporting. Therefore, management can perform their control to sufficiently evaluate and address changes in accounting policies and review reporting requirements under the applicable financial reporting framework. Management also acknowledges and believes that the change in the current year to present the financial statements and related notes to the financial statements is in accordance with accounting and reporting standards promulgated by the FASAB has positioned the CDFI Fund for success in future years.

FINANCIAL STATEMENTS

Balance Sheet as of September 30, 2023	**(in thousands)**
ASSETS	
Intra-Governmental:	
Fund Balance with Treasury (Note 2)	$1,554,455
Total Intra-Governmental	**1,554,455**
Other than Intra-Governmental:	
Accounts Receivable, Net (Note 3)	80,405
Loans Receivable, Net (Note 4)	1,349,575
Property, Plant & Equipment, Net	12,388
Advances and Prepayments (Note 5)	1,635,487
Investments, Net (Note 6)	36,565
Total Other than Intra-Governmental	**3,114,420**
Total Assets	**$4,668,875**
LIABILITIES	
Intra-Governmental:	
Debt (Note 7)	1,350,329
Other Liabilities (Note 8)	9,522
Total Intra-Governmental Liabilities	**1,359,851**
Other than Intra-Governmental:	
Other Liabilities (Note 8)	75,064
Total Other than Intra-Governmental	**75,064**
Total Liabilities	**$1,434,915**
Commitments (Note 9)	
NET POSITION	
Unexpended Appropriations – Funds from Other than Dedicated Collections	$2,159,653
Total Unexpended Appropriations (Consolidated)	**2,159,653**
Cumulative Results of Operations – Funds from Dedicated Collections (Note 10)	$1,025,717
Cumulative Results of Operations – Funds from Other than Dedicated Collections	48,590
Total Cumulative Results of Operations (Consolidated)	**1,074,307**
Total Net Position	**$3,233,960**
Total Liabilities and Net Position	**$4,668,875**

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

STATEMENT OF NET COST For the Year Ended September 30, 2023	(in thousands)
CDFI Program	
Gross Costs	$173,875
Less: Earned Revenue	(1,340)
Net Program Cost	**172,535**
NACA Program	
Gross Costs	19,803
Less: Earned Revenue	-
Net Program Cost	**19,803**
Depository Institutions Initiative (BEA Program and SDL Program)	
Gross Costs	81,065
Less: Earned Revenue	-
Net Program Cost	**81,065**
CMF	
Gross Costs	210,006
Less: Earned Revenue	-
Net Program Cost	**210,006**
CDFI BGP	
Gross Costs	31,139
Less: Earned Revenue	(38,371)
Net Program Cost	**(7,232)**
Emergency Support Programs (CDFI RRP and CDFI ERP)	
Gross Costs	324,298
Less: Earned Revenue	-
Net Program Cost	**324,298**
NMTC Program	
Gross Costs	2,417
Less: Earned Revenue	-
Net Program Cost	**2,417**
Costs not Assigned to Programs	
Gross Costs	29,315
Less: Earned Revenue	-
Net Cost not Assigned to Programs	**29,315**
Total Gross Costs	**$871,918**
Less: Total Earned Revenue	**(39,711)**
Net Cost of Operations	**$832,207**

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

STATEMENT OF CHANGES IN NET POSITION
For the Year Ended September 30, 2023

(in thousands)

	Funds from Dedicated Collections (Consolidated Totals)	Funds from Other than Dedicated Collections (Consolidated Totals)	2023 Consolidated Total
UNEXPENDED APPROPRIATIONS			
Beginning Balance	-	$2,467,825	$2,467,825
Appropriations Received	-	334,616	334,616
Other Adjustments	-	(1,482)	(1,482)
Appropriations Used	-	(641,306)	(641,306)
Net Change in Unexpended Appropriations	-	**(308,172)**	**(308,172)**
Total Unexpended Appropriations	-	**2,159,653**	**2,159,653**
CUMULATIVE RESULTS OF OPERATIONS			
Beginning Balance	1,124,844	29,961	1,154,805
Appropriations Used	-	641,306	641,306
GSE Fees and Other Non-Exchange Revenue	110,879	-	110,879
Imputed Financing Sources	-	1,486	1,486
Transfers to the General Fund	-	(1,962)	(1,962)
Total Net Cost of Operations	(210,006)	(622,201)	(832,207)
Net Change in Cumulative Result of Operations	**(99,127)**	**18,629**	**(80,498)**
Total Cumulative Result of Operations	**1,025,717**	**48,590**	**1,074,307**
Net Position	**$1,025,717**	**$2,208,243**	**$3,233,960**

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

STATEMENT OF BUDGETARY RESOURCES For the Year Ended September 30, 2023			(in thousands)
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	2023 Total
Budgetary Resources:			
Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory) (Note 11)	2,420,938	-	2,420,938
Appropriations (Discretionary and Mandatory)	537,227	-	537,227
Borrowing Authority (Discretionary and Mandatory)	-	325,473	325,473
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,855	34,405	36,260
Total Budgetary Resources	**$2,960,020**	**$359,878**	**2,159,653**
Status of Budgetary Resources:			
New Obligations and Upward Adjustments	$2,039,554	$356,657	$2,396,211
Unobligated Balance, End of Year:			
Apportioned, Unexpired Accounts	732,182	3,221	735,403
Unapportioned, Unexpired Accounts	180,024	-	180,024
Unexpired Unobligated Balance, End of Year	912,206	3,221	915,427
Expired Unobligated Balance, End of Year	8,260	-	8,260
Unobligated Balance, End of Year (Total)	920,466	3,221	923,687
Total Budgetary Resources	**$2,960,020**	**$359,878**	**$3,319,898**
Outlays, Net, and Disbursements, Net:			
Outlays, Net (Discretionary and Mandatory)	1,680,276	-	1,680,276
Distributed Offsetting Receipts	(203,116)	-	(203,116)
Agency Outlays, Net (Discretionary and Mandatory)	**$1,477,160**	**-**	**$1,477,160**
Disbursements, Net (Mandatory)		$94,726	$94,726

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Community Development Financial Institutions (CDFI) Fund (CDFI Fund or the Fund), a government corporation, was created as a bipartisan initiative in the *Riegle Community Development and Regulatory Improvement Act of 1994* (Public Law (P.L.) 103-325). The CDFI Fund was placed in the Department of the Treasury (Treasury) and began operations in July 1995.

The CDFI Fund operates various programs aimed at expanding the availability of credit, investment capital, and financial and other services in distressed urban, rural, and Native American communities. The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

The major programs operated by the CDFI Fund are the:

- Community Development Financial Institutions Program (CDFI Program)
- Native American CDFI Assistance Program (NACA Program)
- Bank Enterprise Award Program (BEA Program)
- Capital Magnet Fund (CMF)
- CDFI Bond Guarantee Program (CDFI BGP)
- New Markets Tax Credit Program (NMTC Program)
- Small Dollar Loan Program (SDL Program)
- CDFI Rapid Response Program (CDFI RRP)
- CDFI Equitable Recovery Program (CDFI ERP)

The CDFI Program provides financial and technical assistance awards to CDFIs which in turn provide financial products and complementary services to create community development impact in underserved markets. Financial assistance awards take the form of grants, direct loans, and investments. Technical assistance grants provide aid to start-up and early-stage CDFIs and entities planning to become CDFIs.

The NACA Program provides grants to help create CDFIs and to build the capacity of Native CDFIs that serve primarily Native American, Alaska Native, and Native Hawaiian communities.

The BEA Program provides incentives to insured depository institutions (banks and thrifts) to invest in CDFIs and to increase their lending and financial services in distressed communities. Program participants are selected based on projected achievements. The awards are disbursed after the activities have been implemented successfully, to ensure that only completed activities are recognized and that the CDFI Fund's limited dollars are effectively leveraged with private capital.

The CMF provides competitively awarded grants to CDFIs and qualified non-profit housing organizations. These awards can be used to finance affordable housing activities, as well as related economic development activities (including community service facilities). Award recipients can utilize funds to create financing tools such as loan loss reserves, revolving loan funds, risk sharing loans, and loan guarantees. Organizations that receive the CMF awards are required to finance housing and community development investments costing at least ten times the award amount.

The CDFI BGP was enacted through the *Small Business Jobs Act of 2010* (P.L. 111-240). The CDFI Fund administers the program and the Secretary of the Treasury (Secretary) issues direct loans for the full amount of bonds issued to support CDFIs that make investments for eligible community or economic development purposes. The bonds support CDFI lending and investment by providing a source of long-term, patient capital to CDFIs.

Under the NMTC Program, the CDFI Fund provides tax credit allocation authority to Community Development Entities (CDEs), which use these credits to attract private sector investment. Proceeds from these investments are used for community development purposes. Unlike the CDFI Fund's grant programs and the CDFI BGP, the tax credit allocation authority to CDEs has no effect on the financial statements of the CDFI Fund.

The SDL Program, authorized by the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (P.L. 111-203), was enacted through the *Consolidated Appropriations Act, 2020* (P.L. 116-93). The purpose of the SDL Program is to provide grants for loan loss reserves and technical assistance to enable Certified CDFIs to establish and maintain small dollar loan programs.

The CDFI RRP was enacted through the *Consolidated Appropriations Act, 2021* (P.L. 116-260). The program was designed to quickly deploy capital, through grants, to Certified CDFIs to support, prepare for, and respond to the economic impact of the Coronavirus Disease of 2019 (COVID-19) pandemic.

The CDFI ERP was also enacted through P.L. 116-260. The program was designed to provide grants to CDFIs to expand lending, grant making and investment activities in low- or moderate-income communities and borrowers that have experienced disproportionate economic impacts from the COVID-19 pandemic.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared from the CDFI Fund's accounting records in conformity with United States (U.S.) Generally Accepted Accounting Principles (GAAP) for federal entities, and Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, as revised. Accounting principles generally accepted for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB). The American Institute of Certified Public Accountants recognizes FASAB as the official accounting standards-setting body for the U.S. government. Certain presentations and disclosures may be modified, if needed, to prevent the disclosure of classified information.

These financial statements consist of the Balance Sheet, the Statement of Net Cost, the Statement of Changes in Net Position, and the Statement of Budgetary Resources. These statements should be read with the understanding that they are for a component of the U.S. government, a sovereign entity.

Intra-governmental assets and liabilities are those due from or to other federal entities. Intra-governmental earned revenues are collections or accruals of revenue from other federal entities, and intra-governmental costs are payments or accruals of expenditures to other federal entities.

There are numerous acronyms used throughout the notes herein as well as other sections of this Agency Financial Report. Refer to the "*Glossary of Acronyms (Unaudited)*" located in the Appendix of this report for a complete listing of these acronyms and their definitions.

Changes in Financial Reporting

In fiscal year (FY) 2023, the CDFI Fund changed to accounting standards promulgated by the FASAB for federal agencies for the purposes of the CDFI Fund's financial accounting and reporting. Prior to October 1, 2022, the CDFI Fund presented its financial statements in accordance with the accounting standards promulgated by the Financial Accounting Standards Board (FASB). Management decided to make this change to align with the form and content of the financial statements in the U.S. Treasury's Agency Financial Report and applied the change retrospectively.

Accounting standards promulgated by FASAB require that the CDFI Fund present a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources as of and for each fiscal year ended (FYE) and related notes to the financial statements. These replace the financial statements that CDFI Fund had previously prepared under the accounting standards promulgated by FASB, which included the Statement of Financial Position, Statement of Operations and Changes in Net Position, and Statement of Cash Flows as of and for each FYE. In accordance with the accounting standards promulgated by FASAB, the CDFI Fund also added Note 3, *"Accounts Receivable, Net,"* Note 5, *"Grant Award Advances,"* Note 8, *"Other Liabilities,"* Note 10, *"Funds from Dedicated Collections,"* Note 11, *"Statement of Budgetary Resources,"* Note 12, *"Reconciliation of Net Cost of Operations to Budgetary Outlays, Net (Budget to Accrual Reconciliation),"* and Note 13, *"COVID-19 Activity and Required Supplementary Information,"* which includes the Management's Discussion and Analysis and the Combining Statement of Budgetary Resources.

Further, the change in accounting standards resulted in adjustments to the *Federal Credit Reform Act of 1990* (FCRA). These adjustments were a result of updates made to the methodology used to estimate the allowance for the subsidy of direct loans and the appropriations used to fund such subsidy costs. These changes are reflected in the Statement of Net Cost and Statement of Changes in Net Position, respectively for the FYE September 30, 2023; and in the General Fund liabilities reported under FASAB, but not under FASB, within the Balance Sheet as of September 30, 2023.

Under FASAB, the CDFI Fund changed its grant award expense recognition timing across most programs. Under FASB, the CDFI Fund's grant award expense recognition generally coincided with the grant award disbursements. However, under FASAB, the CDFI Fund accounts for the grant award disbursements as advances and recognizes the grant award expense based on the reported or estimated use of award by grantees, as reflected in the Statement of Net Cost for the FYE September 30, 2023.

The change from financial reporting under FASB to FASAB also resulted in change in the presentation of Government Sponsored Enterprises (GSE) fees and appropriations used in the financial statements. Under FASB, these non-exchange revenues and other financing sources were included in the calculation of net income in the Statement of Operations and Changes in Net Position for the year. In accordance with FASAB guidance, the non-exchange revenues and other financing sources are now reported in the cumulative results of operations in the Statement of Changes in Net Position for the FYE September 30, 2023.

Fund Balance with Treasury

Fund Balance with Treasury is composed of appropriated and borrowed funds (financing accounts) that are available to pay liabilities and finance authorized awards and purchase commitments. Also included are restricted funds from the GSEs used to finance activities for the CMF. The Fund Balance with Treasury amounts represent commitments by the U.S. government to provide resources for particular programs, but do not represent assets to the Government as a whole. The CDFI Fund does not maintain cash in commercial bank accounts. Treasury processes cash receipts and disbursements.

Loans Receivable, Net

The CDFI Fund makes direct loans to certain CDFI Program and CDFI BGP awardees. The CDFI Fund accounts for the direct loans under the provisions of credit reform accounting pursuant to the FCRA.

To account for the credit program receivables, the CDFI Fund applies the accounting provisions of the Statements of Federal Financial Accounting Standards (SFFAS) No. 2, *Accounting for Direct Loans and Loan Guarantees*, as amended. SFFAS No. 2 requires measurement of the asset or liability at the net present value of the estimated future cash flows. The cash flow estimates for each credit program transaction reflect the actual structure of the instruments. For each of these instruments, the CDFI Fund estimates cash inflows and outflows related to the program over the estimated term of the instrument. Further, each cash flow estimate reflects the specific terms and conditions of the program, technical assumptions regarding the underlying assets, risk of default or other losses, and other factors as appropriate. The measurement of assets within these programs is primarily derived from inputs, which generally represent market data and, when such data is not available, management’s best estimate of how a market participant would assess the asset’s inherent risk.

The primary purpose of the FCRA is to measure the cost of federal credit programs, and to place the cost of such credit programs on a basis equivalent to other federal spending. The FCRA requires that the ultimate costs of a credit program be calculated and the budgetary resources be obtained before incurring the direct loan obligations. To accomplish this, the CDFI Fund first predicts or estimates the future performance of direct loans when preparing the annual budget. The CDFI Fund re-estimates the data used for these budgetary estimates at September 30 to reflect changes in actual loan performance and actual interest rates in effect when the loans were issued. The re-estimated data reflects adjustments for market risks, asset performance, and other key variables and economic factors. The CDFI Fund then uses the re-estimated data to report the adjustment to the cost of the direct loans disbursed and recognizes it within the "*Net Program Cost*" lines of the CDFI Program and CDFI BGP, respectively, on the Statement of Net Cost.

Cash flows associated with the CDFI Fund's credit programs generally include disbursements, repayments, repurchases, fees, recoveries, interest, borrowings from Treasury and the Federal Financing Bank (FFB), negative subsidy, and the subsidy cost received from the program accounts. The CDFI Fund draws loan-level data and assumptions used as the basis for cash flow model forecasts and program performance from widely available market sources, as well as information published by direct loan recipients. Key inputs and assumptions to the cash flow forecasts include, but are not limited to:

- Security characteristics such as unpaid principal balance, coupon rate, weighted-average loan age, credit rating, maturity date, principal and interest payment schedules, and performance of underlying collateral;
- Discount rate;
- CDFI Fund actions, as well as changes in legislation;
- Forecast principal and interest payments, late payments, prepayment rates and default rates;
- Historical pre-payments; and
- Default and recovery reports that Moody's and Standard and Poor's publish.

The recorded subsidy cost associated with the credit programs represents the difference between disbursed amounts and the net present value of future cash flows the CDFI Fund anticipates receiving. The subsidy allowance, as initially established by the subsidy cost, takes into consideration projected repayments and defaults, and the projected cost of borrowings. The CDFI Fund amortizes the allowance to reflect the difference between projected and actual financing costs. The liability associated with the accrued downward subsidy re-estimates is recognized within the *"Intra-Governmental: Other Liabilities"* line of the Balance Sheet.

CDFI Fund's actions, as well as changes in legislation, may impact estimated future cash flows and related subsidy costs. The CDFI Fund recognizes the cost or cost savings of a modification in subsidy costs when the terms of a program are modified. Workouts are actions taken to maximize repayments of existing credit programs, and the expected effects on cash flows are included in the original estimate and re-estimates of the subsidy cost. Subsidy costs are also impacted by re-estimates, which may occur as a result of updates to the original program subsidy cost estimates to reflect the actual cash flow, as well as changes in forecasts of estimated future cash flows associated with the credit program. These direct loans are presented on the Balance Sheet as "*Loans Receivable*, *Net.*" See Note 4, *"Loans Receivable, Net,"* for more information.

Property, Plant, & Equipment, Net

The CDFI Fund's Property, Plant & Equipment (PP&E), Net, assets comprise mainly of internal-use software. The CDFI Fund follows the standards set forth in SFFAS No. 10, *Accounting for Internal Use Software,* in capitalizing costs incurred during the development stage (i.e., design of software configuration, coding, hardware installation, parallel processing testing), after management authorizes and commits to the software development projects. The CDFI Fund accumulates costs for developing internal-use software in work-in-development until the project is placed into service and the CDFI Fund successfully completes testing and final acceptances. Once completed, the CDFI Fund transfers the costs to depreciable property. The Fund amortizes the cost of internal-use software using the straight-line method over the estimated useful life, ranging from seven to ten years.

Pursuant to Treasury's guidance on the capitalization threshold range, the CDFI Fund established the capitalization threshold of $125,000 for internal-use software and $50,000 for other PP&E, as permitted by SFFAS No. 6, *Accounting for Property, Plant, and Equipment,* and SFFAS No. 10. The Fund management concluded that these thresholds are set at appropriate levels and do not materially distort the financial statements or affect their comparability from year to year.

As of September 30, 2023, the book value for CDFI Fund's internal-use software was $12.4 million and comprised of the cost in the amount of $32.7 million, net of accumulated amortization of $20.3 million. The CDFI Fund recorded $3.5 million of amortization expense for the FYE September 30, 2023.

Advances and Prepayments

The CDFI Fund's distribution of grant awards may be used by the awardees to cover a part, or all, of anticipated qualified expenses. The CDFI Fund initially recognizes such disbursed amounts as advances, as the benefits of the cash outflow extend beyond the same FY during which the program funding was appropriated and disbursed. The Fund subsequently reduces the advances by the reported and estimated amount of qualified expenses incurred by the grant award recipients during the fiscal year. The outstanding balance of the advances at the fiscal year end is reported within the "*Advances and Prepayments*" line on the Balance Sheet. The recipients' incurred expenses are reported on the Statement of Net Cost within line "*Gross Costs*" of the respective programs. Refer to the accounting policy entitled "*Risks, Uncertainties, and Use of Estimates*" and Note 5, *"Grant Award Advances"* for additional discussion related to the estimation of advances and grant award expenses.

Investments, Net

The CDFI Fund assists certain for-profit CDFI Program awardees by purchasing capital investments. Pursuant to P.L. 103-325, the CDFI Fund is restricted from owning more than 50 percent of the equity of awardees and from controlling their operations. These investments represent holdings in the form of non-voting equity securities and limited partnership interests.

Non-voting equity securities are reported at fair value with realized and unrealized holding gains or losses reported on the Statement of Net Cost depending on the net results. Investments with a readily determinable fair value are recorded at such fair value (see discussion below on "*Fair Value Measurement*"). Investments without readily determinable fair values are recorded using the measurement alternative at cost minus impairment, plus or minus subsequent adjustments for observable prices in orderly transactions for the identical or similar investment of the same issuer.

Limited partnership interests are carried in accordance with the equity method of accounting by recognizing the pro-rata share of investee's profit/loss through the Statement of Net Cost. A decline in the fair value of any investment below cost that is deemed to be other-than-temporary results in an impairment to reduce the carrying amount to fair value.

To determine if an impairment is other-than-temporary, the CDFI Fund considers whether: (1) it has the ability and intent to hold the investment until a market price recovery; and (2) evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the industry in which the investee operates. The impairment is charged to net cost and a new cost basis for the investment is established.

The CDFI Fund recognized no other-than-temporary impairment expense on these investments for the FYE September 30, 2023.

Debt

Debt represents borrowings payable to Treasury and the FFB that were incurred to fund direct loans made by the CDFI Fund and other aspects of permissible borrowing authority. The borrowings payable to Treasury are related to the unsubsidized portion of loans. Subsidies are costs incurred by the government over the entire life of the loan. The borrowings payable related to the FFB represent the principal loan balances disbursed under the CDFI BGP. Principal repayments to Treasury are required to be made based on the scheduled collections of loans receivable and are due September 30 of each year of maturity. Principal repayments to the FFB are made quarterly and semi-annually as collections are received by loan borrowers. Interest costs accrue as an expense when incurred and are reported as the *"Net Program Cost"* of the CDFI Program and CDFI BGP on the Statement of Net Cost. See Note 7, *"Debt,"* for more information and disclosures related to debt.

Commitments and Contingencies

In accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, the CDFI Fund recognizes material contingent liabilities meeting the following criteria:

- A past event or exchange transaction has occurred;
- A future cash outflow is probable; and
- A future cash outflow is measurable.

The estimated liability recorded is either a specific amount or within a range of amounts. If some amount within the range is a better estimate than any other amount within the range, that amount is recognized. If no amount within the range is a better estimate than any other amount, the CDFI Fund recognizes the minimum amount in the range and discloses the range and a description of the nature of the contingency. Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the obligation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

If one or more, but not all, of the above criteria for recognition are met, and there is a reasonable possibility of loss, the CDFI Fund will disclose, if material, the nature of the contingent liability, along with a range of possible loss, if estimable, and a description of the nature of the contingency. The CDFI Fund did not recognize any contingent liabilities as of September 30, 2023.

Revenues and Other Financing Sources

The CDFI Fund activities are primarily financed from the appropriations and GSE fee revenue. The appropriations used are recognized as a financing source on the Statement of Changes in Net Position at the time when the CDFI Fund: (i) determines that the grant recipient has met the requirements to be allowed to use the grant award amounts; (ii) accrues liabilities related to administrative expenses and internal-use software costs incurred; (iii) acquires an investment; or (iv) finances a direct loan, in part, with an initial direct loan subsidy.

The CDFI Fund receives fees from the GSEs, under the *Housing and Economic Recovery Act of 2008* (P.L. 110-289). Per statute, the GSEs are required to set aside annual allocations equal to 4.2 basis points for each dollar of their unpaid principal balances of total new business purchases. The CMF receives 35 percent of these allocations. The fees are recorded on an accrual basis, at their net realizable value, as they are considered recognizable and estimable. The reported accrual amounts are expected to be collected within one year and reported within the "*Accounts Receivable, Net*" line on the Balance Sheet. The GSE fees represent non-exchange revenue recognized within the "*GSE Fees and Other Non-Exchange Revenue*" line on the Statement of Changes in Net Position.

As a component entity of Treasury, the CDFI Fund receives goods and services from other federal entities or other component entities within Treasury at no cost or at a cost less than the full cost. The costs of other entities that are not fully reimbursed by the CDFI Fund are reported within the "*Costs not Assigned to Programs"* line on the Statement of Net Cost and are offset by *"Imputed Financing Sources"* line on the Statement of Changes in Net Position.

The CDFI Fund also receives fees from the eligible CDFIs, per the *Small Business Jobs Act of 2010* (P.L. 211-240). Per statute, the fees are payable monthly to the CDFI Fund based on the amount of the unpaid principal balance of the bond issue. The collected fees are used to reimburse Treasury for any administrative costs incurred by the CDFI BGP. These collected fees represent exchange revenue and are recorded within the *"Less: Earned Revenue"* line of the program on the Statement of Net Cost, while costs associated with the revenue collected are recorded within the "*Gross Costs*" line.

Additional revenue is obtained from interest received on direct loans and on undisbursed borrowings of funds held by Treasury. Interest is recognized when earned and determined to be collectible and is recorded within the *"Less: Earned Revenue"* line of the associated program on the Statement of Net Cost.

Occasionally, the CDFI Fund receives dividends on its equity investments and may use those funds for operating expenses. Dividends are recognized when earned, which is usually when declared, and are recorded within the *"Less: Earned Revenue"* line of the CDFI Program on the Statement of Net Cost.

Net Cost

Net cost consists of gross costs less earned revenue. The CDFI Fund presents its gross costs (financial assistance and administrative expenses), earned revenue and net costs by major program categories. Administrative and imputed costs that cannot be reasonably allocated to a specific program are reported within the "*Costs not Assigned to Programs*" line on the Statement of Net Cost.

Retirement Plans

The CDFI Fund employees participate in the Federal Employees' Retirement System (FERS). The FERS was established by the enactment of the Federal Employees' Retirement System Act of 1986 (P.L. 99-335). Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983.

Employees hired prior to January 1, 1984, were provided an opportunity to join both FERS and Social Security or remain in the Civil Service Retirement System (CSRS). The amount of cost recognized by the CDFI Fund for FERS and Social Security contributions for the FYE September 30, 2023 was $2.2 million.

For all employees, a Thrift Savings Plan (TSP) account is automatically established and the employee can have up to a predetermined maximum amount withheld from their base salary, which is deposited into their TSP account. The CDFI Fund makes matching contributions of up to four percent for FERS employees who contribute to their TSP account. Additionally, a one percent contribution is automatically made to TSP by the CDFI Fund for each employee. The amount of cost recognized by the CDFI Fund for these contributions for the FYE September 30, 2023 was $0.6 million.

The CDFI Fund reports the costs associated with retirement plans within the "Gross Costs" line of their respective programs on the Statement of Net Cost. When these costs cannot be reasonably allocated to a particular program, the CDFI Fund reports these costs within the "Costs not Assigned to Programs" line on the Statement of Net Cost.

Accrued Annual Leave

Annual leave and compensatory leave are accrued as a liability when earned by the employee, and the accrual is reduced as leave is taken. The balance in this accrued liability account is computed using current pay rates. Sick leave and other types of non-vested leave are expensed as the leave is taken and reported within the *"Gross Costs"* line of their respective programs on the Statement of Net Cost. When these costs cannot be reasonably allocated to a particular program, the CDFI Fund reports the costs associated with accrued annual leave within the "*Costs not Assigned to Programs*" line on the Statement of Net Cost. See Note 8, *"Other Liabilities,"* for more information.

Net Position

Unexpended Appropriations

Unexpended Appropriations represents the amount of spending authorized, as of September 30, that is unliquidated or unobligated and has not lapsed, been rescinded, or withdrawn. Appropriations remain available for upward or downward adjustment of obligations until canceled. The CDFI Fund reports adjustments related to unexpended appropriations, such as cancellations of expired funds or rescissions, on the Statement of Changes in Net Position.

Cumulative Results of Operations

Cumulative Results of Operations represents the net results of the CDFI Fund's operations not funded by appropriations, non-exchange revenues, and other financing sources, since inception through the end of the fiscal year. Also included as a reduction in Cumulative Results of Operations are accruals for which the related expenses require funding from future appropriations, revenues, and assessments. These future funding requirements include, among others, credit reform cost re-estimates, and expenses for contingent liabilities, if applicable.

Funds from Dedicated Collections

The CDFI Fund accounts for revenues and other financing sources for Funds from Dedicated Collections separately from other funds within CDFI Fund's financial statements. Funds collected under the CMF, the only CDFI Fund program financed by funds from dedicated collections, are composed entirely of restricted funds from the collection of GSE fees. Under federal statute, these funds have been specifically identified and are only designated for activities, benefits, or purposes of the CMF. Administrative expenses are covered by the GSE fees collected, and, as per the federal statute, amounts in the CMF will be made available to the Secretary to carry out a competitive grant program. See Note 10, *"Funds from Dedicated Collections,"* for more information.

Appropriations and Other Budgetary Activity

The CDFI Fund receives funding through appropriations from the U.S. Congress and collections of GSE fees. The CDFI Fund receives appropriations to be used for financial assistance awards, within statutory limits, and annual appropriations for operating expenses. Incurred obligations of appropriations are recorded when the CDFI Fund takes actions that require the CDFI Fund to make payments to the public or another federal entity. Based on the statute, case law and relevant guidance, congressionally appropriated funds used for administrative matters, such as employment or service contracts, become obligated when the CDFI Fund enters into a written agreement with a third party. Appropriated funds that support direct loan and equity awards become obligated when the relevant parties enter into a fully executed agreement that includes the amount, terms of repayment, and other key aspects of the arrangement. Appropriated funds and collected GSE fees that support the CDFI Fund competitive grant awards become obligated when the CDFI Fund issues a Notice of Award. As of September 30, 2023, all the CDFI Fund liabilities are covered by budgetary resources except for amounts related to unfunded leave. See Note 8, *"Other Liabilities,"* for more information.

Tax-Exempt Status

As a component of Treasury, which is an agency of the U.S. government, the CDFI Fund is exempt from all income taxes imposed by any governing body, whether it is a federal, state, commonwealth, local, or foreign government. Accordingly, no provision for income taxes is recorded.

Fair Value Measurement

Fair value is a market-based measurement. For some investments, observable market transactions or market information may be available. For other investments, observable market transactions and market information may not be available. However, the objective of a fair value measurement in both cases is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability between market participants at the measurement date occurs under current market conditions. The CDFI Fund applies the provisions for fair value measurements of investments that are recognized or disclosed at fair value in the financial statements. The fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the CDFI Fund has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The inputs or methodology used for valuing assets and liabilities are not necessarily indicative of the risks associated with those assets and liabilities.

Valuation of Investments, Net on the Balance Sheet includes Level 1 and Level 3 inputs. See Note 6, *"Investments, Net*," for more information about these financial assets and related fair value measurements.

Risks, Uncertainties, and 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 and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Items subject to such estimates include investments recorded at fair value, allowance for subsidy related to the FCRA, accruals of grant award expenses, and accruals of revenues for fees from GSEs, comprised of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

The CDFI Fund faces certain risks and uncertainties as a result of its direct loan programs. Credit risk is the potential, no matter how remote, for financial loss from a failure of a borrower or counterparty to perform in accordance with underlying contractual obligations. The CDFI Fund takes on possible credit risk when it makes direct loans to non-federal entities. The following programs entail credit risk: CDFI Program and CDFI BGP, as well as undisbursed direct loans and funding commitments related to these programs.

The CDFI Fund derives credit program receivables using credit reform modeling, which is subject to the use of estimates and forecasts that have inherent uncertainty. Refer to the accounting policy entitled "*Loans Receivable, Net*" and Note 4, *"Loans Receivable, Net,"* for additional information.

At each quarter-end, the CDFI Fund records a GSE fee revenue accrual based on the fees estimated from the GSEs' Form 10-Q and Form 10-K disclosures. The receivable is subsequently reduced when the GSE fee proceeds are received. Refer to the accounting policy entitled "*Revenues and Other Financing Sources*" and Note 3, *"Accounts Receivable, Net,"* for discussion related to the estimation of GSE revenue accruals.

For all grant programs administered by the CDFI Fund, with the exception of the BEA Program which is structured as a reimbursement program, the CDFI Fund makes grant award payments for anticipated qualified expenses and recognizes them as advances. To adjust the advances for eligible expenses that grantees have incurred as of the reporting date, the CDFI Fund relies upon a combination of the actual use of award reported by grantees in their *Standard Form 425: Federal Financial Report* (SF-425) and estimates. For the FYE September 30, 2023, the CDFI Fund leveraged the SF-425 reports to estimate the accrued grant expenses for the CDFI Program, NACA Program, CDFI RRP, SDL Program, and the CMF. The CDFI Fund established materiality thresholds and estimation procedures based on the award payment amounts, utilizing the reported use of award as a percentage of the total grant award payments for each program. In the case of the CDFI ERP, the use of SF-425 reports was not feasible for the accrued expense estimation as the financial assistance agreements and the initial payments to the grantees were completed towards the FYE September 30, 2023. The CDFI Fund used a straight-line method to estimate the CDFI ERP grant award expenses over the period of performance and prorated the expense amount attributable to the FYE September 30, 2023. See Note 5, *"Grant Award Advances,"* for more information on the estimated grant expense and related advances.

Amounts based on estimates involve numerous assumptions subject to varying and potentially significant degrees of judgment and uncertainty. Therefore, accounting estimates and assumptions may change over time and actual results could differ materially from those estimates.

Disclosure Entities and Related Parties

SFFAS No. 47, *Reporting Entity*, requires that the financial statements reflect the balances and activities of consolidation entities, including Treasury component entities, meeting the following "principles for inclusion" when considered as a whole: *(i) the entity is included in the Budget of the U.S. (also known as the President's Budget), (ii) the U.S. government holds "majority ownership interest," (iii) the U.S. government has "control with risk of loss or expectation of benefit," or (iv) it would be misleading to exclude such entity.* SFFAS No. 47 also provides guidance for assessing whether an organization meeting the inclusion principles is reported as a disclosure entity or related party.

Disclosure entities and related parties are not considered components of the CDFI Fund reporting entity and, thus, are only disclosed in the notes to the CDFI Fund financial statements. Using the principles prescribed in SFFAS No. 47, no entities were deemed disclosure entities or related parties as of September 30, 2023.

NOTE 2: FUND BALANCE WITH TREASURY

Fund Balance with Treasury is increased: (i) by receiving appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations; (ii) when transfers and reimbursements from other federal agencies are received; and (iii) by collection of GSE fees which represent restricted funds and are used to finance the CMF. Fund Balance with Treasury can also be increased by amounts collected and credited to appropriation or fund accounts.

Fund Balance with Treasury is reduced when: (i) disbursements are made to pay liabilities, purchase assets, goods, and services or finance authorized financial award and purchase commitments; (ii) expired appropriations are canceled, or the CDFI Fund makes transfers and reimbursements to other federal entities, non-federal entities, or to the General Fund; and (iii) sequestration or rescission of appropriations.

As of September 30, 2023, the status of the Fund Balance with Treasury consisted of the following:

Fund Balance with Treasury (in thousands)	2023 Total
Unobligated Balance – Available	$735,403
Unobligated Balance – Not Available	188,284
Obligated Balance Not Yet Disbursed	1,397,177
Subtotal	2,320,864
Adjustment for Borrowing Authority	(777,351)
Other Adjustments	10,942
Total Status of Fund Balance with Treasury	**$1,554,455**

The use of unobligated balances is restricted based on annual legislation requirements or enabling authorities. Funds are presumed to be available for only one FY unless otherwise noted in the annual appropriation language.

Portions of the Unobligated Balance - Not Available, as shown on the Statement of Budgetary Resources, include amounts appropriated in prior fiscal years that have expired and are not available to fund new obligations, as well as unapportioned amounts still requiring budget authority in order to become available to fund new obligations. However, the CDFI Fund may use such amounts for upward and downward adjustments for existing obligations in future years. For the FYE September 30, 2023, the balance of unused funds in expired appropriations to be returned to Treasury, was $8.3 million.

The Obligated Balance Not Yet Disbursed represents amounts designated for payment of goods and services the CDFI Fund has ordered but has not received, or goods and services the Fund received but for which payment has not yet been made. In those situations, the restricted funding will be temporarily unavailable until the reasons for the restriction have been satisfied or legislation has been enacted to remove the restriction.

Since the following line items are either a component of Fund Balance with Treasury or post to budgetary status accounts, adjustments are required to reconcile the budgetary status to the non-budgetary Fund Balance with Treasury as reported on the Balance Sheet:

- Adjustments for Borrowing Authority – Borrowing authority is in budgetary status reported on the Statement of Budgetary Resources, but not in the Fund Balance with Treasury because the CDFI Fund credit programs use borrowing authority to finance loans.

- Other Adjustments – Other adjustments represent a temporary reduction of the new budget authority related to GSE and CDFI BGP administrative fee amounts sequestered in the FYE September 30, 2023.

NOTE 3: ACCOUNTS RECEIVABLE, NET

Accounts Receivable, Net represents the amount of GSE fees that the CDFI Fund accrued but has not yet collected. The reported accrued receivable is expected to be collected within one year. The CDFI Fund has not established an allowance balance for uncollectible amounts as it determined that the risk of not collecting the estimated GSE fees is remote.

During the FY 2023, the CDFI Fund collected $190.8 million in GSE fees and reported the accrued GSE fee receivable balance of $80.4 million within line "*Accounts Receivable, Net*" on the Balance Sheet as of September 30, 2023.

NOTE 4: LOANS RECEIVABLE, NET

The CDFI Fund administers two credit programs designed to provide funding and assistance to CDFIs through direct loans. The related net direct loan receivables, including loan principal repayments, interest, and fees are treated as exchange transactions. The FCRA establishes the use of program, financing, and general fund receipt accounts for loan guarantees committed and direct loans obligated after September 30, 1991. The CDFI Fund did not disburse any direct loans prior to the FCRA enaction. Net loans receivables or the value of assets related to direct loans is not the same as expected proceeds from selling the loans.

The CDFI Fund calculates all direct loan subsidy estimates and re-estimates in accordance with OMB Circular A-11, *Preparation, Submission, and Execution of the Budget,* Section 185, *Federal Credit*.

The CDFI Fund presents the direct loans on the Balance Sheet within line, "*Loans Receivable, Net.*" The balances of these direct loan programs, along with their subsidies, as of September 30, 2023, consisted of the following:

Direct Loans Program (in thousands)	Loans Receivable, Gross	Interest and Fees Receivable	Allowance for Subsidy Cost (Present Value)	2023 Direct Loans, Net
CDFI BGP	$1,242,211	-	$58,678	$1,300,889
CDFI Program	54,973	475	(6,762)	48,686
Total	**$1,297,184**	**$475**	**$51,916**	**$1,349,575**

The negative or positive allowance for subsidy costs at the end of FY 2023 reflects the projection, as of that date, that these programs would result in net revenues or net cost to the CDFI Fund, after accounting for principal loan repayments, interest, and fees.

The CDFI Fund disbursed $168.9 million and $2.2 million in direct loans for the CDFI BGP and CDFI Program, respectively, for the FYE September 30, 2023. The subsidy cost by component for new direct loans disbursed under these programs, for the FYE September 30, 2023, consisted of the following:

Direct Loans Program (in thousands)	Interest Differential	Defaults	2023 Total
CDFI BGP	$(7,982)	$608	$(7,374)
CDFI Program	30	172	202
Total	**$(7,952)**	**$780**	**$(7,172)**

The CDFI Fund performed a financial statement re-estimate of its credit program's cost as of September 30, 2023. These re-estimates resulted in a net downward re-estimate, or a decrease in the costs of the programs, which consisted of the following:

Direct Loans Program (in thousands)	Interest Rate Re-estimate	Technical Re-estimate	2023 Total
CDFI BGP	$(18,012)	$16,534	$(1,478)
CDFI Program	-	(863)	(863)
Total	**$(18,012)**	**$15,671**	**$(2,341)**

The CDFI BGP's total downward re-estimate of $1.5 million was driven by changes in performance assumptions, actual performance to date, and actual program funding cost. The 2023 performance assumptions anticipated an overall revenue to the program due to lower default projections in future years' cash flows. The CDFI BGP downward interest rate re-estimate of $18.0 million in FY 2023 represents the difference between the budget formulation subsidy estimate cash flows discounted by previously projected interest rates and the same cash flows discounted by actual market interest rates at the time of disbursement. The subsidy estimate calculation performed during the budget formulation uses different projected interest rates than the actual interest rates paid on the CDFI BGP direct loans, which are based on market rates at the time of disbursement. Therefore, the interest rate re-estimate amount, and technical re-estimate of $16.5 million, reflect the difference between the actual interest rates at the time of disbursement and the projected interest rates at the time of the original subsidy estimate.

The CDFI Program's downward re-estimate of $0.9 million stemmed from improvements in the actual loan performance and borrower financial position as well as expectations of lower default rates. No interest rate re-estimate was calculated for the CDFI Program as the cohort had not been substantially disbursed as of September 30, 2023.

The total subsidy expense for direct loans, including the interest differential, defaults, and re-estimates for the FYE September 30, 2023, consisted of the following:

Direct Loans Programs (in thousands)	2023 Total
CDFI BGP	$(8,852}
CDFI Program	(661)
Total	**$(9,513)**

The total of each program's subsidy is calculated into a percentage, or subsidy rate. The subsidy rate is the dollar amount of the total subsidy, or a subsidy component as a percentage, of the direct loans obligated in a cohort and for the FYE ending September 30, 2023 consisted of the following:

Direct Loans Program (in thousands)	Interest Differential	Defaults	2023 Total
CDFI BGP	(4.76)%	0.08%	(4.68)%
CDFI Program	1.34%	7.74%	9.08%

The CDFI BGP subsidy rates are calculated based on the evaluation of actual direct loan terms and subject to the OMB review. The CDFI Program subsidy rates are consistent with those published in the Federal Credit Supplement to the current year's budget.

The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes re-estimates.

The reconciliation of the subsidy cost allowance for the FYE September 30, 2023, consisted of the following:

Subsidy Cost Allowance Reconciliation (in thousands)	CDFI BGP	CDFI Program	2023 Total
Beginning Balance	**$(48,728)**	**$7,580**	**$(41,148)**
Subsidy Cost for Disbursements	(7,374)	202	(7,172)
Adjustment for Subsidy Allowance Amortization	(1,098)	(157)	(1,255)
Balance, Ending, Before Re-estimates	**$(57,200)**	**$7,625**	**$(49,575)**
Subsidy Re-estimates	**(1,478)**	**(863)**	**(2,341)**
Balance, End of Period	**$(58,678)**	**$6,762**	**$(51,916)**

The CDFI Fund recognized $2.0 million in direct loan administrative expenses, of which $1.7 million was related to the CDFI BGP and $0.3 million to the CDFI Program, for the FYE September 30, 2023.

NOTE 5: GRANT AWARD ADVANCES

The following table presents CDFI Fund's remaining grant award advance balances as of September 30, 2023 and the accrued grant expense by program for the FYE September 30, 2023:

Grant Award Program (in thousands)	Grant Award Advances	2023 Accrued Grant Expenses
CDFI ERP	$1,132,044	$105,773
CMF	304,652	208,115
CDFI Program	142,957	170,622
CDFI RRP	40,555	216,879
NACA Program	9,534	19,509
SDL Program	5,745	10,437
Total	**$1,635,487**	**$731,335**

During the FYE September 30, 2023, the CDFI Fund initially disbursed $1.7 billion in grant award advances to the eligible CDFIs. Of this amount, $1.3 billion of the grant awards were disbursed to the CDFI ERP, $0.2 billion to the CDFI Program and the remaining $0.2 billion to the other program awardees, respectively.

In the estimation of grant expenses for the CDFI Program, NACA Program, CMF, CDFI RRP and SDL Program, the CDFI Fund utilized information on incurred expenses as reported by grantees on form SF-425 for the same annual period as the CDFI Fund's FYE September 30, 2023. The accrued grant expense amounts are included within line *"Gross Costs"* of the above programs on the Statement of Net Cost.

NOTE 6: INVESTMENTS, NET

Investments, Net include non-federal non-voting stock investment holdings in for-profit CDFI Program awardees, as well as the CDFI Fund's limited partnership interests.

The fair value measurements made by the CDFI Fund by hierarchy classification of investment type as of September 30, 2023 consisted of the following:

Fair Value Measurement of Investments, Net as of September 30, 2023 (in thousands)				
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-Voting Equity Securities	$33,458	-	$2,800	$36,258
Limited Partnership Interests	-	-	$307	$307
Total Fair Value Measurements	**$33,458**	**-**	**$3,107**	**$36,565**

NOTE 7: DEBT

The CDFI Fund borrows from the FFB and Treasury to fund the disbursement of new direct loans and related subsidy re-estimates associated with the CDFI BGP and CDFI Program, respectively. The maturity dates for the debt payable range from September 30, 2024 to September 30, 2058. Effective interest rates range from 1.33 percent to 5.50 percent.

The debt of the CDFI Fund, as of September 30, 2023, consisted of the following:

Debt (in thousands)	Beginning Balance	Net Borrowing	2023 Ending Balance
Source of Debt			
Debt Owed to the FFB	$1,149,112	$93,099	$1,242,211
Debt Owed to Treasury Other Than the FFB	105,137	2,981	108,118
Total Debt	**$1,254,249**	**$96,080**	**$1,350,329**

The net borrowing increase of $96.1 million in FY 2023 was driven by $178.2 million in new borrowings of which $176.2 million was related to the CDFI BGP and $2.0 million to the CDFI Program direct loans, respectively. Additionally, the debt balance increased as a result of $4.9 million in downward subsidy re-estimates related to the CDFI BGP and the CDFI Program, and $4.2 million borrowed to cover annual interest payments to the FFB and Treasury. The increase in the debt was partially offset by $91.2 million of debt repayments.

During FY 2023, the CDFI Fund disbursed $168.9 million of the CDFI BGP direct loans which the CDFI Fund fully financed through the FFB borrowings. Additionally, during the same period, the CDFI Fund disbursed $2.2 million of the CDFI Program direct loans which were financed through $2.0 million borrowed from Treasury. See additional information on the direct loan programs in Note 4, *"Loans Receivable, Net."*

The CDFI Fund accrues interest expense on the outstanding debt and pays it annually on September 30. For the FYE September 30, 2023, the CDFI Fund recorded interest expense in the total amount of $38.4 million related to this debt.

All debt and related interest costs are intra-governmental and covered by budgetary resources. See additional details on borrowing authority in Note 11, *"Statement of Budgetary Resources*."

NOTE 8: OTHER LIABILITIES

The "*Other Liabilities*" line item on the Balance Sheet consists of liabilities that are covered by, and not requiring budgetary resources. All the CDFI Fund's *"Other Liabilities"* as of September 30, 2023 represent current liabilities and consisted of the following:

Other Liabilities (in thousands)	2023 Total
Intra-Governmental	
Accounts Payable	$307
Due to the General Fund(1)	8,805
Other Accrued Liabilities	410
Total Intra-Governmental	**$9,522**
Other Than Intra-Governmental	
Accounts Payable	$213
Federal Employee Benefits Payable	36
Unfunded Leave(2)	1,189
Accrued Funded Payroll and Leave	767
Other Liabilities With Related Budgetary Obligations(3)	72,859
Total Other Than Intra-Governmental	**$75,064**
Total Other Liabilities	**$84,586**

(1) *Due to the General Fund represents the year-end accrual for the downward subsidy re-estimate for the direct loan programs.*

(2) *The Unfunded Leave amount of $1.2 million represents the only liability not covered by budgetary resources as of September 30, 2023.*

(3) *Other Liabilities With Related Budgetary Obligations consists of $72.9 million of payments due and payable to grant award recipients as of September 30, 2023, of which $70.0 million represents grant award payments due to the BEA Program and $2.9 million due to the CDFI ERP grantees, respectively.*

As of September 30, 2023, the CDFI Fund did not have any outstanding non-current other liabilities.

NOTE 9: COMMITMENTS

Award, Purchase and CDFI BGP Commitments

Unfunded award commitments relate to CDFI Program, NACA Program, CDFI ERP, CDFI RRP, SDL Program, and CMF awards and represent award amounts that were obligated by the CDFI Fund management but not disbursed as of year-end. The CDFI Program, NACA Program, CDFI ERP, CDFI RRP, SDL Program, and CMF award commitments are not considered liabilities at year-end due to awardees not meeting the conditions required for payments as of September 30, 2023. Unfunded award commitments totaled $2.2 billion as of September 30, 2023. As of September 30, 2023, award commitments exclude $70.0 million and $2.9 million pertaining to the BEA Program and the CDFI ERP, respectively. These amounts are reported within line "*Other Liabilities*" on the Balance Sheet as the awardees have met the conditions required for payment, but funds have not yet been disbursed.

CDFI BGP unfunded commitments for related direct loan disbursements totaled $740.3 million as of September 30, 2023. Actual disbursement is subject to borrowers satisfying certain conditions. Funding for such loans is covered by the CDFI Fund's established borrowing authority.

Purchase commitments of $11.9 million as of September 30, 2023 related to the unexpired portion of contracts, and purchase orders relating to goods and services not yet received.

A commitment of $3.0 million as of September 30, 2023 was related to the Economic Mobility Corps (EMC). Funding for the EMC was enacted through P.L. 116-260 to be operated in conjunction with the Corporation for National and Community Service. The EMC places national service members at Certified CDFIs to enhance their capacity to provide financial literacy, financial planning, budgeting, saving, and other financial counseling activities in distressed and underserved areas.

NOTE 10: FUNDS FROM DEDICATED COLLECTIONS

The CMF is the only CDFI Fund program financed by funds from dedicated collections to support the CDFI Fund's core community development program activities. The total assets, total liabilities, net position, and net cost of operations related to the CMF activities as of and for the FYE September 30, 2023, consisted of the following:

Funds from Dedicated Collections (in thousands)	2023 Total
BALANCE SHEET	
ASSETS	
Intra-Governmental:	
Fund Balance with Treasury	$639,105
Total Intra-Governmental	**639,105**
Other than Intra-Governmental:	
Accounts Receivable, Net	80,400
Property, Plant & Equipment, Net	1,741
Advances and Prepayments	304,652
Total Other than Intra-Governmental	386,793
Total Assets	**$1,025,898**
LIABILITIES	
Intra-Governmental:	
Other Liabilities	21
Total Intra-Governmental Liabilities	**21**
Other than Intra-Governmental:	
Other Liabilities	160
Total Other than Intra-Governmental	**160**
Total Liabilities	**$181**
NET POSITION	
Cumulative Results of Operations:	
Cumulative Results of Operations	1,025,717
Total Cumulative Results of Operations	**1,025,717**
Total Net Position	**1,025,717**
Total Liabilities and Net Position	**$1,025,898**

Funds from Dedicated Collections (in thousands)	2023 Total
STATEMENT OF NET COST	
Gross Costs	210,006
Less: Earned Revenue	-
Net Cost of Operations	**$210,006**

All amounts on the Statement of Changes in Net Position "Funds from Dedicated Collections" column represents the CMF activities.

NOTE 11: STATEMENT OF BUDGETARY RESOURCES

The Statement of Budgetary Resources presents information about the total budgetary resources available to the CDFI Fund and the status of those resources.

Net Adjustments to Unobligated Balance, Brought Forward, October 1

Net adjustments to unobligated balance, brought forward, October 1 as of September 30, 2023 consisted of the following:

Budgetary Resources (in thousands)	As of September 30, 2023
Unobligated Balance, Brought Forward From Prior Year	**$2,421,690**
Adjustments to Budgetary Resources Made During Current Year:	
Downward Adjustments of Prior Year Undelivered Orders	2,461
Downward Adjustments of Prior Year Delivered Orders	137
Other Adjustments	(3,350)
Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory)	**$2,420,938**

Undelivered Orders

Undelivered orders represent goods and services ordered and obligated which have not been received. This includes any orders for which the CDFI Fund has paid in advance, but for which delivery or performance has not yet occurred. Undelivered orders as of September 30, 2023 consisted of the following:

Undelivered Orders (in thousands)	Federal	Non-Federal	2023 Total
Unpaid	$6,716	$1,281,206	$1,287,922
Paid	-	1,635,487	1,635,487
Total	**$6,716**	**$2,916,693**	**$2,923,409**

Terms of Borrowing Authority

The CDFI Fund has permanent indefinite borrowing authority with the FFB to subsidize direct loans under the CDFI BGP. The unsubsidized portions of the CDFI Program direct loans and the negative subsidy portions of the CDFI BGP represent borrowings payable to Treasury. OMB Circular No. A-11 defines repayment requirements. Interest expense due is calculated based on the beginning balance of borrowings outstanding and the borrowings/repayments activity that occurred during the fiscal year. Undisbursed borrowings earn interest at the same rate as the financing account pays on debt owed to Treasury and the FFB. In the event that principal and interest collections exceed the interest expense due, the CDFI Fund receives the excess payment. If principal and interest do not exceed the interest expense due, the CDFI Fund will borrow the difference. The CDFI Fund makes periodic principal repayments based on the analysis of cash balances and future disbursement needs. All interest on borrowings is due on September 30. Interest rates on direct loan-related borrowings range from 1.33 percent to 5.50 percent. These costs do not reduce the CDFI Fund's Net Position. The CDFI Fund's available borrowing authority as of September 30, 2023, was $777.4 million.

Reconciliation of the President's Budget

The FY 2025 Budget of the U.S. (also known as the President's Budget), with actual numbers for FY 2023, was not published at the time that these financial statements were issued. The FY 2025 President's Budget is expected to be published by OMB in late March 2024, and will be available from the U.S. Government Publishing Office. The FY 2024 President's Budget was reconciled to the CDFI's SBR amounts reported for FY 2022. The only differences between the two documents were due to rounding.

Legal Arrangements Affecting Use of Unobligated Balances

The use of unobligated balances is restricted based on annual legislation requirements or enabling authorities. Funds are presumed to be available for only one FY unless otherwise noted in the annual appropriation language. Unobligated balances in unexpired CDFI Fund account fund symbols are available in the next FY for new obligations unless some restrictions have been placed on those funds by law. In those situations, the restricted funding will be temporarily unavailable until the reasons for the restriction have been satisfied or legislation has been enacted to remove the restriction.

Amounts in expired CDFI Fund account fund symbols are not available for new obligations, but may be used to make adjustments to reflect, and make disbursements to liquidate, obligations that were created before the budgetary authority expired.

NOTE 12: RECONCILIATION OF NET COST OF OPERATIONS TO BUDGETARY OUTLAYS, NET (BUDGET TO ACCRUAL RECONCILIATION)

The Reconciliation of Net Cost of Operations to Budgetary Outlays, Net (referred to as "Net Outlays" for purposes of this note) depicts the difference between proprietary information and budgetary accounting information for the CDFI Fund. Proprietary financial accounting information is intended to depict the U.S. government's financial operations and financial position presented on an accrual basis in accordance with GAAP, which includes the recognition of assets and liabilities for which collections and payment, respectively, have or have not been made. In contrast, budgetary accounting information is used for planning and control purposes and includes net outlays that reflect both the receipt and use of cash, as well as reporting of the federal deficit. The reconciliation of Net Cost (presented on an accrual basis) and Net Outlays (presented on a budgetary basis) reflects the relationship between proprietary accounting and budgetary information. The reconciliation serves not only to identify costs paid in the past and those that will be paid in the future, but also to assure integrity between financial and budgetary accounting.

For the FYE September 30, 2023, the Reconciliation of Net Cost of the CDFI Fund's Operations to CDFI Fund's Outlays, Net consisted of the following:

Reconciliation of Net Cost of Operations to Budgetary Outlays, Net (in thousands)	Intra-Governmental	Other Than Intra-Governmental	2023 Total
Total Net Cost of CDFI Fund Operations	**$49,011**	**$783,196**	**$832,207**
Components of Net Operating Cost Not Part of Budgetary Outlays:			
Internal-Use Software Amorization Expenses	-	(3,536)	(3,536)
Year-end Credit Reform Subsidy Accrual Re-Estimates	-	2,470	2,470
Adjustments to Prior Year Credit Reform Re-Estimates Accrual	-	14,088	14,088
Valuation Adjustment on Investments	-	24	24
Unrealized Valuation Loss on Investments	-	(818)	(818)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	-	(1)	(1)
Advances and Prepayments [1]	-	902,166	902,166
(Increase)/Decrease in Liabilities:			
Other Liabilities	210	(73,128)	(72,918)
Other Financing Sources:			
Imputed Costs	(1,486)	-	(1,486)
Total Components of Net Operating Cost Not Part of Budgetary Outlays	**(1,276)**	**841,265**	**839,989**
Components of Budgetary Outlays That Are Not Part of Net Cost:			
Effect of Prior Year Credit Reform Subsidy Re-Estimates	-	(8,505)	(8,505)
Acquisition of Internal-Use Software	-	4,897	4,897
Redemption of Investments	-	(590)	(590)
Total Components of Budgetary Outlays That Are Not Part of Net Cost	**-**	**(4,198)**	**(4,198)**
Other Reconciling Items			
Distributed Offsetting Receipts	(12,278)	(190,838)	(203,116)
Negative Subsidy and Downward Re-Estimate Receipt Account Activity	12,278	-	12,278
Total Other Reconciling Items	**-**	**(190,838)**	**(190,838)**
Agency Outlays, Net	**$47,735**	**$1,429,425**	**$1,477,160**

(1) *The increase of $902.2 million in line "Advances and Prepayments" is related to the change in the CDFI Fund's accounting policy for grant awards. See* *Note 1**, "Summary of Significant Accounting Policies," for additional information.*

NOTE 13: COVID-19 ACTIVITY

The CDFI RRP and CDFI ERP were enacted through P.L. 116-260, which provided $3.0 billion to the CDFI Fund to award CDFIs grants to respond to the economic impacts of the COVID-19 pandemic. The costs of the programs are included in the *"Emergency Support Programs"* section of the Statement of Net Cost. CDFI RRP and CDFI ERP appropriations used are also included in the Statement of Changes in Net Position within *"Funds from Other than Dedicated*

Collections." For the FYE September 30, 2023, the net cost of the Emergency Support Programs was $324.3 million.

For the FYE September 30, 2023, the CDFI Fund's COVID-19 budgetary activity consisted of the following:

COVID-19 Activity (in thousands)	2023 Total
Budgetary Resources: Unobligated (and Unexpired) Balance Carried Forward from Prior Year	$1,749,982
Budgetary Resources Obligated	(1,727,819)
Unobligated Balance Expired	(2,321)
Budgetary Resources: Ending Unobligated (and Unexpired) Balance to be Carried Forward	**$19,842**
Outlays, Net (Total)	**$1,288,157**

The unobligated and unexpired balance brought forward of $19.8 million is related to unobligated CDFI ERP funding as of October 1, 2022. The budgetary obligations incurred during FY 2023 are mainly related to the CDFI ERP grant award obligations. The $1.3 billion in outlays represents the CDFI ERP and CDFI RRP award disbursements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Combining Statement of Budgetary Resources by Major Budget Account

The Statement of Budgetary Resources for the FYE September 30, 2023, disaggregated by each major budget account within the CDFI Fund, consisted of the following:

Fiscal Year Ended September 30, 2023 (in thousands)	Budgetary Accounts	Non-Budgetary Financing Accounts	Capital Magnet Fund Budgetary Account	COVID-19 Budgetary Accounts	Total
Budgetary Resources:					
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	243,756	-	427,200	1,749,982	2,420,938
Appropriations (Discretionary and Mandatory)	334,616	-	202,611	-	537,227
Borrowing Authority (Discretionary and Mandatory)	-	325,473	-	-	325,473
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,855	34,405	-	-	36,260
Total Budgetary Resources	**$580,227**	**$359,878**	**$629,811**	**$1,749,982**	**$3,319,898**
Status Budgetary Resources:					
New Obligations and Upward Adjustments Unobligated Balance, End of Year:	$309,378	$356,657	$2,357	$1,727,819	$2,396,211
Apportioned, Unexpired Accounts	264,901	3,221	447,522	19,759	735,403
Unapportioned, Unexpired Accounts	9	-	179,932	83	180,024
Unexpired Unobligated Balance, End of Year	264,910	3,221	627,454	19,842	915,427
Expired Unobligated Balance, End of Year	5,939	-	-	2,321	8,260
Unobligated Balance, End of Year	270,849	3,221	627,454	22,163	923,687
Total Budgetary Resources	**$580,227**	**$359,878**	**$629,811**	**$1,749,982**	**$3,319,898**
Outlays, Net, and Disbursements, Net:					
Outlay, Net (Discretionary and Mandatory)	274,034	-	118,085	1,288,157	1,680,276
Distributed Offsetting Receipts	(12,337)	-	(190,779)	-	(203,116)
Agency Outlays, Net (Discretionary and Mandatory)	**$261,697**	**-**	**$(72,694)**	**$1,288,157**	**$1,477,160**
Disbursements, Net (Mandatory)	**-**	**$94,726**	**-**	**-**	**$94,726**

APPENDIX A: GLOSSARY OF ACRONYMS (UNAUDITED)

B
BEA Program – Bank Enterprise Award Program

C
CDE – Community Development Entity
CDFI – Community Development Financial Institution
CDFI BGP – CDFI Bond Guarantee Program
CDFI ERP – CDFI Equitable Recovery Program
CDFI Fund – Community Development Financial Institutions Fund
CDFI Program – Community Development Financial Institutions Program
CDFI RRP – CDFI Rapid Response Program
CMF – Capital Magnet Fund
COVID-19 – Coronavirus Disease of 2019
CSRS – Civil Service Retirement System

D
DII – Depository Institution Initiatives
DW – Data Warehouse

E
EMC – Economic Mobility Corps

F
FA – Financial Assistance
Fannie Mae – Federal National Mortgage Association
FASAB – Federal Accounting Standards Advisory Board
FASB – Financial Accounting Standards Board
FCRA – Federal Credit Reform Act of 1990
FERS – Federal Employees' Retirement System
FFB – Federal Financing Bank
FFMIA – Federal Financial Management Improvement Act
FM – Financial Management
FMFIA – Federal Managers' Financial Integrity Act
Freddie Mac – Federal Home Loan Mortgage Corporation
FS-ARC – Bureau of the Fiscal Service Administrative Resource Center
FY – Fiscal Year
FYE – Fiscal Year Ended

G
GAAP – U.S. Generally Accepted Accounting Principles
GAO – Government Accountability Office

GSE – Government Sponsored Enterprises

H
HFFI – Healthy Food Financing Initiative

N
NACA Program – Native American CDFI Assistance Program
NMTC – New Markets Tax Credits
NMTC Program – New Markets Tax Credit Program

O
OMB – Office of Management and Budget

P
PIIA – Payment Integrity Information Act
P.L. – Public Law
PP&E – Property, Plant, & Equipment

S
SDL Program – Small Dollar Loan Program
SF-425 – Standard Form 425: Federal Financial Report
SFFAS – Statements of Federal Financial Accounting Standards

T
TSP – Thrift Savings Plan

U
U.S. – United States

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