Audit Report

OIG-23-020

FINANCIAL MANAGEMENT

Audit of the Exchange Stabilization Fund's Financial Statements for Fiscal Years 2022 and 2021

January 26, 2023

Office of Inspector General
Department of the Treasury

This Page Intentionally Left Blank

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

January 26, 2023

MEMORANDUM FOR ANDREW BAUKOL
PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL MONETARY POLICY

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

SUBJECT: Audit of the Exchange Stabilization Fund's Financial Statements for Fiscal Years 2022 and 2021

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 Exchange Stabilization Fund's (ESF) balance sheets as of September 30, 2022 and 2021, and the related statements of net cost, changes in net position, and budgetary resources for the years 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. 22-01, *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 ESF, KPMG found

- the financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no deficiencies in internal control over financial reporting that are considered material weaknesses; and
- no instances of reportable noncompliance with laws, regulations, and contracts 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 ESF'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 25, 2023, and the conclusions expressed in the report. 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) 927-5329, or a member of your staff may contact Catherine Yi, Manager, Financial Statement Audits, at (202) 927-5591.

Attachment

DEPARTMENT OF THE TREASURY

EXCHANGE STABILIZATION FUND

Financial Statements

September 30, 2022 and 2021

DEPARTMENT OF THE TREASURY

EXCHANGE STABILIZATION FUND

Table of Contents

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
Management's Discussion and Analysis (Unaudited)
Fiscal Year 2022

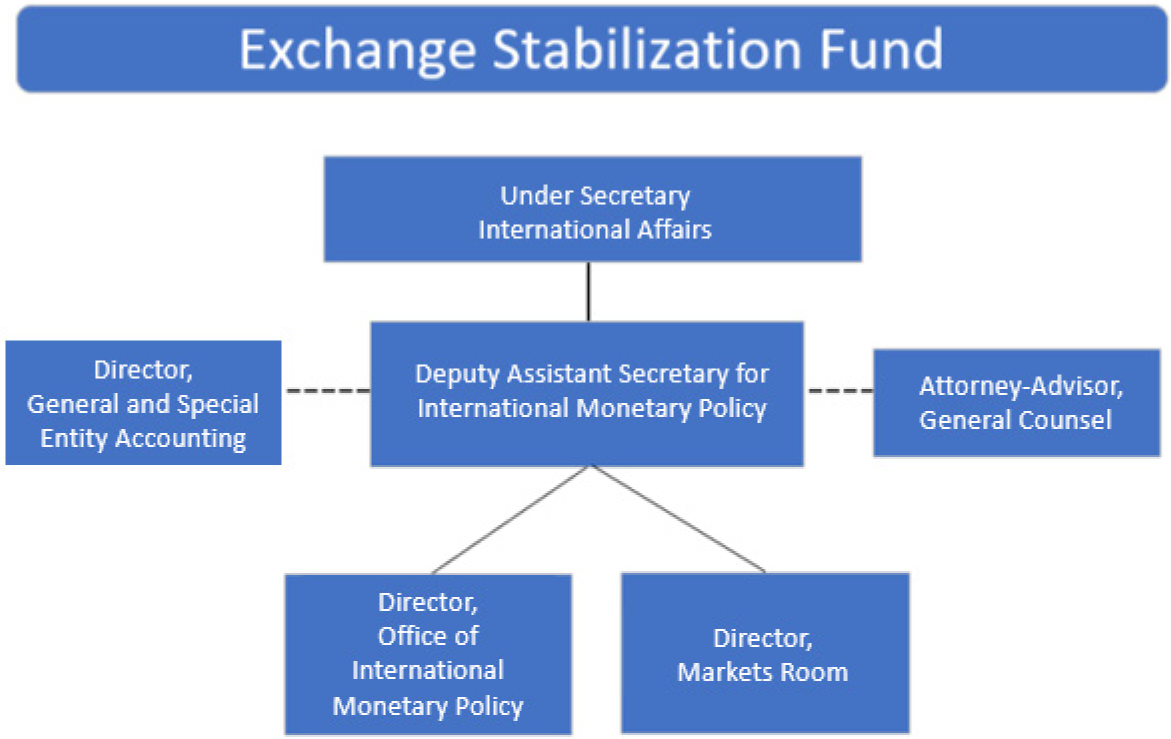
MISSION

Section 10 of the *Gold Reserve Act of 1934* (Gold Reserve Act) established the Exchange Stabilization Fund (ESF), originally for the purpose of stabilizing the exchange value of the dollar. Section 10 has been amended several times since 1934. This Section currently authorizes the Secretary of the Treasury (Secretary), with the approval of the President, to deal in gold, foreign exchange, and instruments of credit and securities consistent with United States (U.S.) obligations in the International Monetary Fund (IMF). In fiscal year (FY) 2020, Congress passed and the President signed the *Coronavirus Aid, Relief, and Economic Security Act,* Public Law (P.L.) 116-136 (CARES Act), authorizing the Secretary to make certain loans, loan guarantees, and investments in support of the Coronavirus Disease 2019 (COVID-19) pandemic recovery. The ESF's assets principally include U.S. dollars, foreign currencies, and Special Drawing Rights (SDRs), an international reserve asset created by the IMF. The ESF's assets also include investments in Special Purpose Vehicles (SPVs) and loans receivable.

ORGANIZATION

The Secretary, subject to the approval of the President, has the authority to use the ESF in accordance with section 10 of the Gold Reserve Act. The Secretary is the lead decision-maker for all ESF foreign exchange intervention, credit operations, and investment activities, but has delegated to the Under Secretary of International Affairs non-policy related investment decisions regarding technical adjustments to the ESF's foreign currency holdings and operations.

The Department of the Treasury (Treasury)'s Office of International Affairs has responsibility for managing ESF operations, and Treasury's Office of the Deputy Chief Financial Officer provides the recordkeeping and financial reporting services for the ESF.



The Federal Reserve Bank of New York (FRBNY) acts as the fiscal agent for the ESF, as permitted by the *Federal Reserve Act of 1913* (Federal Reserve Act). As the fiscal agent, the FRBNY plays a significant role in the processing of foreign currency transactions that the Secretary authorizes. The manager of the ESF foreign currency portfolio at the FRBNY consults regularly with the Federal Open Market Committee and Treasury about the acquisition and disposition of investments and the status of the portfolio.

Treasury's ESF management is responsible for the record keeping and investment decisions for foreign currency transaction activity carried out by the FRBNY. The level and currency composition of the ESF foreign currency portfolio are the products of Treasury's policy determinations. Per reserve management guidelines, the liquidity and safety of the investments are top priorities of the ESF's management given the foreign exchange intervention role of the ESF. Under current guidance, investment instruments continue to carry low cost and have ample market liquidity while managing and/or limiting price, credit, and settlement risk. In addition, consistent with the objectives of liquidity and safety, the currency portfolios are designed to earn a high rate of return.

PERFORMANCE OVERVIEW

The Secretary is responsible for the formulation and implementation of U.S. international monetary and financial policy, including exchange market intervention policy. The ESF helps the Secretary to carry out these responsibilities. By law, the Secretary has considerable discretion over the use of ESF resources.
The ESF reports the results of its operations under the Treasury-wide goal to "Boost U.S. Economic

Growth." Treasury is responsible for fostering prosperity and security for the American people and plays a critical role in the domestic and global economies. Treasury utilizes the ESF to help safeguard U.S. economic prosperity by strengthening the external environment to support U.S. growth, preventing and mitigating global financial instability, and managing key domestic and global challenges.

To carry out its supporting mission, the ESF has historically leveraged its assets, including U.S. dollars; foreign currency holdings of euros, yen, and other Foreign Currency Denominated Assets (FCDAs); and holdings of SDRs. Appropriated funds from Congress also funded COVID-19 programs.

Consistent with its mission, the ESF has established the following two strategic goals:

- Goal 1: Exchange Stabilization. To engage in targeted foreign exchange intervention to address excessive exchange rate volatility and to provide sovereign loans to emerging and developing economies; this includes supporting the Government's obligations to the IMF to ensure orderly currency exchange arrangements worldwide.

- Goal 2: Economic Recovery Program. To support economic growth and stability at home, including in response to the COVID-19 pandemic.

Goal 1: Exchange Stabilization

Congress, in 1934, appropriated to the ESF the sum of $2.0 billion out of the increment resulting from the reduction in the "weight of the gold dollar." Subsequent amendments to the Gold Reserve Act approved the operation of the ESF through June 30, 1945. Section 7 of the *Bretton Woods Agreements Act*, approved July 31, 1945, continued its operations permanently. The *Bretton Woods Agreements Act* also directed the Secretary to pay $1.8 billion from the ESF to the IMF for the initial U.S. quota subscription in the IMF, thereby reducing the ESF's appropriated capital from its initial $2.0 billion to $200 million. Section 10 of the Gold Reserve Act was codified in 31 United States Code (U.S.C.) 5302.

Reflecting termination of the fixed exchange rate system, legislation enacted in 1976 (P.L. 94-564, October 19, 1976) amended the language of Section 10 of the Gold Reserve Act to specify that the ESF is to be used as the Secretary "may deem necessary to and consistent with the United States obligations in the IMF." This amendment became effective on April 1, 1978, the date of entry into force of the Second Amendment of the IMF Articles of Agreement. In 1977, P.L. 95-147 further amended Section 10 of the Gold Reserve Act. The following Gold Reserve Act codification now provides in relevant part:

> "Consistent with the obligations of the Government in the IMF on orderly exchange arrangements and a stable system of exchange rates, the Secretary or an agency designated by the Secretary, with the approval of the President, may deal in gold, foreign exchange, and other instruments of credit and securities the Secretary considers necessary. However, a loan or credit to a foreign entity or government of a foreign country may be made for more than 6 months in a 12-month period only if the President gives Congress a written statement that unique or emergency circumstances require the loan or credit be for more than 6 months (31 U.S.C. 5302 (b))."

Pursuant to the *Special Drawing Rights Act of 1968* (P.L. 90-349, amended by P.L. 94-564), SDRs allocated by the IMF to the United States or otherwise acquired by the United States are resources of the ESF.

22 U.S.C. 286p allows for SDRs to be monetized/demonetized through the issuance/redemption by the Secretary of SDR certificates to the Federal Reserve Banks in exchange for dollars. The total amount of SDR certificates outstanding cannot exceed the dollar equivalent of ESF (i.e., U.S.) holdings of SDRs; such certificates are a liability of the ESF.

Since the start of the 21st century, the United States has intervened in foreign exchange markets two times during bouts of extremely disorderly market conditions and through coordinated G7 action. Each of these interventions utilized roughly $1 billion in ESF assets, working as a signal to stabilize markets rather than an attempt to directly affect the level of an exchange rate.

The SDR is an international reserve asset created by the IMF in 1969 to supplement the existing reserve assets of IMF member countries, including the United States. In addition to its role as a supplementary reserve asset, the SDR serves as a means of payment within the IMF and with some other International Financial Institutions (IFIs), as well as the unit of account for the IMF and several other international organizations. Pursuant to the *Special Drawing Rights Act of 1968*, as amended, SDRs allocated by the IMF to, or otherwise acquired by the United States, are resources (holdings) of the ESF.

To meet the long-term global need to supplement existing reserve assets, in August 2021, the IMF Board of Governors approved a general allocation of SDRs equivalent to about $650 billion (SDR 456 billion). This SDR allocation increased the total global stock of SDRs outstanding from about $290 billion (SDR 204 billion) to $940 billion (SDR 660 billion). Of the total August 2021 allocation, the United States received about $113 billion (about SDR 80 billion).

For the first time since November 2016, in FY 2022, the ESF purchased $4.5 billion (SDR 3.3 billion) of SDRs from ten participants (Ukraine, Paraguay, Jamaica, Serbia, Honduras, Egypt, Tanzania, Pakistan, Mozambique, and Laos) through the IMF's Voluntary Trading Arrangement market.

Until the late 1990s, the most frequent use of the ESF was to provide sovereign loans to foreign governments experiencing external balance crises, often as short-term bridge loans to facilitate financing from IFIs. Since 2000, Treasury has used the ESF to provide short-term credit for bridge loans to Uruguay ($1.5 billion in 2002), to the International Development Association (IDA) to facilitate the clearance of Liberia's arrears with the World Bank ($888 million in 2008), and to the IDA to facilitate the clearance of Sudan's arrears to the World Bank ($1.2 billion in 2021). Treasury also has a notional written agreement with Mexico setting out the framework for providing a $9 billion Foreign Currency swap, should circumstances require it.[1]

---

[1] Drawings are not automatic: the U.S. and Mexico would have to negotiate the amount, duration, interest rate, and assured source of repayment of any borrowings.

Goal 2: Economic Recovery Program:

Treasury has used the ESF during the past two economic and financial crises to help stabilize domestic financial markets in support of a stable international monetary system. Treasury used the ESF in coordination with the Federal Reserve to help stabilize financial markets in 2007-2008. These programs have expired, and the ESF's financial statements no longer reflect this support. Following the 2008 crisis, however, Congress prohibited Treasury from using the ESF specifically to establish future guarantee programs for the U.S. money market mutual fund industry (which prohibition was temporarily lifted by the CARES Act).

In March of 2020, the Federal Reserve Board of Governors (Board) and Congress took steps to limit the economic damage caused by the pandemic in the United States by helping to reduce the financial burden on individuals and their families, minimize business and employment losses, and enhance the liquidity of the U.S. financial system. The ESF played a critical role in the implementation and support of these actions by the Board and Congress primarily through Treasury's execution of CARES Act appropriations used to support programs in recovery from the COVID-19 pandemic. Treasury pledged $215 billion to Federal Reserve lending facilities—$20 billion committed from existing ESF assets and the remainder under the authority of the CARES Act.[2]

The CARES Act appropriated $500.0 billion to the ESF to fund the credit subsidy costs associated with making loans, loan guarantees or investments through December 31, 2020 in support of eligible businesses, states and municipalities that incurred losses as a result of COVID-19. The CARES Act authorized Treasury to make such loans, loan guarantees and other investments that did not, in the aggregate, exceed $500.0 billion. Treasury executed the COVID-19 programs through the ESF. During FY 2020, the ESF disbursed an aggregate of $104.3 billion (comprised of $102.5 billion and $1.8 billion for investments and direct loans, respectively), which was financed with $19.3 billion of the appropriation to fund the credit subsidy portion of the investments and direct loans, and $85.0 billion of borrowings from the Fiscal Service. As of September 30, 2020, $480.6 billion of the CARES Act appropriation remained.

Also during FY 2020, the ESF transferred $11.5 billion of the $20.0 billion committed under its core authority provided by Section 10 of the Gold Reserve Act, as amended, to support two of the COVID-19 programs.

The December 27, 2020 enactment of the *Consolidated Appropriations Act, 2021*, P.L. 116-260 (CAA), among other things, eliminated the ESF's authority to make new loans and investments under the CARES Act and prohibited the Federal Reserve from engaging in further lending or extensions of credit. Accordingly, on December 27, 2020, the CAA rescinded $478.8 billion of the $500.0 billion appropriation provided to Treasury (through the ESF).

---

[2] The CARES Act provided Treasury authorization and appropriations to support Federal Reserve credit facilities using the ESF. Using the ESF's authority and CARES Act authority, Treasury supported facilities providing support to the money market mutual fund market; the commercial paper, corporate bond, and municipal bond markets; asset-backed loans; and main street loans.

On December 29, 2020, consistent with the CAA, Treasury cancelled and de-obligated any remaining undisbursed investment commitments totaling an aggregate of $92.5 billion (along with an additional $8.5 billion that was committed by ESF core funds), and the ESF received an interim distribution totaling an aggregate of $62.2 billion related to four COVID programs. The ESF used this cash received to repay outstanding debt to the Fiscal Service that was used to finance the non-subsidized portion of these investment transactions. Also, during FY 2021, the FRBNY and FRBB fully dissolved three of its liquidity facilities, resulting in a distribution to the ESF totaling an aggregate of $25.4 billion (of which $11.5 billion constituted a return of ESF's core funds). (Refer to Note 6).

In November 2021, the ESF and the Federal Reserve further amended the SPV LLC Agreements, which provided for additional interim distributions to the ESF, received in November 2021 and May 2022, totaling an aggregate of $8.5 billion. The interim distributions in both FY 2022 and FY 2021 represent the amounts by which funds that were contributed by the ESF to each facility (and earnings thereon) exceeded the purchase price of the assets, loans, and/or loan participations, as the case may be, within each facility at such time. The cash received was used to repay outstanding debt to the Fiscal Service that was used to finance the non-subsidized portion of these investment transactions. Future interim distributions will take place in November and May of each fiscal year in accordance with the terms of the most recent amended agreements. The funds remaining in the SPVs funded under the CARES Act cannot be used for further lending, asset purchases, or extensions of credit.

FINANCIAL HIGHLIGHTS AND ANALYSIS OF OPERATIONS

The financial highlights below are an analysis of the information included in the ESF's financial statements that appear within Part 2, "Financial Section" of this report. The ESF prepared principal financial statements to report the financial position and results of operations of its programs consistent with the requirements of 31 U.S.C. 3515(b). These statements have been prepared from the books and records of the ESF (and the Department of the 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 that 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 chart below presents changes in key financial statement line items as of and for the fiscal year ended September 30, 2022, as compared to September 30, 2021.

Summary Financial Information (*dollars in thousands*)

		2022		2021		$ Change	% Change
Total Assets	$	207,945,230	$	236,991,931	$	(29,046,701)	(12.3)%
Total Liabilities	$	172,469,403	$	194,768,607	$	(22,299,204)	(11.4)%
Total Net Position	$	35,475,827	$	42,223,324	$	(6,747,497)	(16.0)%
Total Net Cost (Income) – Core Exchange Stabilization	$	4,624,302	$	725,062	$	3,899,240	537.8%
Total Net Cost (Income) – Economic Recovery Program	$	(451,629)	$	(4,256,380)	$	3,804,751	(89.4)%
Total Net Cost (Income) from Operations	$	4,172,673	$	(3,531,318)	$	7,703,991	(218.2)%
Total Budgetary Resources	$	41,483,881	$	172,659,259	$	(131,175,378)	(76.0)%
Agency Outlays, Net	$	(4,636,942)	$	(24,535,407)	$	19,898,465	(81.1)%

Financial Overview

The ESF financial performance as of and for the fiscal year ended September 30, 2022, reflects valuation losses on the foreign asset portfolio held by the Exchange Stabilization component of the ESF due to the weakening of the euro, yen, and SDR against the USD. The Foreign Currency and FCDAs and Other Investments incurred a valuation loss of $4.3 billion and the SDR Holdings and SDR Allocations, combined, incurred a valuation loss of $0.5 billion in FY 2022. In FY 2021, losses were $0.7 billion and $2 million, respectively. The Economic Recovery Program experienced gains on the valuation of the investments in SPVs and loans of $0.6 billion in FY 2022, as compared to $4.7 billion in FY 2021.

Total Assets

Total assets of $207.9 billion as of September 30, 2022, included fund balance with Treasury of $0.5 billion, nonmarketable U.S. Treasury securities of $18.4 billion, SDR holdings and related interest receivable of $153.6 billion, Foreign Currency and FCDAs of $12.8 billion, Investments in SPVs, net of $17.8 billion, loans receivable, net of $1.0 billion, and other investments, net of $3.8 billion. The $29.0 billion (or 12.3 percent) decrease in total assets at the end of FY 2022 from the prior fiscal year primarily reflects a decline in SDR Holdings and related interest receivable of $10.7 billion. This decline was primarily due to a valuation loss of $15.3 billion recorded within the *"Special Drawing Right Holdings"* line on the Statements of Net Cost. This is partially offset by $4.5 billion of SDR purchases.

The decline in total assets in FY 2022 also is attributable to an $8.5 billion decrease in Investments in SPVs, net. These assets primarily consisted of equity investments in SPVs of $17.8 billion and $25.6 billion as of September 30, 2022, and 2021, respectively. The $7.8 billion decrease in these SPV investments is primarily driven by a return of excess CARES Act funds in FY 2022 pursuant to the amended SPV LLC agreement.

Also contributing to the decline in total assets in FY 2022 was a decrease in nonmarketable U.S Treasury securities, reflecting the utilization of the Nonmarketable U.S Treasury Securities balance to purchase $4.5 billion of SDRs. The Foreign Currency and FCDAs also decreased by $2.9 billion primarily due to an exchange rate valuation loss on uninvested yen holdings during FY 2022 and a reduction in German Time Deposits from the prior fiscal year. Other Investments, net also decreased by $1.5 billion primarily due to a

$1.3 billion net exchange rate and fair value loss on the Euro and Yen Bond portfolio during FY 2022.

Total Liabilities

Total liabilities of $172.5 billion at September 30, 2022, primarily included intragovernmental liabilities comprised of $19.5 billion of intra-governmental Debt, and other-than-intra-governmental liabilities comprised of $147.4 billion of SDR allocations and related interest and $5.2 billion of SDR certificates issued to the Federal Reserve Banks. The $22.3 billion (or 11.4 percent) decrease in total liabilities at the end of FY 2022 over the prior fiscal year primarily reflects a $14.4 billion decrease in SDR Allocations resulting primarily from a valuation gain due to the strengthening of the exchange rate of the U.S. dollar against the SDR.

The ESF also experienced a decrease of $4.5 billion in intra-governmental debt, primarily the result of FY 2022 repayments of $8.5 billion of debt utilizing SPV and direct loan program collections and a repayment of upward re-estimates, partially offset by new borrowings of $4.0 billion to fund downward subsidy re-estimates and end of year interest expense due to Fiscal Service (see Note 10). Amounts due to the General Fund also decreased by $3.3 billion, reflecting a decrease in the downward subsidy accrual compared to FY 2021.

Net Position

The Net Position of $35.5 billion at September 30, 2022 represents the combined total of the ESF's unexpended appropriations and cumulative results of operations. The $6.7 billion (or 16.0 percent) decrease in FY 2022 was primarily related to the $1.4 billion rescission enacted in FY 2022 as part of the *Infrastructure Investment and Jobs Act* (P.L. 117-58), along with the changes in transfers to the General Fund and Total Net Cost of Operations.

Net Cost of Operations

Total Net Cost of Operations as presented on the ESF's Statements of Net Costs represents the gross costs, net of earned revenues, the ESF incurred related to both its core exchange stabilization operations and economic recovery program operations. For FY 2022, the ESF reported net cost of operations totaling $4.2 billion compared to a net income from operations in the prior fiscal year of $3.5 billion. The $7.7 billion year-over-year increase in net cost was attributable to a $3.8 billion increase in net cost for the economic recovery program operations, along with a $3.9 billion increase in net cost for the core ESF operations.

The Economic Recovery Program reported net income from operations totaling $0.5 billion for the fiscal year ended September 30, 2022, compared to a net income from operations in the prior fiscal year of $4.3 billion. The $3.8 billion increase in net cost in FY 2022 was primarily attributable to changes in the valuation of the program's assets which reflected $0.6 billion of gains on investments in SPVs and loans receivables in FY 2022 compared to gains of $4.7 billion in FY 2021.

The ESF core operations reported a net cost from operations of $4.6 billion for the fiscal year ended September 30, 2022, compared to net cost from operations of $0.7 billion for the prior fiscal year. The

$3.9 billion increased net cost in FY 2022 primarily reflects changes in the valuations of both the ESF's foreign currency denominated investments and other investments which resulted in valuation losses of $4.3 billion for FY 2022 compared to losses of $0.7 billion for FY 2021. Also contributing to the change was a $0.5 billion net loss between the SDR Holdings and SDR Allocations resulting from a valuation loss due to the strengthening of the exchange rate of the U.S. dollar against the SDR.

Statement of Budgetary Resources

Total Budgetary Resources of $41.5 billion in FY 2022 decreased by $131.2 billion (or 76.0 percent) from budgetary resources in FY 2021, which totaled $172.7 billion. The decrease was due to the change in *Unobligated Balance, Brought Forward From Prior Year* of $597.7 billion related to the CARES Act and SDR Allocations (refer to Note 13 for additional information), offset by the change to *Appropriations* of $476.5 billion related to the recission in FY 2021 of $478.8 billion compared to the FY 2022 recission of $1.4 billion. The ESF also experienced a $10.6 billion year-to-year decrease in *Borrowing Authority* primarily due to a decrease in downward reestimates and modifications.

Agency Outlays, net

ESF reported net collections of $4.6 billion in FY 2022 compared to net collections of $24.5 billion reported in FY 2021, a year-over-year change of $19.9 billion. This decrease was primarily due to the ESF experiencing a $9.5 billion year-to-year decrease in FY 2022, in downward reestimates pertaining to the revaluation of all the economic recovery program investments and receivables that were recorded as budgetary receipts. These decreases were partially offset by a $0.9 billion decrease in upward subsidy reestimates, along with a $0.2 billion decrease in CARES Act subsidy outlays for direct loans. As the authority to obligate and disburse new subsidy outlays have decreased. Additionally, $11.7 billion of ESF core funds that were previously outlayed in FY 2020 to support two economic recovery programs were returned to the ESF in FY 2021.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

The ESF's 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, *Management's Responsibility for Enterprise Risk Management and Internal Control* provides the implementing guidance for FMFIA and defines management's responsibility for establishing and assessing internal controls. The Circular 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 ESF's internal controls are assessed in accordance with the *Treasury Guide for Assessing Internal Control in Accordance with OMB Circular 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 ESF uses centralized financial management, budget formulation and performance management, and IT hosting services provided by the Bureau of the Fiscal Service's (Fiscal Service) Administrative Resource Center (ARC). The shared service approach enables the ESF to have access to core financial systems without having to maintain separate technical and system architectures. Using shared services reduces the need for the ESF to maintain duplicative financial management systems, thereby promoting efficiency and cost savings 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 the Department of the Treasury, the ESF assesses its financial management systems annually for conformance in accordance with OMB Circular A-123, Appendix D, *Compliance with the Federal Financial Management Improvement Act of 1996*. The ESF uses ARC's financial management system as part of a shared service arrangement and relies on ARC's Service Organization Control 1-Type 2 report and the Fiscal Service's FFMIA Assessment to conduct our review.

Based on the results of the assessments of internal controls and financial management systems referred to above, the ESF can provide reasonable assurance that, in accordance with Section 2 of the FMFIA, the ESF's internal control over operations, reporting, and compliance with laws and regulations were operating effectively as of September 30, 2022. In addition, the ESF can provide reasonable assurance that, as of September 30, 2022, our financial management systems are in substantial conformance with the federal financial management systems requirements of Section 4 of the FMFIA.

OUTLOOK FOR REMAINDER OF 2023

Given Treasury's limited use of the ESF since the 2000s for foreign currency intervention, Treasury sees minimal scope for the ESF for currency intervention to stabilize markets and currencies throughout the 2023 fiscal year unless market volatility increases substantially. Treasury will continue to purchase or sell SDRs, on a case-by-case basis, from other IMF members to promote an orderly system of exchange rates and to help provide liquidity support to our global partners. In the period from October 1, 2022, through January 25, 2023, Treasury, through the ESF, purchased SDR 1.3 billion of SDRs from other IMF participants (Ukraine and the Bank for International Settlements) in exchange for about $1.7 billion. These purchases increased the ESF's SDR Holdings and decreased the ESF's Nonmarketable U.S. Treasury Securities, which were used to fund these purchases. The COVID-19 pandemic and Russia's invasion of Ukraine continue to represent a risk to economic growth and recovery.

While CARES Act-authorized Investments in SPVs and loans receivable remain on the ESF's books as of September 30, 2022, Treasury no longer has authority to make new loans and investments. Future interim distributions on the ESF's Investments in SPVs will take place in November and May of each fiscal year. Accordingly, in November 2022, the ESF received $2.6 billion in distributions.

The ESF can sometimes play a role in complying with the statutory debt limit. The dollar-balance of the ESF is invested entirely in special-issue Treasury securities that are subject to the statutory debt limit. The entire dollar-balance matures daily and is ordinarily reinvested. On January 13, 2023, the Secretary informed congressional leadership that the outstanding debt of the U.S. is projected to reach the statutory limit. Once the limit is reached, Treasury will need to start taking certain extraordinary measures to prevent the U.S. from defaulting on its obligations. Historically, as part of these extraordinary measures, Treasury has temporarily suspended the daily reinvestment of the dollar-balance of the ESF in order to avoid exceeding the statutory debt limit. As of now, the extraordinary measures taken by Treasury will not suspend the daily reinvestment. However, the period of time that extraordinary measures may last is subject to considerable uncertainty due to a variety of factors, including the challenges of forecasting the payments and receipts of the U.S. government months into the future.

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Acting Inspector General
Department of the Treasury

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Department of the Treasury's Exchange Stabilization Fund (ESF), which comprise the balance sheets as of September 30, 2022 and 2021, and the related statements of net costs, changes in net position, and combined statements of budgetary resources for the years 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 ESF as of September 30, 2022 and 2021, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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. 22-01, *Audit Requirements for Federal Financial Statements.* Our responsibilities under those standards and OMB Bulletin No. 22-01 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 ESF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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. 22-01 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. 22-01, 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 ESF'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 the Federal Accounting Standards Advisory Board 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 audits 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.

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, 2022, we considered the ESF'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 ESF's internal control. Accordingly, we do not express an opinion on the effectiveness of the ESF'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*.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ESF's financial statements as of and for the year ended September 30, 2022 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. 22-01.

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 ESF's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
January 25, 2023

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
BALANCE SHEETS

	As of September 30,	
(in thousands)	**2022**	**2021**
ASSETS		
Intra-Governmental		
Fund Balance with Treasury (Note 2)	**$ 454,693**	$ 1,984,276
Nonmarketable U.S. Treasury Securities (Note 3)	**18,401,389**	22,836,891
Total Intra-Governmental	**18,856,082**	24,821,167
Other Than Intra-Governmental		
Foreign Currency and Other Monetary Assets		
Foreign Currency and Foreign Currency Denominated Assets (Note 4)	**12,816,009**	15,669,159
Special Drawing Right Holdings and Related Interest Receivable (Note 5)	**153,595,911**	163,884,490
Investments in Special Purpose Vehicles, Net (Note 6)	**17,834,802**	25,578,448
Loans Receivable, Net (Note 7)	**1,045,954**	1,310,966
Other Receivables, Net (Note 6)	**-**	462,467
Other Investments, Net (Note 8)	**3,796,472**	5,265,234
Total Other Than Intra-Governmental	**189,089,148**	212,170,764
Total Assets	**$ 207,945,230**	$ 236,991,931

The accompanying notes are an integral part of these statements.

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
BALANCE SHEETS (Cont.)

(in thousands)	As of September 30, 2022	2021
LIABILITIES		
Intra-Governmental		
Debt (Note 10)	**$ 19,477,661**	$ 23,997,698
Due to the General Fund (Note 9)	**6,106**	3,251,365
Other Liabilities (Notes 6 and 7)	**370,556**	482,935
Total Intra-Governmental	**19,854,323**	27,731,998
Other Than Intra-Governmental		
Special Drawing Right Allocations and Related Interest Payable (Note 5)	**147,414,371**	161,835,969
Special Drawing Right Certificates Issued to Federal Reserve Banks (Note 5)	**5,200,000**	5,200,000
Other Liabilities	**709**	640
Total Other Than Intra-Governmental	**152,615,080**	167,036,609
Total Liabilities	**172,469,403**	194,768,607
Commitments and Contingencies (Note 11)		
NET POSITION		
Unexpended Appropriations		
Funds from Dedicated Collections (Consolidated) (Note 12)	**200,000**	200,000
Funds from Other than Dedicated Collections (Consolidated)	**233,420**	1,603,868
Total Unexpended Appropriations	**433,420**	1,803,868
Cumulative Results of Operations		
Funds from Dedicated Collections (Consolidated) (Note 12)	**35,795,410**	40,419,805
Funds from Other than Dedicated Collections (Consolidated)	**(753,003)**	(349)
Total Cumulative Results of Operations	**35,042,407**	40,419,456
Total Net Position	**35,475,827**	42,223,324
Total Liabilities and Net Position	**$ 207,945,230**	$ 236,991,931

The accompanying notes are an integral part of these statements.

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
STATEMENTS OF NET COST

(in thousands)	For the Fiscal Years Ended September 30, 2022	2021
STRATEGIC GOAL 1: EXCHANGE STABILIZATION		
Gross Cost		
Interest Expense on Special Drawing Rights Allocations and Remuneration	**$ 870,697**	$ 39,270
International Monetary Fund Annual Assessment and Other	**2,469**	974
Losses on Currency Valuation and Other:		
Special Drawing Right Holdings (Note 5)	**15,301,214**	716,172
Foreign Currency and Foreign Currency Denominated Assets (Note 4)	**2,121,923**	292,292
Other Investments (Note 8)	**2,165,678**	397,319
Total Losses on Currency Valuation and Other	**19,588,815**	1,405,783
Total Gross Cost	**20,461,981**	1,446,027
Less Earned Revenue		
Interest Income:		
Nonmarketable U.S. Treasury Securities (Note 3)	**(141,860)**	(7,055)
Foreign Currency and Foreign Currency Denominated Assets (Note 4)	**7,210**	8,923
Special Drawing Right Holdings (Note 5)	**(902,351)**	(40,631)
Other Investments (Note 8)	**27,073**	35,513
Total Interest Income	**(1,009,928)**	(3,250)
Gains on Currency Valuation:		
Special Drawing Right Allocations (Note 5)	**(14,827,751)**	(717,715)
Total Gains on Currency Valuation	**(14,827,751)**	(717,715)
Total Earned Revenue	**(15,837,679)**	(720,965)
Total Net Cost of Operations – Exchange Stabilization	**$ 4,624,302**	$ 725,062
STRATEGIC GOAL 2: ECONOMIC RECOVERY PROGRAM		
Gross Cost		
Interest Expense on Debt (Note 10)	**$ 213,461**	$ 606,518
Administrative Expenses	**4,822**	19,228
Total Gross Cost – Economic Recovery Program	**218,283**	625,746
Less: Earned Revenue		
Interest Income on Uninvested Funds (Note 2)	**(28,417)**	(130,334)
Interest Income on Loans Receivable (Note 7)	**(52,138)**	(71,573)
Facility Fee Income (Note 6)	**-**	(15,021)
Gains on Investments in Special Purpose Vehicles and Loans Receivable (Notes 6 and 7)	**(589,357)**	(4,665,198)
Total Earned Revenue – Economic Recovery Program	**(669,912)**	(4,882,126)
Total Net Income of Operations – Economic Recovery Program	**(451,629)**	(4,256,380)
Total Net Cost (Income) of Operations	**$ 4,172,673**	$ (3,531,318)

The accompanying notes are an integral part of these statements.

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
STATEMENT OF CHANGES IN NET POSITION

(in thousands)	For the Fiscal Year Ended September 30, 2022 Funds from Dedicated Collections (Consolidated)	Funds from Other than Dedicated Collections (Consolidated)	Consolidated Total
UNEXPENDED APPROPRIATIONS			
Beginning Balance	**$ 200,000**	**$ 1,603,868**	**$ 1,803,868**
Appropriations Received	**-**	**3,445**	**3,445**
Other Adjustments (Notes 6 and 7)	**-**	**(1,366,100)**	**(1,366,100)**
Appropriations Used (Notes 6 and 7)	**-**	**(7,793)**	**(7,793)**
Net Change in Unexpended Appropriations	**-**	**(1,370,448)**	**(1,370,448)**
Total Unexpended Appropriations	**200,000**	**233,420**	**433,420**
CUMULATIVE RESULTS OF OPERATIONS			
Beginning Balance	**40,419,805**	**(349)**	**40,419,456**
Appropriations Used (Notes 6 and 7)	**-**	**7,793**	**7,793**
Transfers In/Out without Reimbursement	**-**	**62,342**	**62,342**
Imputed Financing Sources	**-**	**218**	**218**
Transfers to the General Fund and Other	**-**	**(1,274,729)**	**(1,274,729)**
Total (Net Cost) Income of Operations	**(4,624,395)**	**451,722**	**(4,172,673)**
Net Change in Cumulative Results of Operations	**(4,624,395)**	**(752,654)**	**(5,377,049)**
Total Cumulative Results of Operations	**35,795,410**	**(753,003)**	**35,042,407**
NET POSITION	**$ 35,995,410**	**$ (519,583)**	**$ 35,475,827**

The accompanying notes are an integral part of these statements.

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
STATEMENT OF CHANGES IN NET POSITION

	For the Fiscal Year Ended September 30, 2021		
(in thousands)	**Funds from Dedicated Collections (Consolidated)**	**Funds from Other than Dedicated Collections (Consolidated)**	**Consolidated Total**
UNEXPENDED APPROPRIATIONS			
Beginning Balance	$ 200,000	$ 480,643,698	$ 480,843,698
Appropriations Received	-	906,019	906,019
Other Adjustments (Notes 6 and 7)	-	(478,796,257)	(478,796,257)
Appropriations Used (Notes 6 and 7)	-	(1,149,592)	(1,149,592)
Net Change in Unexpended Appropriations	-	(479,039,830)	(479,039,830)
Total Unexpended Appropriations	200,000	1,603,868	1,803,868
CUMULATIVE RESULTS OF OPERATIONS			
Beginning Balance	41,127,295	(458,486)	40,668,809
Appropriations Used (Notes 6 and 7)	-	1,149,592	1,149,592
Transfers In/Out without Reimbursement	-	(483,605)	(483,605)
Imputed Financing Sources	-	134	134
Transfers to the General Fund and Other	-	(4,446,792)	(4,446,792)
Total (Net Cost) Income of Operations	(707,490)	4,238,808	3,531,318
Net Change in Cumulative Results of Operations	(707,490)	458,137	(249,353)
Total Cumulative Results of Operations	40,419,805	(349)	40,419,456
NET POSITION	$ 40,619,805	$ 1,603,519	$ 42,223,324

The accompanying notes are an integral part of these statements.

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
STATEMENT OF BUDGETARY RESOURCES

	For the Fiscal Year Ended September 30, 2022		
(in thousands)	**Budgetary**	**Non-Budgetary Credit Reform Financing Account**	**Total**
BUDGETARY RESOURCES			
Unobligated balance from prior year budget authority, Net (discretionary and mandatory) (Note 13)	$ 37,767,076	$ 309,723	$ 38,076,799
Appropriations (discretionary and mandatory)	(1,362,655)	-	(1,362,655)
Borrowing authority (discretionary and mandatory)	-	4,092,974	4,092,974
Spending authority from offsetting collections (discretionary and mandatory)	124,935	551,828	676,763
Total Budgetary Resources	$ 36,529,356	$ 4,954,525	$ 41,483,881
STATUS OF BUDGETARY RESOURCES			
New obligations and upward adjustments	$ 761,895	$ 4,733,356	$ 5,495,251
Unobligated balance, end of year:			
Apportioned, unexpired accounts	227,971	205,927	433,898
Unapportioned, unexpired accounts	35,539,490	15,242	35,554,732
Unobligated balance, end of year (total)	35,767,461	221,169	35,988,630
Total Budgetary Resources	$ 36,529,356	$ 4,954,525	$ 41,483,881
OUTLAYS, NET, AND DISBURSEMENTS, NET			
Outlays, net (discretionary and mandatory)	$ (116,953)	$ -	$ (116,953)
Distributed offsetting receipts	(4,519,989)	-	(4,519,989)
Agency Outlays, Net (Discretionary and Mandatory)	$ (4,636,942)	$ -	$ (4,636,942)
Disbursements, net (mandatory)		$ (4,411,126)	$ (4,411,126)

The accompanying notes are an integral part of these statements.

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
STATEMENT OF BUDGETARY RESOURCES

(in thousands)	For the Fiscal Year Ended September 30, 2021 Budgetary	Non-Budgetary Credit Reform Financing Account	Total
BUDGETARY RESOURCES			
Unobligated balance from prior year budget authority, Net (discretionary and mandatory) (Note 13)	$ 623,474,888	$ 12,289,484	$ 635,764,372
Appropriations (discretionary and mandatory)	(477,890,238)	-	(477,890,238)
Borrowing authority (discretionary and mandatory)	-	14,713,402	14,713,402
Spending authority from offsetting collections (discretionary and mandatory)	11,654,704	(11,582,981)	71,723
Total Budgetary Resources	$ 157,239,354	$ 15,419,905	$ 172,659,259
STATUS OF BUDGETARY RESOURCES			
New obligations and upward adjustments	$ 115,083,681	$ 15,039,789	$ 130,123,470
Unobligated balance, end of year:			
Apportioned, unexpired accounts	1,591,044	-	1,591,044
Unapportioned, unexpired accounts	40,564,629	380,116	40,944,745
Unobligated balance, end of year (total)	42,155,673	380,116	42,535,789
Total Budgetary Resources	$ 157,239,354	$ 15,419,905	$ 172,659,259
OUTLAYS, NET, AND DISBURSEMENTS, NET			
Outlays, net (discretionary and mandatory)	$ (10,505,119)	$ -	$ (10,505,119)
Distributed offsetting receipts	(14,030,288)	-	(14,030,288)
Agency Outlays, Net (Discretionary and Mandatory)	$(24,535,407)	$ -	$ (24,535,407)
Disbursements, net (mandatory)		$ (63,485,485)	$ (63,485,485)

The accompanying notes are an integral part of these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The ESF was originally established by Section 10 of the Gold Reserve Act for the purpose of stabilizing the exchange value of the dollar. Section 10 has been amended several times since 1934. This Section currently authorizes the Secretary of the Treasury, with the approval of the President of the U.S., to deal in gold, foreign exchange, and instruments of credit and securities consistent with U.S. obligations in the IMF on orderly exchange arrangements and a stable system of exchange rates (31 U.S.C. 5302(b)).

The FRBNY acts as the fiscal agent for the ESF, as permitted by the Federal Reserve Act. As the fiscal agent, the FRBNY plays a significant role in the processing of foreign currency transactions that the Secretary of Treasury (Secretary) authorizes. The manager of the ESF foreign currency portfolio at the FRBNY consults regularly with the Federal Open Market Committee and Treasury about the disposition of investments and the status of the portfolio. The level and currency composition of the ESF foreign currency portfolio are the products of Treasury's policy determinations. The ESF management is responsible for the record keeping and investment decisions for foreign currency transaction activity carried out by the FRBNY.

The global spread of COVID-19 in early spring of 2020 resulted in a severe global health and economic crisis. In March 2020, the Federal Reserve Board of Governors (Board) and Congress took steps to limit the damage caused by the pandemic in the U.S. by helping to reduce the financial burden on individuals and their families, minimize business and employment losses, and enhance the liquidity of the U.S. financial system.

Among other things, the Board used its emergency-lending authority under Section 13(3) of the Federal Reserve Act (Section 13(3) hereafter) authorizing the FRBNY and the FRBB to establish liquidity lending facilities for the purpose of making loans and purchasing debt and other commercial paper of eligible entities to support key U.S. financial markets. Additionally, Congress passed the CARES Act authorizing the Secretary to make certain loans, loan guarantees and other investments to provide liquidity to eligible businesses, States, and municipalities and appropriating $500.0 billion to the ESF to carry out such authorities. The ESF played a critical role in supporting and implementing programs authorized by the Board and Congress. The ESF's financial statements for the fiscal years ended September 30, 2022 and 2021 continue to be impacted by the effects of these transactions and reports them as either Economic Recovery Program or COVID-19.

Pursuant to Section 10 of the Gold Reserve Act, the ESF is not permitted to pay administrative expenses. The CARES Act, however, provided an exception under its specific authority. Treasury's Office of International Affairs has responsibility for managing ESF operations, and Treasury's Office of the Deputy Chief Financial Officer provides the recordkeeping and financial reporting services for the ESF. These Treasury offices bear all administrative expenses of the ESF except for those authorized by the CARES Act. These authorized administrative expenses are reported on the Statements of Net Cost and include immaterial imputed costs related to services received from other federal entities (refer to Note 1L).

B. Basis of Accounting and Presentation

The accompanying financial statements have been prepared from ESF's accounting records in conformity with GAAP for federal entities, and 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 Sheets, the Statements of Net Cost, the Statements of Changes in Net Position, and the Statements of Budgetary Resources. The statements and the related notes are prepared in a comparative form to present both fiscal years 2022 and 2021 information. 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.

C. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of ESF's accounts with the U.S. government's central accounts from which the ESF is authorized to make expenditures and pay liabilities. It is an asset because it represents ESF's claim to the U.S. government's resources. The ESF does not maintain cash in commercial bank accounts. Treasury processes cash receipts and disbursements.

D. Nonmarketable U.S. Treasury Securities

The ESF may invest dollars in excess of its immediate needs in overnight, nonmarketable U.S. government securities issued by Treasury. Treasury uses the cash collected for general purposes and issues securities to the ESF as evidence of the receipts. The securities are assets of the ESF and liabilities of Treasury. These securities and related accrued interest receivable are reported as intra-governmental assets on the ESF's Balance Sheets at amounts that approximate their fair values.
The interest rate earned on the investments is equal to the overnight repurchase agreement rate as established by the U.S. Treasury Bureau of the Fiscal Service (Fiscal Service). Interest income is added to the balance and available for repurchasing securities unless authorized by the Secretary/Congress for another purpose.

E. Foreign Currency and Foreign Currency Denominated Assets

Foreign Currency and FCDAs represent deposits and investments in foreign government securities denominated in both euro and yen that have original maturities of three months or less. They are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of change in value due to changes in interest rates. Accordingly, these assets and related accrued interest receivable are reported on the Balance Sheets at amounts that approximate their fair values. The interest rate earned is based on the constant effective yield as determined by the FRBNY. Those FCDAs that have original maturities greater than three months are reported on the Balance Sheets as *"Other Investments, Net"* (refer to Notes 1(I) and 8). These investments are recorded at fair value with all realized and unrealized holding gains or losses and reported on the Statements of Net Cost depending upon the net results by category. For FY 2022 and FY 2021, these net losses are reported as *"Losses on Currency Valuation and Other - Foreign Currency and Foreign Currency Denominated Assets"* on the Statements of Net Cost.

F. Special Drawing Rights

The Special Drawing Right is an international reserve asset created by the IMF to supplement its member countries' official reserves. In addition to its role as a supplementary reserve asset, the SDR serves as a means of payment within the IMF, as well as the unit of account for the IMF and several other international organizations. Under its Articles of Agreement, the IMF may allocate SDRs to member countries in proportion to their IMF quotas. The SDR's value is based on a weighted average of a basket of key international reserve currencies issued by IMF members (or monetary unions that include IMF members) which have been determined by the IMF to be freely usable currencies. These currencies are currently the U.S. dollar, the Euro, the Japanese yen, the U.K. pound sterling, and the Chinese renminbi. The SDR carries a variable interest rate, calculated weekly as a weighted average of representative interest rates on short-term debt in the money markets of the SDR basket currencies. The ESF's SDR Allocations and Holdings are revalued monthly, based on the SDR valuation rate calculated by the IMF, and unrealized gains or losses are recognized upon revaluation. Pursuant to the *Special Drawing Rights Act of 1968*, as amended, the ESF holds all SDRs allocated to or otherwise acquired by the U.S.

SDR Holdings and Related Interest Receivable, and SDR Allocations and Related Interest Payable

The ESF records the SDR holdings that are resources to the U.S. as part of *"Foreign Currency and Other Monetary Assets,"* and records the SDR allocations as a liability within the *"Special Drawing Right Allocations and Related Interest Payable"* line on the Balance Sheets when the IMF allocates SDRs to the U.S. The SDR allocations are a liability to the ESF since the U.S. is obligated to repay the allocation amount to the IMF under the following circumstances: *(i)* withdrawal by the U.S. from the IMF membership or termination of its position in the SDR Department of the IMF; *(ii)* cancellation of the SDRs; or *(iii)* liquidation of the IMF or SDR Department of the IMF. SDR holdings primarily increase as a result of IMF SDR allocations. The ESF records SDR transactions as incurred, and includes acquisitions and sales of SDRs, interest received on SDR holdings, interest charges on SDRs allocations, and valuation adjustments. The U.S. government also receives remuneration in SDRs from the IMF based on claims on the IMF as represented by the U.S. Reserve Position in the IMF and loans receivable from the supplemental borrowing arrangement.

SDRs and related accrued interest receivable or payable are revalued to reflect exchange rates in affect as of the reporting date. Gains or losses related to foreign currency revaluations are recognized in the period of the fluctuations and reported on the Statements of Net Cost as "Losses (or *Gains) on Currency Valuation and Other,*" depending upon the net results of valuation by asset category.

SDR Certificates Issued to the Federal Reserve Banks

The *Special Drawing Rights Act of 1968*, as amended, authorizes the Secretary to issue certificates, not to exceed the value of SDRs held against the certificates, to the Federal Reserve Banks (FRBs) in return for dollar amounts equal to the face value of certificates issued. The ESF issues certificates to finance the acquisition of SDRs from other countries or to provide U.S. dollar resources to finance other ESF operations. Certificates issued are redeemed by the ESF at such times and in such amounts as the Secretary may determine, and do not bear interest. Certificates issued to the FRBs are reported on the Balance Sheets at their face value which approximates their carrying value since, under the terms of the arrangements with the Board, there is no set repayment date and no interest accrued while certificates remain outstanding.

G. Investments in Special Purpose Vehicles, Net

Pursuant to the CARES Act enacted in FY 2020 in response to the COVID-19 pandemic, the ESF holds equity investments in Special Purpose Vehicles (SPVs) established by the Board through the FRBNY and FRBB for the purpose of enhancing the liquidity of the U.S. financial system. The ESF presents these non-federal investment holdings at their fair value within the *"Investments in Special Purpose Vehicles, Net"* line of the Balance Sheets. Subsequent changes in fair value are recognized as unrealized gains or losses on the Statements of Net Cost. For FY 2022 and FY 2021, these net gains are reported within *"Gains on Investments in Special Purpose Vehicles and Loans Receivable"* on the Statements of Net Cost. Refer to Note 6 for further discussion.

H. Loans Receivable, Net

Loans Receivable, Net relate to direct loans disbursed by the ESF as authorized by the CARES Act. These direct loans provide liquidity to eligible businesses which incurred losses as a result of COVID-19, including air carriers and other related businesses, as well as businesses critical to maintaining national security. The ESF accounts for the direct loans under the provisions of credit reform accounting pursuant to the *Federal Credit Reform Act of 1990* (FCRA). These direct loans are presented on the Balance Sheets as *"Loans Receivable, Net"* (refer to Note 7).

The ESF applies the accounting provisions of SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*, as amended (SFFAS No. 2). SFFAS No. 2 requires measurement of the asset or liability at the net present value of the estimated future cash flows.

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 with other federal spending. 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 ESF first predicts or estimates the future performance of direct loans when preparing the annual budget. The ESF re-estimates the data used for these budgetary estimates at the fiscal year-end 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 ESF then uses the re-estimated data to report the adjustment to the cost of the direct loans disbursed. For FY 2022 and FY 2021, these net gains are reported within "*Gains on Investments in Special Purpose Vehicles and Loans Receivable"* line on the Statements of Net Cost.

Cash flows associated with the ESF's credit programs generally include disbursements, repayments, repurchases, fees, recoveries, interest, dividends, proceeds from sales of instruments, borrowings from Treasury, negative subsidy, and the subsidy cost received from the program account. The ESF draws security-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 investees. The recorded subsidy cost associated with each of the credit programs represents the difference between disbursed amounts and the net present value of future cash flows the ESF 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 ESF amortizes the allowance to reflect the difference between projected and actual financing costs.

The ESF's actions, as well as changes in legislation, may impact estimated future cash flows and related subsidy costs. The ESF recognizes 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 actual cash flows experience, as well as changes in forecasts of estimated future cash flows associated with the credit program.

I. Other Investments, Net

Other Investments are FCDAs that have original maturities greater than three months. These holdings are normally invested in interest-bearing securities issued or held through foreign governnents or monetary authories. These investments are recorded at fair value with all realized and unrealized holding gains or losses and reported on the Statements of Net Cost depending upon the net results by category. For FY 2022 and FY 2021, these net losses are reported as *"Losses on Currency Valuation and Other - Other Investments"* on the Statements of Net Cost.

Prior to FY 2022, the ESF classified its Other Investments as either trading or available-for-sale (AFS) securities. In FY 2022, the ESF reclassified its portfolio of AFS securities to trading to introduce operational efficiencies in light of the declining size of the AFS portfolio which resulted in insignificant impacts on the ESF financial statements.

Interest on investments, amortization of premiums, and accretion of discounts are recognized on an accrual basis as *"Interest Income - Other Investments"* on the Statements of Net Cost. Premiums and discounts are amortized or accreted over the life of the related investment security as an adjustment to yield using the effective interest method.

J. Debt

Debt represents borrowings payable to the Fiscal Service that were incurred to finance, in part, the making of investments and loans, as authorized by the CARES Act. Interest costs accrue as an expense as incurred and are reported as entity costs on the Statements of Net Cost.

K. Commitments and Contingencies

In accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, the ESF 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 ESF recognizes the minimum amount in the range, and discloses the range and a description of the nature of the contingency. The ESF follows this policy in recording a contingent liability, related to amounts that could become payable to the Federal Old-Age and Survivors Insurance Trust Fund, pursuant to the CARES Act, in connection with ESF's Investments in SPVs and loans receivable that were financed by a combination of appropriations and Fiscal Service debt (refer to Notes 6 and 7), and other loss contingencies that could arise from claims, assessments, litigations, fines, penalties, and other sources.

If one or more, but not all, of the above criteria for recognition are met, and there is a reasonable possibility of loss, the ESF 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.

L. Revenue and Other Financing Sources

The ESF's core exchange stabilization program activities are primarily financed through exchange revenue the ESF receives from others, including interest received on Nonmarketable U.S. Treasury Securities, FCDAs, Other Investments, and SDRs. The ESF's economic recovery program uses financing sources such as appropriations provided by Congress and borrowings from Fiscal to finance these activities. The ESF recognizes exchange revenue when earned, i.e., goods are delivered or services are rendered. The ESF recognizes appropriations used as financing sources when related expenses are incurred or assets are purchased.

As a component entity of Treasury, the ESF receives goods and services from other federal entities or from other entities within Treasury at no cost or as a cost less than the full cost. The ESF recognizes these subsidized costs on the Statements of Net Cost as "*Administrative Expenses*" and recognizes the imputed financing for these costs on the Statements of Changes in Net Position as "*Imputed Financing Sources*". As a result, there is no effect on Net Position.

M. Net Position

Unexpended Appropriations

Unexpended Appropriations represents the amount of spending authorized as of year-end 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 ESF reports adjustments related to unexpended appropriations, such as cancellations of expired funds or rescissions, on the Statements of Changes in Net Position.

Cumulative Results of Operations

Cumulative Results of Operations represents the net results of the ESF's operations not funded by appropriations or some other source, 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, earnings and assessments. These future funding requirements include, among others, credit reform cost re-estimates and expenses for contingent liabilities, if applicable.

N. Funds from Dedicated Collections

The ESF accounts for revenues and other financing sources for Funds from Dedicated Collections separately from other funds within ESF's financial statements. Such funds are financed by specifically identified revenues provided to the U.S. government by non-federal sources, often supplemented by federal and other financing sources, which remain available over time. Statute requires the use of these specifically identified revenues and other financing sources for designated activities, benefits, or purposes. (Refer to Note 12).

The federal government does not set aside assets to pay future benefits or other expenditures associated with the ESF's Funds from Dedicated Collections. The dedicated cash receipts from transactions with the public are deposited into Nonmarketable U.S. Treasury Securities held at the Fiscal Service, which uses the cash for general government purposes. Treasury securities are issued to the ESF as evidence of its receipts, and provide the ESF with authority to draw upon Treasury to make future expenditures. Treasury securities are an asset to the ESF and a liability to Treasury.

O. Appropriations and Other Budgetary Activity

The ESF records appropriations when authorized by legislation. Incurred obligations of appropriations are recorded when the ESF places orders or signs contracts for goods and services, or takes other actions that require the ESF to make payments to the public or another federal entity. Outlays are recorded when disbursements are made. As of September 30, 2022 and 2021, all liabilities are covered by budgetary resources except for the immaterial amounts related to unfunded accrued payroll and other benefits-related accruals.

With respect to credit programs executed in accordance with FCRA, the ESF also has permanent and indefinite appropriation authority to fund increases in the projected subsidy costs of credit programs as determined by the re-estimation process required by FCRA (refer to Note 1H above).

P. Tax-Exempt Status

As a component of Treasury, which is an agency of the U.S. government, the ESF 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.

Q. Fair Value Measurement

The ESF estimates certain of its financial instruments at fair value, a market-based measurement. For certain assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, 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.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

The fair value measurement of an asset or a liability is categorized with different levels of fair value hierarchy as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 - 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 in SPVs, net includes Level 3 inputs. Refer to Note 6 for further information about these financial assets, including changes in Level 3 financial assets and related fair value measurements.

The ESF's FCDAs and Other Investments, Net are Level 1 measurements since these financial assets are traded in active markets where quoted values are readily available. Refer to Notes 4 and 8.

R. Risks, Uncertainties and Use of Estimates

The ESF faces certain risks and uncertainties as a result of holding foreign currency securities. The price of the ESF's holdings of such securities may fluctuate widely as a result of volatility in foreign currency markets and changes in real and perceived credit risk of ESF's counterparties.

Credit risk related to the ESF's holdings has 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 preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures 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. Transactions involving estimates principally include the ESF's holdings in FCDAs and Investment Securities, as well as the Investments in SPVs, Loans Receivable and related subsidy costs (refer to Notes 1I and 1H).

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.

S. 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 bureaus and other reporting 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.

A disclosure entity exists when the ESF determines that an entity meets any of the SFFAS No. 47 "principles for inclusion" with respect to the U.S. government but does not meet the characteristics of a "consolidation entity" included in its principal financial statements and footnotes.

A related party exists when one party to an established relationship has the ability to exercise significant influence over another party in making policy decisions. Related parties generally do not meet the SFFAS No. 47 inclusion principles; however, the ESF reports on any relationship that is of such significance that it would be misleading to exclude information about that entity.

Disclosure entities and related parties are not considered components of the ESF reporting entity and, thus, are only disclosed in the notes to the ESF financial statements. Using the principles prescribed in SFFAS No. 47, the ESF identified the following disclosure entity as of September 30, 2022 and 2021. There were no related parties.

FRB-Managed Special Purpose Vehicles – Liquidity Lending Facilities

In response to the COVID-19 pandemic, the ESF holds equity investments in SPVs established by the Board through the FRBNY and FRBB for the purpose of enhancing the liquidity of the U.S. financial system. The ESF's involvement in these programs represents non-permanent intervention activities designed to help mitigate the economic impacts of the pandemic. Accordingly, ESF's equity interests in these SPVs meet the SFFAS No. 47 criteria for classifying the SPV investments as disclosure entities. The value of these investments is presented within the *"Investments in Special Purpose Vehicles, Net"* line on the Balance Sheets (refer to Note 6).

NOTE 2 – FUND BALANCE WITH TREASURY

Fund Balance is increased: (i) by receiving appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations; (ii) when transfers and reimbursements from other federal agencies are received; (iii) by amounts borrowed from the Fiscal Service; and (iv) by amounts collected and credited to appropriation or fund accounts.

Fund Balance is reduced: (i) when disbursements are made to pay liabilities or to purchase assets, goods, and services; (ii) for making investments; (iii) when expired appropriations are canceled, or the ESF makes transfers and reimbursements to other federal entities, non-federal entities, or to the General Fund; and (iv) due to sequestration or rescission of appropriations.

Interest income on Fund Balance in the FCRA funds is reported within the *"Interest Income on Uninvested Funds"* line on the Statements of Net Cost and is received annually on September 30. For the fiscal years ended September 30, 2022 and 2021, the ESF recorded interest income totaling $28 million and $130 million respectively, related to these fund balances. The accrued interest income was collected in full on September 30, 2022 and 2021.

Fund balance activity for the fiscal years ended September 30, 2022 and 2021, and fund balance status as of September 30, 2022 and 2021 are presented below.

	Fiscal Year Ended	
(in thousands)	**September 30, 2022**	**September 30, 2021**
Balance, beginning of period	**$ 1,984,276**	$ 480,643,983
Rescissions	**(1,366,100)**	(478,796,257)
Appropriations Received	**3,445**	906,018
Transfers to the General Fund	**(4,569,932)**	(14,030,287)
Borrowings from (Repayments to) Fiscal Service, Net	**(4,520,036)**	(63,104,698)
Disbursements for Loans and Investments	**-**	(857,984)
Return of Investment Capital and Collections of Loan Principal	**9,079,852**	77,670,801
Disbursements for Net Interest, Administrative Costs and Other	**(156,812)**	(447,300)
Balance, end of period	**$ 454,693**	$ 1,984,276

	As of	
(in thousands)	**September 30, 2022**	**September 30, 2021**
Unobligated Balance:		
Available	**$ 433,898**	$ 1,591,044
Unavailable	**15,242**	380,116
Obligated Balance Not Yet Disbursed	**5,553**	13,116
Total Status of Fund Balance with Treasury	**$ 454,693**	$ 1,984,276

The *Unobligated Balance*, both available and unavailable, decreased by a total of $1.5 billion year-over-year primarily due to the $1.4 billion rescission enacted in FY 2022 as part of the *Infrastructure Investment and Jobs Act*. Additionally, $156 million of the $160 million in downward re-estimates for the Passenger Air Carrier program was financed by Fund Balance with Treasury rather than borrowing from the Fiscal Service. Portions of the Unobligated Balance include amounts apportioned and available in anticipation of future payments to the Federal Old-Age and Survivors Insurance Trust Fund established under Section 201(a) of the Social Security Act. Refer to Notes 6 and 7 and for additional details.

NOTE 3 – NONMARKETABLE U.S. TREASURY SECURITIES

The interest rate earned on the Nonmarketable U.S. Treasury Securities is equal to the overnight repurchase agreement rate as established by the Fiscal Service. These market-based investments had a cost/acquisition value of $18.4 billion and $22.8 billion on September 30, 2022 and 2021, respectively, which approximated their fair value. In FY 2022, the decrease is primarily the result of utilizing the Nonmarketable U.S Treasury Securities balance to purchase $4.5 billion of SDRs. Refer to Note 5 for additional details.

Statutory Debt Limit

The statutory debt limit is the total amount of money that the U.S. government is authorized to borrow to meet its existing legal obligations, with certain adjustments. The ESF's Nonmarketable U.S. Treasury Securities are part of the authorized debt. Treasury has statutory authority to take certain "extraordinary measures" in the event that the public debt nears the statutory debt limit, and the statutory debt limit has not been raised or suspended or otherwise lifted. One such extraordinary measure is the suspension of new issuances of U.S. Treasury securities to the ESF. When Treasury discontinues its use of extraordinary measures, Treasury resumes normal debt management operations. While Treasury may restore the ESF, relevant statutes do not permit Treasury to pay the ESF interest lost during a period of delay. No suspension of new issuances to the ESF occurred in 2022 or 2021.

NOTE 4 – FOREIGN CURRENCY AND FOREIGN CURRENCY DENOMINATED ASSETS

Foreign currency and FCDAs represent foreign deposit accounts and securities were valued at $12.8 billion and $15.7 billion as of September 30, 2022 and 2021, respectively. The totals were comprised of $6.9 billion of foreign currency and $5.9 billion of FCDAs for FY 2022 and $9.5 billion of foreign currency and $6.2 billion of FCDAs for FY 2021. Losses related to FCDAs reported on the Statements of Net Cost as "*Losses on Currency Valuation and Other - Foreign Currency and Foreign Currency Denominated Assets*" were $2.1 billion and $0.3 billion for FY 2022 and FY 2021, respectively.

NOTE 5 – SPECIAL DRAWING RIGHTS

SDR Holdings and SDR Allocations are reported as an asset and liability respectively in the financial statements of the ESF. The ESF also issued certificates to the Federal Reserve valued at $5.2 billion which were reported as a liability on the Balance Sheets as of September 30, 2022 and 2021.

SDR Allocations

SDRs, once allocated to the U.S., are permanent resources unless:

- They are canceled by an 85 percent majority decision of the total voting power of the Board of Governors of the IMF;
- The SDR Department of the IMF is liquidated;
- The IMF is liquidated; or
- The U.S. chooses to withdraw from the IMF or terminate its participation in the SDR Department.

Due to the fact that the SDRs could be required to be repaid under the limited circumstances above, the ESF carries a liability related to such allocations.

Except for the payment of interest and charges on SDR Allocations to the U.S., the payment of ESF's liability related to the SDR Allocations is conditional on events listed above, in which the U.S. has a controlling vote or makes a unilateral determination. Allocations of SDRs were made during calendar years 1970, 1971, 1972, 1979, 1980, 1981, 2009, and 2021. As of September 30, 2022, and 2021, the value of SDR Allocations to the U.S., including related interest payable, was the equivalent of $147.4 billion and $161.8 billion, respectively. The ESF's balance in SDR Allocations decreased by $14.4 billion primarily due to a valuation gain of $14.8 billion recorded within the *"Gains on Currency Valuation – Special Drawing Right Allocations"* line on the Statements of Net Cost.

SDR Holdings

SDR Holdings represent SDRs held by the ESF resulting from these SDR activities, primarily the result of IMF allocations. SDR transactions are recorded as incurred, and include acquisitions and sales of SDRs, interest received on SDR holdings, interest charges on SDRs allocations, and valuation adjustments. The SDR Holdings and related net accrued interest receivable are revalued to reflect exchange rates in effect as of the reporting date.

On August 2, 2021, the Board of Governors of the IMF made a general allocation of SDRs, which included an allocation valued at $112.8 billion to the U.S. government, increasing the ESF's balance in SDR Holdings, and a corresponding increase in SDR Allocations, from $51.7 billion as of September 30, 2020 to $163.9 billion as of September 30, 2021. During FY 2022, the ESF's balance in SDR Holdings decreased by $10.7 billion primarily due to a valuation loss of $15.3 billion recorded within *the "Losses on Currency Valuation and Other – Special Drawing Right Holdings"* line on the Statements of Net Cost. This is partially offset by $4.5 billion of SDR purchases in FY 2022, from ten IMF participants (Ukraine, Paraguay, Jamaica, Serbia, Honduras, Egypt, Tanzania, Pakistan, Mozambique, and Laos).

The following schedule reflects the activity related to SDR Holdings during fiscal years 2022 and 2021, by dollar equivalent and SDR:

	As of September 30,			
(Dollar Equivalent in thousands)	**2022**		**2021**	
Balance, beginning of period	**$**	**163,874,175**	$	51,732,943
SDR Purchases		**4,482,035**		-
General/Special Allocations		**-**		112,833,910
Interest Credits on Holdings		**479,784**		37,597
Interest Charges on Allocations		**(465,010)**		(36,120)
Remuneration		**95,233**		22,889
IMF Annual Assessment		**(1,973)**		(851)
Net Gain/(Loss) on Valuation of Holdings		**(15,289,082)**		(716,193)
Balance, end of period (1)	**$**	**153,175,162**	$	163,874,175

(1) This amount excludes related interest receivable of $421 million and $10 million as of September 30, 2022 and 2021, respectively.

	As of September 30,	
(SDRs in thousands)	**2022**	**2021**
Balance, beginning of period	**116,316,038**	36,753,372
SDR Purchases	**3,282,336**	-
General/Special Allocations	**-**	79,546,208
Interest Credits on Holdings	**359,420**	26,311
Interest Charges on Allocations	**(348,319)**	(25,277)
Remuneration	**71,308**	16,017
IMF Annual Assessment	**(1,467)**	(593)
Balance, end of period	**119,679,316**	116,316,038

The table above reflects the actual dollar equivalent amount of SDRs received or transferred by the ESF. Amounts within the financial statements are computed on an accrual basis and will thus differ due to: 1) changes in SDR exchange rates between accrual date and transaction date, and 2) changes in related interest receivable balances between beginning and end of year.

Other SDR Activities

The ESF is the only fund within Treasury permitted to transact in SDRs. Such SDRs received as remuneration become the resources of the ESF, as required by law. The U.S. government also receives remuneration in SDRs from the IMF based on claims on the IMF as represented by the U.S. Reserve Position in the IMF and loans receivable from the supplemental borrowing arrangement. The remuneration is credited to the ESF, which then transfers to the Treasury General Account (TGA) an equivalent amount of dollars plus nominal interest. The ESF's receipt of the SDRs and payment of the dollar equivalent to the TGA are not simultaneous. Typically, the payment is several weeks after the receipt of SDRs from the IMF. Therefore, the ESF must reimburse the TGA the interest it earned on the dollar equivalent of the SDRs held on behalf of the TGA during the period which elapsed between the receipt of the SDRs and the dollar payment to the TGA.

NOTE 6 – INVESTMENTS IN SPECIAL PURPOSE VEHICLES, NET

The global spread of the COVID-19, which commenced in early spring of 2020 and continued throughout FY 2021 and FY 2022, resulted in a severe global health and economic crisis. In FY 2020 and FY 2021, Congress took steps to limit the damage the pandemic in the U.S. caused by passing several key statutes, including the CARES Act, CAA, and *American Rescue Plan Act of 2021*, P.L. 117-2. The relief funding these legislative Acts provided helped reduce the financial burden on individuals and their families, minimized business and employment losses, and enhanced the liquidity of the U.S. financial system.

The tables below summarize the ESF's key budgetary resources and the status of those resources by program for the fiscal years ended September 30, 2022 and 2021, enacted in response to the COVID-19 pandemic:

	Fiscal Year Ended September 30, 2022			
(in thousands)	**Beginning Available Budgetary Resources**	**Rescissions and Other Adjustments**[(1)]	**Less: Obligations Incurred**	**Remaining Available Budgetary Resources**
Direct Loans to Air Carriers and National Security Business	**$ 1,591,043**	**$ (1,363,072)**	**$ -**	**$ 227,971**
Total CARES Act Authority[(2)]	**$ 1,591,043**	**$ (1,363,072)**	**$ -**	**$ 227,971**

[(1)]Rescissions and Other Adjustments primarily include a $1,366 million rescission of CARES Act authority related to the Direct Loans to Air Carriers and National Security Business pursuant to the Infrastructure Investment and Jobs Act (P.L. 117-58).
[(2)] Total CARES Act Authority does not include amounts related to the Treasury and the ESF's program support and oversight of these programs.

	Fiscal Year Ended September 30, 2021			
(in thousands)	**Beginning Available Budgetary Resources**	**Rescissions and Other Adjustments** [(1)]	**Less: Obligations Incurred**	**Remaining Available Budgetary Resources**
Section 13(3) Federal Reserve Programs - Liquidity Facilities	$ 423,835,009	$ (423,835,009)	$ -	$ -
Direct Loans to Air Carriers and National Security Business	44,301,242	(42,692,474)	(17,725)	1,591,043
Total CARES Act Authority[(2)]	$ 468,136,251	$ (466,527,483)	$ (17,725)	$ 1,591,043

[(1)] Rescissions and Other Adjustments primarily include a total of $478,796 million of CARES Act appropriation authority that was rescinded pursuant to the CAA. Partially offsetting this amount was a de-obligation of $12,269 million that was to be used to fund the subsidy portion of obligated but undisbursed CARES Act investments and loans
[(2)] Total CARES Act Authority does not include amounts related to the Treasury and the ESF's program support and oversight of these programs.

Section 13(3) Federal Reserve Programs

In FY 2020, pursuant to its emergency-lending authority under Section 13(3), the FRBNY and FRBB implemented certain emergency lending facilities through SPVs governed by Limited Liability Company (LLC) agreements between the ESF and the applicable FRB. The FRBNY and FRBB established these SPVs for the purpose of making loans and purchasing debt and other commercial paper of eligible entities affected by COVID-19. The SPVs purchased assets and offered loans collateralized by corporate bonds, commercial paper, asset-backed securities, and municipal debt and loans to certain eligible states, municipalities, businesses and non-profit organizations affected by COVID-19. The FRBNY and FRBB made loans to the SPVs, on a recourse basis, to fund the SPVs' purchase of assets from, or loans to, eligible U.S. issuers and businesses with certain assets as collateral. As the managing member of each SPV, FRBNY or FRBB, as applicable, has the exclusive right to manage the business of the SPV and has all powers and rights necessary to carry out the purposes and business of the SPV.

In FY 2020, the ESF disbursed an aggregate total of $102.5 billion in equity to the SPVs (and committed to future disbursements of an additional $92.5 billion) to protect the FRBNY and FRBB from potential losses from financing the facilities. The ESF provided this protection by committing and contributing capital in the form of cash to the SPVs in exchange for a preferred equity interest in the SPVs. To the extent the FRBNY and FRBB experience losses, the preferred equity accounts absorb such losses up to the maximum amounts per the terms of the LLC agreements. As a preferred equity member, the ESF has no voting, consent, or control rights over the SPVs. The managing member and preferred equity member are the sole members of the SPVs.

Under the initial terms of the LLC agreements, membership interests would not receive periodic or other distributions during the life of the SPV (except for the interim distribution that occurred pursuant to the amendments to the LLC agreements, as further discussed below). Distribution of the SPV's assets would be made only upon dissolution of the facility, after liabilities and other interests were paid. Upon dissolution, the ESF will be entitled to an amount equal to the cash balance of the preferred equity account plus 90 percent of the cash balance in all the other accounts of the SPV. The applicable FRB is entitled to 10 percent of the cash balance in all the other accounts of the SPV. The ESF will use the final distribution amount received to repay all costs associated with the preferred equity investment in the SPV, including the initial subsidy amounts funded by appropriation and all amounts borrowed from Fiscal Service. In accordance with the CARES Act, any excess amount of the final distribution after repayment of the appropriations and debt will be deposited into the Federal Old-Age and Survivors Insurance Trust Fund established under Section 201(a) of the Social Security Act.

In December 2020, Treasury and the Federal Reserve amended the SPV LLC Agreements for each of the SPVs funded under the CARES Act. The amended agreements provided for the cancellation, at that time, of undisbursed investment commitments totaling an aggregate of $92.5 billion, which the ESF de-obligated in FY 2021. The amendment also provided for interim distributions to the ESF, received in FY 2021, totaling an aggregate of $62.2 billion. In November 2021, Treasury and the Federal Reserve further amended the SPV LLC Agreements, which provided for additional interim distributions to the ESF, received in November 2021 and May 2022, totaling an aggregate of $8.5 billion. The interim distributions in both FY 2022 and FY 2021 represent the amounts by which funds that were contributed to each facility (and earnings thereon) exceeded the purchase price of the assets, loans, and/or loan participations, as the case may be, within each facility at such time. The ESF used this cash received to repay outstanding debt to the Fiscal Service that was used to finance the non-subsidized portion of these investment transactions. Future interim distributions will take place in November and May of each fiscal year in accordance with the terms of the most recent amended agreements. The ESF cannot use the funds remaining in the SPVs funded under the CARES Act for further lending, asset purchases, or extensions of credit.

(in thousands)	Outstanding Equity Contribution 9/30/21	FY 2022 Interim Distribution	FY 2022 Final Dissolution	Remaining Outstanding Equity Contribution 9/30/22[1]
Main Street Facilities	$ 16,572,055	$ (2,681,123)	$ -	$ 13,890,932
Municipal Liquidity Facility	6,276,224	(3,381,532)	-	2,894,692
Term Asset-Backed Securities	3,549,073	(2,394,964)	-	1,154,109
Total 13(3) Facilities	**$ 26,397,352**	**$ (8,457,619)**	**$ -**	**$ 17,939,733**

[1] *These amounts exclude cumulative 9/30/22 fair valuations associated with these assets. See table below for such fair valuations.*

(in thousands)	Outstanding Equity Contribution 9/30/20	FY 2021 Interim Distribution	FY 2021 Final Dissolution [1]	Remaining Outstanding Equity Contribution 9/30/21[2]
Corporate Credit Facilities[3]	$ 37,500,000	$ (23,618,984)	$ (13,881,016)	$ -
Main Street Facilities	37,500,000	(20,927,945)	-	16,572,055
Municipal Liquidity Facility	17,500,000	(11,223,776)	-	6,276,224
Term Asset-Backed Securities	10,000,000	(6,450,927)	-	3,549,073
Commercial Paper Funding Facility[3]	10,000,000	-	(10,000,000)	-
Money Market Mutual Fund Liquidity Facility[3]	1,500,000	-	(1,500,000)	-
Total 13(3) Facilities	$ 114,000,000	$ (62,221,632)	$ (25,381,016)	$ 26,397,352

[1] *These amounts exclude residual amounts received in connection with the dissolution of these facilities.*
[2] *These amounts exclude cumulative 9/30/21 fair valuations associated with these assets. See table below for such fair valuations.*
[3] *The FRBNY or FRBB established these liquidity facilities in FY 2020. During FY 2021, the facilities ceased making loans and extending credit, and capital contributions (and earnings thereon) were returned to the ESF. The Commercial Paper and Money Market facilities were dissolved in FY 2021 and the Corporate Credit Facility was dissolved in FY 2022.*

The following is a description of the remaining liquidity lending facilities. Following these descriptions is a section entitled, *"Investments in Special Purpose Vehicles, Net"* which discusses the accounting treatment for these facilities.

Main Street Facilities LLC

On May 18, 2020, the FRBB established the Main Street Facilities LLC (MSF) SPV to support lending to small- and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic and have good post-pandemic prospects. Through loans from the FRBB, the SPV purchased 95 percent participations in loans originated by eligible lenders, while the lender retained five percent. Loans issued under the MSF program have a five-year maturity, principal payments are deferred for two years, and interest payments are deferred for one year. The SPV ceased purchasing loan participations on January 8, 2021.

Municipal Liquidity Facility LLC

On May 1, 2020, the FRBNY established the Municipal Liquidity Facility LLC (MLF) SPV to help state and local governments manage cash flow pressures while continuing to serve households and businesses in their communities. The FRBNY loaned to the MLF, on a recourse basis, to allow the facility to purchase short-term notes directly from eligible U.S. states (including the District of Columbia), counties and cities. The SPV ceased purchasing eligible notes on December 31, 2020.

Term Asset-Backed Securities Loan Facility LLC

FRBNY established the Term Asset-Backed Securities Loan Facility II LLC (TALF) SPV on March 23, 2020, to support the flow of credit to consumers and businesses to stabilize the U.S. financial system. The TALF facilitated the issuance of asset-backed securities backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration, commercial mortgages, and certain other assets. No new credit extensions were made after December 31, 2020.

Investments in Special Purpose Vehicles, Net

As of September 30, 2022 and 2021, the preferred equity investments in the SPVs were valued as follows:

(in thousands)	Gross Investments As of 9/30/22		Cumulative Valuation Gain/(Loss)		9/30/22 Fair Value	
Main Street Facilities [1]	$	**13,890,932**	$	**(200,338)**	$	**13,690,594**
Municipal Liquidity Facility [1]		**2,894,692**		**44,392**		**2,939,084**
Term Asset-Backed Securities [1]		**1,154,109**		**51,015**		**1,205,124**
Total Investments in SPVs, Net	$	**17,939,733**	$	**(104,931)**	$	**17,834,802**

[1] *In FY 2022, the ESF received interim distributions equivalent to the amount by which its initial capital contribution to the facility (and earnings thereon) exceeded the purchase price of the assets held within these SPVs.*

(in thousands)	Gross Investments As of 9/30/21		Cumulative Valuation Gain/(Loss)		9/30/21 Fair Value	
Main Street Facilities[1]	$	16,572,055	$	(998,749)	$	15,573,306
Municipal Liquidity Facility[1]		6,276,224		176,823		6,453,047
Term Asset-Backed Securities[1]		3,549,073		3,022		3,552,095
Total Investments in SPVs, Net	$	26,397,352	$	(818,904)	$	25,578,448

[1] *In FY 2021, the ESF received interim distributions equivalent to the amount by which its initial capital contribution to the facility (and earnings thereon) exceeded the purchase price of the assets held within these SPVs.*

Budgetary vs. Proprietary Accounting Treatment of SPVs

The CARES Act stipulated that the ESF's SPV investment transactions, to the extent they involved the use of the CARES Act appropriation, be funded in accordance with the provisions of FCRA. For budgetary accounting purposes, the ESF accounted for the initial investment financing and subsequent activity related to these investments pursuant to FCRA guidelines in accordance with Section 185 of OMB Circular A-11, *Preparation, Submission, and Execution of the Budget.*

For proprietary accounting purposes, the ESF accounted for all SPV investments as equity investments at fair value, rather than as direct loans, as these instruments do not meet the criteria of SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*. Accordingly, the ESF records changes in the fair value of these investments as realized or unrealized fair value gains or losses on a net basis within the *"Gains on Investments in Special Purpose Vehicles and Loans Receivable"* line item of the Statements of Net Cost. The budgetary subsidy cost allowance is based on cash flows discounted using a Treasury rate to determine the subsidy cost, and the proprietary fair value adjustment is based on market interest rates to discount projected cash flows. For the fiscal years ended September 30, 2022 and 2021, the ESF recorded an unrealized fair value net gain of $0.7 billion and $3.8 billion related to these investments, respectively.

Fair Value Estimation Factors

In determining the fair value of the SPV investments, the ESF uses available market pricing data, forward interest rates, expected loss rates, historical prepayment rates, and contractual instrument terms to estimate scenario-specific, expected cash flows for the SPVs. For market pricing data, the ESF specifically uses: (i) active market prices for the TALF program that owns publicly traded securities, (ii) Bloomberg estimated prices for the MLF program, which owns securities that do not have active market prices but have estimated prices in Bloomberg, or (iii) market prices for baskets of comparable publicly traded bonds for the MSF program, based on relevant bond attributes, such as instrument credit rating, time to maturity, issuer industry, coupon rate, and call provisions. The ESF uses contractual instrument terms, active market prices, expected loss rates, historical prepayment rates, and, where applicable, forward interest rates, to estimate scenario-specific, expected cash flows, which are discounted using market-based discount rates

In deriving the fair value of the SPV investments, the ESF relied upon market observed prices for SPV purchased assets and collateral, market prices for comparable assets, asset valuations performed by third parties, historical asset data, discussions with subject matter experts within Treasury, and other information pertinent to the valuations. Because the instruments are not publicly traded, there is no comparable trading information available. The fair valuations rely on Level 3 inputs that reflect assumptions about the expectations that market participants would use in pricing.

Transfer of Proceeds Upon Dissolution of SPVs

For those SPVs that the ESF funded through a combination of CARES Act appropriation and Fiscal Service borrowings in accordance with FCRA guidelines, all proceeds that the ESF realizes from these investments upon the dissolution of the SPVs are transferred to us to repay all borrowings and other funding costs incurred from these investments. In accordance with the CARES Act, the ESF must transfer any remaining excess residual proceeds to the Federal Old-Age and Survivors Insurance Trust Fund. To the extent that the fair value of the SPV investment assets also incorporates anticipated realization of excess residual proceeds, the ESF records a corresponding liability due to the Federal Old-Age and Survivors Insurance Trust Fund. The ESF recorded a liability of $186 million and $222 million as of September 30, 2022 and 2021, respectively, within the *"Intra-Governmental: Other Liabilities"* line of the Balance Sheets .

Entity vs. Non-Entity Exchange Transactions

The SPV preferred equity investments are treated as exchange transactions in that the ESF received a preferred equity interest in the SPVs in exchange for capital funding of the liquidity facilities.

All SPV investment assets funded through a combination of CARES Act appropriation and Fiscal Service borrowings, along with any related income or loss associated with these assets, are treated as entity transactions, with the exception of that portion of the assets and related income or loss representing the excess residual proceeds that will be remitted to the Federal Old-Age and Survivors Insurance Trust Fund, which are treated as non-entity transactions.

NOTE 7 – LOANS RECEIVABLE, NET

The CARES Act authorized Treasury, through the ESF, to make direct loans and loan guarantees to eligible passenger and cargo air carriers and national security businesses to provide them liquidity for losses incurred as a result of the COVID-19. Treasury chose to make only direct loans under this authorization. The ESF disbursed an aggregate total of $2.7 billion between fiscal years 2020 and 2021, of which $858 million was disbursed in FY 2021. As of September 30, 2022 and 2021, there were no remaining loan commitments for which future borrowings could be made under the CARES Act.

The CARES Act specified that the Secretary determines the terms and conditions of the loans and stated that the duration of the loans will be no longer than five years. It also mandated that these loans "shall be at a rate determined based on the risk and the current average yield on outstanding marketable obligations of the United States of comparable maturity." As "financial protection of the Government," the CARES Act also mandated that the ESF obtains certain financial instruments including, but not limited to, common stock in the eligible business for the benefit of taxpayers. The following is a discussion of the ESF's accounting related to the direct loans.

The ESF presents the direct loans as loans receivable on the Balance Sheets. As of September 30, 2022, the net loans receivable of the passenger airlines and other related businesses programs of $358 million and $688 million, respectively, included a negative subsidy allowance of $123 million and a positive subsidy allowance of $91 million, respectively. The other related businesses include national security, air cargo carriers, ticket agents, and maintenance and repair businesses. As of September 30, 2021, the loans receivable of the passenger airlines and other related businesses of $594 million and $717 million, respectively, included a negative subsidy allowance of $213 million and a positive subsidy allowance of $56 million, respectively. The negative or positive subsidies at the end of fiscal years 2022 and 2021 reflect the projection as of those dates that these programs would result in net earnings or net cost to us, respectively, after accounting for principal loan repayments, interest, and fees. Included in these receivables are the projected cash flows associated with the common stock warrants, common stock shares, and senior debt instruments the ESF received in connection with making these direct loans.

The ESF performed a financial statement re-estimate of these credit programs costs. The re-estimates performed as of September 30, 2022 resulted in a upward re-estimate, or an increase of $79 million, and a downward re-estimate, or a decrease of $1 million, in the cost of the passenger airline programs and other related businesses programs, respectively. The upward re-estimate primarily stemmed from a decline in the value of warrants held by the ESF. The downward re-estimate stemmed from lower expected losses for outstanding investments, which is partially offset by a decline in the value of equity held by the ESF. The re-estimates performed as of

September 30, 2021, resulted in a downward re-estimate, or a decrease of $415 million and $268 million, in the cost of the passenger airline programs and other related businesses programs, respectively. This re-estimate stemmed from lower expected losses for the outstanding investments and collections received during FY 2021, which included several large prepayments. The FY 2022 and FY 2021 re-estimates recorded by the ESF included the expected Federal Old-Age and Survivors Insurance Trust Fund liabilities for passenger airlines and other related businesses.

The ESF treats net loans receivable, including loan principal repayments, interest, fees, and proceeds from common stock sales, as entity exchange transactions since the ESF will use all such future proceeds that are realized from the net loans receivable to repay all of the borrowing and other funding costs that are incurred from these direct loans. In accordance with the CARES Act, the ESF must transfer any remaining excess residual proceeds to the Federal Old-Age and Survivors Insurance Trust Fund. Accordingly, to the extent that the net loans receivable also incorporates anticipated realization of excess residual proceeds, the ESF will record a corresponding liability due to the Federal Old-Age and Survivors Insurance Trust Fund. Hence, the ESF's net loans receivable, including loan principal repayments, interest, fees, and proceeds from common stock sales are treated as entity transactions, with the exception of any excess residual amounts owed to this trust fund, which are treated as non-entity transactions. As of September 30, 2022 and 2021, the ESF recorded a liability of $184 million and $261 million, respectively, due to the Federal Old-Age and Survivors Insurance Trust Fund within the "Intra-Governmental: Other Liabilities" line on the Balance Sheets.

NOTE 8 – OTHER INVESTMENTS, NET

Other Investments, Net include foreign currency holdings that the ESF typically invests in interest-bearing securities issued or held through foreign governments or monetary authorities. Of the total $3.8 billion fair value of foreign investments (excluding related interest receivable) held at September 30, 2022, $0.3 billion will mature within one year, $2.4 billion will mature after one year but before five years, and $1.1 billion will mature after five years but before ten years. Losses related to Other Investments, Net reported on the Statements of Net Cost as *"Losses on Currency Valuation and Other - Other Investments"* were $2.2 billion and $0.4 billion for FY 2022 and FY 2021, respectively. The fair value of these securities is determined using Level 1 inputs.

As of September 30, 2022, and 2021, Other Investments, Net consisted of the following:

	Fair Value as of Fiscal Year Ended September 30,	
(in thousands)	**2022**	**2021**
Investment Type:		
Foreign Investments/Debt Securities:		
Euro Bonds & Notes	**$ 3,794,050**	$ 5,258,942
Japanese Government Bonds	**2,422**	6,292
Total Non-Federal Investments	**$ 3,796,472**	$ 5,265,234

The following table provides a reconciliation of ESF's investment activity for the fiscal years ended September 30, 2022 and 2021:

	For the Year Ended September 30,	
(in thousands)	**2022**	**2021**
Balance, beginning of period	**$ 5,265,234**	$ 5,801,436
Valuation Adjustments	**(1,240,697)**	(267,902)
Gain/(Loss) on Sales/ Dispositions	**(971,155)**	(245,077)
Acquisition of Investments	**11,667,980**	9,185,047
Sale/Repayment of Investments	**(10,804,277)**	(9,199,200)
Change in Accrued Dividend/Interest Income	**(10,105)**	(9,070)
Other – Change in Premiums/Discounts	**(110,508)**	-
Balance, end of period	**$ 3,796,472**	$ 5,265,234

NOTE 9 – DUE TO THE GENERAL FUND

The General Fund consists of assets and liabilities used to finance the daily and long-term operations of the U.S government. It also includes accounts used in the management of the Budget of the U.S. Government.

The ESF's *Due to the General Fund* liability at September 30, 2022 and 2021 of $6 million and $3.3 billion, respectively, represents the amount of accrued downward subsidy re-estimates to be returned to the General Fund. These re-estimates reflect changes in the valuation of assets budgeted under FCRA and reported as "*Investments in Special Purpose Vehicles, Net*" (refer to Note 6) and *"Loans Receivable, Net"* (refer to Note 7) on the Balance Sheets. The change in the net cost of the investments and receivables is reported within "*Gains on Investments in Special Purpose Vehicles and Loans Receivable"* on the Statements of Net Cost.

	As of September 30,	
(in thousands)	**2022**	**2021**
Credit Reform Downward Subsidy Re-estimates for Investments in SPVs	**$ (6,106)**	$ (2,859,532)
Credit Reform Downward Subsidy Re-estimates for Loans Receivable	**-**	(391,833)
Total Due to the General Fund	**$ (6,106)**	$ (3,251,365)

NOTE 10 – DEBT

As of September 30, 2022 and 2021, the ESF had outstanding debt of $19.5 billion and $24.0 billion, respectively. The maturity dates for the debt payable to the Fiscal Service range from September 30, 2024 to September 30, 2026. Effective interest rates range from 0.53 percent to 0.88 percent.

During FY 2021, the ESF disbursed $858 million for direct loans under CARES Act authority which the ESF financed with $642 million of Fiscal Service borrowings and the remainder with the CARES Act appropriated funding. All disbursements ended in FY 2021. Subsequently, for the fiscal years ended September 30, 2022 and 2021, the ESF borrowed an additional $3.9 billion and $14.0 billion to fund modifications and downward re-estimates.

During FY 2022 and FY 2021, the ESF repaid $8.7 billion and $78.1 billion of debt, respectively. In January 2021, the FRB returned an aggregate of $62.2 billion of excess funds to Treasury (through the ESF) from four SPV credit facilities. The ESF used the cash received to repay outstanding debt to the Fiscal Service initially incurred under the CARES Act authority. In September 2021, the FRB returned an additional $13.9 billion of the remaining equity contributions for one of these SPV credit facilities, of which $13.6 billion was used to repay its remaining outstanding debt. In November 2021, the FRB returned an aggregate $5.6 billion of excess funds to Treasury (through the ESF) from four SPV credit facilities (refer to Note 6), of which $5.1 billion was used to repay outstanding debt to the Fiscal Service. Additionally, the Passenger Air Carrier program in February 2022 received a loan payoff of $150 million from the remaining airline, of which $110 million was used to repay debt to the Fiscal Service. In May 2022, the FRB returned an aggregate $3.3 billion of excess funds to Treasury (through the ESF) from the remaining three SPV credit facilities. The ESF used the $3.3 billion to repay outstanding debt to the Fiscal Service in September 2022.

During FY 2022 and FY 2021, the ESF borrowed $180 million and $290 million, respectively, to finance the scheduled payment of interest due to the Fiscal Service on outstanding principal borrowings. Interest expense on the outstanding debt is accrued and reported within the *"Economic Recovery Program - Interest Expense on Debt"* line on the Statements of Net Cost and paid annually on September 30. For the fiscal years ended September 30, 2022 and 2021, the ESF recorded interest expense totaling $214 million and $607 million, respectively, related to this debt. The accrued interest expense was paid in full on September 30, 2022 and 2021.

All debt and related interest costs are intra-governmental and covered by budgetary resources. See additional details on borrowing authority in Note 13.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Foreign Currency Denominated Agreements

Foreign currency denominated agreements that exist between Treasury and foreign entities or governments provide for drawings of dollars by those entities or governments and drawings of foreign currencies by Treasury. Treasury enters into these agreements through the ESF. Under these agreements, the ESF receives repayment of an agreed-upon amount in dollars regardless of currency fluctuations. With the exception of the Mexico agreement noted below, there were no foreign currency denominated exchange stabilization agreements as of September 30, 2022 and 2021.

Exchange Stabilization Agreement

The North American Framework Agreement (NAFA), which was signed in 1994 and is renewed annually, is implemented by Treasury through the Exchange Stabilization Agreement (ESA) with Mexico. Treasury, through the ESF, offers Mexico a swap line with drawings contingent on certain conditions being met. Effective November 30, 2018, an amended and restated ESA increased the potential size of the swap line from $3.0 billion to $9.0 billion. The amounts and terms (including the assured source of repayment) of any swap arrangement under the NAFA and/or the ESA will have to be negotiated and agreed to before any actual drawing can occur. There were no drawings outstanding on the ESF swap line as of September 30, 2022, and 2021.

NOTE 12 – FUNDS FROM DEDICATED COLLECTIONS

Pursuant to Section 10 of the Gold Reserve Act, as amended, the Secretary, with the approval of the President, through the ESF, may deal in gold, foreign exchange, and other instruments of credit and securities the Secretary considers necessary, consistent with U.S. obligations in the IMF on orderly exchange arrangements and a stable system of exchange rates. The ESF core exchange stabilization program (Treasury Account Symbol 020X4444) accounts for and reports its holdings to the Fiscal Service on the Standard Form 224, *"Statement of Transactions,"* and provides other reports to Congress. Interest on SDRs in the IMF, investments in Treasury securities, and investments in foreign currency assets are the ESF's primary sources of revenue. The ESF's earnings and realized gains, or losses, on SDRs and foreign currency assets represent resources, or uses, to the U.S. government.

The following tables reflect condensed total assets, total liabilities, net cost of operations and net position of the core fund established to support the ESF's core exchange stabilization program activities:

BALANCE SHEETS

(in thousands)	As of September 30, 2022		As of September 30, 2021	
ASSETS				
Nonmarketable U.S. Treasury Securities	**$**	**18,401,389**	$	22,836,891
Foreign Currency and Other Monetary Assets		**166,411,920**		179,553,649
Other Investments, Net		**3,796,472**		5,265,234
Total Assets	**$**	**188,609,781**	$	207,655,774
LIABILITIES AND NET POSITION				
LIABILITIES				
Special Drawing Right Allocations and Related Interest Payable	**$**	**147,414,371**	$	161,835,969
Special Drawing Right Certificates Issued to Federal Reserve Banks		**5,200,000**		5,200,000
Total Liabilities		**152,614,371**		167,035,969
NET POSITION				
Total Unexpended Appropriations		**200,000**		200,000
Total Cumulative Results of Operations		**35,795,410**		40,419,805
Total Net Position		**35,995,410**		40,619,805
Total Liabilities and Net Position	**$**	**188,609,781**	$	207,655,774

STATEMENTS OF NET COST

(in thousands)	Fiscal Year Ended September 30, 2022		Fiscal Year Ended September 30, 2021	
Gross Cost of Operations	**$**	**20,462,074**	$	1,446,027
Earned Revenue		**(15,837,679)**		(738,537)
Total Net Cost (Income) of Operations	**$**	**4,624,395**	$	707,490

STATEMENTS OF CHANGES IN NET POSITION

(in thousands)	Fiscal Year Ended September 30, 2022		Fiscal Year Ended September 30, 2021	
UNEXPENDED APPROPRIATIONS	**$**	**200,000**	$	200,000
CUMULATIVE RESULTS OF OPERATIONS				
Beginning Balance		**40,419,805**		41,127,295
Total (Net Cost) Income of Operations		**(4,624,395)**		(707,490)
Total Cumulative Results of Operations		**35,795,410**		40,419,805
NET POSITION	**$**	**35,995,410**	$	40,619,805

NOTE 13 – STATEMENT OF BUDGETARY RESOURCES

The Statement of Budgetary Resources (SBR) presents information about total budgetary resources available to the ESF 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, 2022 and 2021 consisted of the following:

	As of	
(in thousands)	September 30, 2022	September 30, 2021
Unobligated Balance, Brought Forward From Prior Year	**$ 42,535,789**	$ 489,238,112
Adjustments to Budgetary Resources Made During Current Year		
Downward Adjustments of Prior Year Undelivered Orders	**6,776**	126,369,654
Borrowing Authority Withdrawn	**-**	(93,290,516)
General Allocation of SDRs	**-**	112,833,910
Downward Adjustments of Prior Year Delivered Orders and Other Adjustments	**(4,465,766)**	613,212
Unobligated Balance From Prior Year Budgetary Authority, Net (Discretionary and Mandatory)	**$ 38,076,799**	$ 635,764,372

The decrease in *Unobligated Balance, Brought Forward From Prior Year* is primarily the result of the FY 2021 rescission of $478.8 billion of CARES Act appropriation received in FY 2020, partially offset by $12.5 billion in loan subsidy de-obligations and the $20.0 billion de-obligation associated with commitment from existing ESF assets to support Federal Reserve lending facilities. The decrease in *Downward Adjustments of Prior Year Undelivered Orders* is driven by undisbursed SPV investment and direct loan commitments which were de-obligated pursuant to the CAA in December 2020 (refer to Notes 6 and 7), as well as direct loan repayments and commitment expirations in FY 2021. The decrease in *Borrowing Authority Withdrawn* reflects the reduction in resources that are no longer needed for the SPV investments and direct loan commitments which were de-obligated pursuant to the CAA (refer to Notes 6 and 7). The decrease in *General Allocation of SDRs* reflects the FY 2021 general allocation of SDRs to the U.S. government by the IMF valued at $112.8 billion, which increased the ESF's balance in SDR Holdings, and the balance in SDR Allocations (refer to Note 5). The *Downward Adjustments of Prior Year Delivered Orders and Other Adjustments* primarily reflects the valuations losses on SDR Holdings and the foreign currency portfolio due to the strengthening of the USD, partially offset by gains on the SDR Allocations.

Undelivered Orders

Undelivered orders represent goods and services ordered and obligated which have not been received. This includes any orders for which the ESF has paid in advance, but for which delivery or performance has not yet occurred. Undelivered orders totaling $5 million as of September 30, 2022 were all unpaid, of which $2 million and $3 million involved federal and non-federal entities, respectively. Undelivered orders totaling $13 million as of September 30, 2021 were all unpaid, of which $2 million and $11 million involved federal and non-federal entities, respectively. The decrease in *Undelivered Orders – Unpaid* as of September 30, 2022, primarily resulted from the de-obligation of administrative related expenses totaling $7.4 million.

Terms of Borrowing Authority Used

The FCRA provides indefinite borrowing authority to financing accounts to fund the unsubsidized portion of direct loans and to satisfy obligations in the event the financing account's resources are insufficient. 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 FY. Undisbursed borrowings earn interest at the same rate as the financing account pays on its debt owed to the Fiscal Service. In the event that principal and interest collections exceed the interest expense due, the ESF receives the excess payment. If principal and interest do not exceed interest expense due, the ESF will borrow the difference. The ESF 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 FCRA borrowings range from 0.53 percent to 0.88 percent. No borrowing authority remained as of September 30, 2022 or September 30, 2021 respectively, as resources were no longer needed for the SPV investments and direct loan commitments which were de-obligated pursuant to the CAA (refer to Notes 6 and 7).

Reconciliation of the President's Budget

The FY 2024 Budget of the U.S. (also known as the President's Budget), with actual numbers for FY 2022, was not published at the time that these financial statements were issued. The FY 2024 President's Budget is expected to be published by OMB in late-March 2023 and will be available from the U.S. Government Publishing Office. The FY 2023 President's Budget was reconciled to the ESF's SBR amounts reported for FY 2021. The only differences between the two documents were due to rounding.

Legal Arrangements Affecting Use of Unobligated Balances

The use of the ESF's unobligated balances made available to the ESF by the CARES Act is governed by Section 1003(a)(2)(C) of the CAA, which provides that such funds may be used (i) to pay costs for modifications and the exercise of existing rights, as well administrative expenses, associated with existing loans, loan guarantees, and other investments authorized by the CARES Act, (ii) for the Office of the Special Inspector General for Pandemic Recovery to carry out the purposes of the CARES Act, and (iii) for reimbursement of certain expenses of the Congressional Oversight Commission under the CARES Act. Any such funds remaining on January 1, 2026 will be transferred to the General Fund to be used for deficit reduction.

The rest of the ESF's unobligated balances is governed by Section 10 of the Gold Reserve Act, as amended, codified at 31 U.S.C. 5302, except that (i) pursuant to the CARES Act, as amended, the ESF may not be used for any program or facility established under Section 13(3) of the Federal Reserve Act that is the same as any such program or facility in which the Secretary made an investment pursuant to the CARES Act other than the TALF SPV and (ii) pursuant to the *Emergency Economic Stabilization Act of 2008*, the ESF may not be used to establish future guarantee programs for the U.S. money market mutual fund industry. The ESF's unobligated balances governed by Section 10 is the dollar value of cash and cash equivalents, investment securities and SDR Holdings in amounts that are not encumbered by any existing obligations of the ESF, are available for use by the Secretary consistent with the relevant statutory requirements and are available without fiscal year limitation.

NOTE 14 – RECONCILIATION OF NET COST OF OPERATIONS TO BUDGETARY OUTLAYS, NET

The Reconciliation of Net Cost of the ESF's Operations to the ESF's Outlays, Net (referred to as "Net Outlays" for purposes of this note) depicts the difference between proprietary information and budgetary accounting information. 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 payments, 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 fiscal years ended September 30, 2022 and 2021, the Reconciliation of Net Cost of the ESF's Operations to the ESF's Outlays, Net consisted of the following:

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
Notes to the Financial Statements
September 30, 2022 and 2021

	Fiscal Year Ended September 30, 2022		
(in thousands)	**Intra-Governmental**	**Other Than Intra-Governmental**	**2022 Total**
Total Net Cost (Income) of ESF Operations	**$ 522**	**$ 4,172,151**	**$ 4,172,673**
Components of Net Operating Cost Not Part of Budgetary Outlays:			
Unrealized Valuation (Loss) on Investments (Notes 4 and 8)	**-**	**(4,282,590)**	**(4,282,590)**
Unrealized Valuation (Loss) on Special Drawing Rights (Note 5)	**-**	**(473,047)**	**(473,047)**
Year-end Credit Reform Subsidy Accrual Re-Estimates	**-**	**(746,292)**	**(746,292)**
Adjustments to Prior Year Credit Reform Re-Estimates	**-**	**1,163,413**	**1,163,413**
Loan Modification Adjustment Transfers		**50,037**	**50,037**
Increase/(Decrease) in Assets:			
Foreign Currency and Foreign Currency Denominated Assets (Note 4)	**-**	**415**	**415**
Special Drawing Rights Holdings and Related Interest Receivable (Note 5)	**-**	**410,434**	**410,434**
Other Investments, Net (Note 8)	**-**	**(10,105)**	**(10,105)**
Other Intragovernmental Assets	**(3,245,259)**	**-**	**(3,245,259)**
(Increase)/Decrease in Liabilities:			
Special Drawing Rights Allocations and Related Interest Payable (Note 5)	**-**	**(394,437)**	**(394,437)**
Other Liabilities	**-**	**(69)**	**(69)**
Other Financing Sources:			
Imputed Costs	**(218)**	**-**	**(218)**
Total Components of Net Operating Cost Not Part of Budgetary Outlays	**(3,245,477)**	**(4,282,241)**	**(7,527,718)**
Other Financing Sources:			
Transfers (In)/Out Without Reimbursement	**(1,274,729)**	**-**	**(1,274,729)**
Total Components of Budgetary Outlays That Are Not Part of Net Cost	**(1,274,729)**	**-**	**(1,274,729)**
Other Reconciling Items			
Other Reconciling Items	**(7,168)**	**-**	**(7,168)**
Total Other Reconciling Items	**(7,168)**	**-**	**(7,168)**
Agency Outlays, Net			**$ (4,636,942)**

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
Notes to the Financial Statements
September 30, 2022 and 2021

(in thousands)	Fiscal Year Ended September 30, 2021 Intra-Governmental	Other Than Intra-Governmental	2021 Total
Total Net Cost (Income) of ESF Operations	$ 474,132	$ (4,005,450)	$ (3,531,318)
Components of Net Operating Cost Not Part of Budgetary Outlays:			
Unrealized Valuation (Loss) on Investments (Notes 6)	-	(314,415)	(314,415)
Unrealized Valuation Gain on Special Drawing Rights (Note 5)	-	1,540	1,540
Year-end Credit Reform Subsidy Accrual Re-Estimates	-	(9,125,350)	(9,125,350)
Increase/(Decrease) in Assets:			
Special Drawing Rights Holdings and Related Interest Receivable (Note 5)	-	112,836,965	112,836,965
COVID-19 Other (Note 6)	-	(118,699)	(118,699)
Other Investments, Net (Note 8)	-	(9,071)	(9,071)
(Increase)/Decrease in Liabilities:			
Special Drawing Rights Allocations and Related Interest Payable (Note 5)	-	(112,837,165)	(112,837,165)
Other Liabilities	(482,903)	(48)	(482,951)
Other Financing Sources:			
Imputed Costs	(134)	-	(134)
Total Components of Net Operating Cost Not Part of Budgetary Outlays	(483,037)	(9,566,243)	(10,049,280)
Components of Budgetary Outlays That Are Not Part of Net Cost			
Sale of COVID Investments (Note 6)	-	(10,000,000)	(10,000,000)
Sale of COVID-19 Other (Note 6)	-	(1,500,000)	(1,500,000)
Other Financing Sources:			
Transfers (In)/Out Without Reimbursement	483,605	-	483,605
Total Components of Budgetary Outlays That Are Not Part of Net Cost	483,605	(11,500,000)	(11,016,395)
Other Reconciling Items			
Other Reconciling Items	-	61,586	61,586
Total Other Reconciling Items	-	61,586	61,586
Agency Outlays, Net			$ (24,535,407)

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

Combining Statement of Budgetary Resources by Major Budget Account

The Statement of Budgetary Resources as of September 30, 2022 and 2021 presents total budgetary resources and the status of resources by each major budget account within the ESF: (i) the fund reporting Dedicated Collections (refer to Note 12) that supports Exchange Stabilization, (ii) the program fund for FCRA-budgeted Investments in SPVs, net (refer to Note 6) and Loans Receivable (refer to Note 7), and (iii) the non-budgetary financing account for FCRA-budgeted Investments in SPVs and Loans Receivable.

	For the Year Ended September 30, 2022			
(in thousands)	**Exchange Stabilization Program Budgetary Account**	**COVID-19 Budgetary Account**	**COVID-19 Non-Budgetary Financing Account**	**Total**
BUDGETARY RESOURCES				
Unobligated balance from prior year budget authority, Net (discretionary and mandatory) (Note 13)	**$ 36,169,257**	**$ 1,597,819**	**$ 309,723**	**$ 38,076,799**
Appropriations (discretionary and mandatory)	**-**	**(1,362,655)**	**-**	**(1,362,655)**
Borrowing authority (discretionary and mandatory)	**-**	**-**	**4,092,974**	**4,092,974**
Spending authority from offsetting collections (discretionary and mandatory)	**124,935**	**-**	**551,828**	**676,763**
Total Budgetary Resources	**$ 36,294,192**	**$ 235,164**	**$ 4,954,525**	**$ 41,483,881**
STATUS OF BUDGETARY RESOURCES				
New obligations and upward adjustments	**$ 754,701**	**$ 7,194**	**$ 4,733,356**	**$ 5,495,251**
Unobligated balance, end of year:				
Apportioned, unexpired accounts	**-**	**227,971**	**205,927**	**433,898**
Unapportioned, unexpired accounts	**35,539,490**	**-**	**15,242**	**35,554,732**
Unobligated balance, end of year	**35,539,490**	**227,971**	**221,169**	**35,988,630**
Total Status of Budgetary Resources	**$ 36,294,191**	**$ 235,165**	**$ 4,954,525**	**$ 41,483,881**
OUTLAYS, NET, AND DISBURSEMENTS, NET				
Outlays, net (discretionary and mandatory)	**$ (124,935)**	**$ 7,982**	**$ -**	**$ (116,953)**
Distributed offsetting receipts	**(94)**	**(4,519,895)**	**-**	**(4,519,989)**
Agency Outlays, Net (Discretionary and Mandatory)	**$ (125,029)**	**$ (4,511,913)**	**$ -**	**$ (4,636,942)**
Disbursements, net (mandatory)			**$ (4,411,126)**	**$ (4,411,126)**

DEPARTMENT OF THE TREASURY
EXCHANGE STABILIZATION FUND
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

	For the Year Ended September 30, 2021			
(in thousands)	**Exchange Stabilization Program Budgetary Account**	**COVID-19 Budgetary Account**	**COVID-19 Non-Budgetary Financing Account**	**Total**
BUDGETARY RESOURCES				
Unobligated balance from prior year budget authority, Net (discretionary and mandatory) (Note 13)	$ 143,048,969	$ 480,425,919	$ 12,289,484	$ 635,764,372
Appropriations (discretionary and mandatory)	-	(477,890,238)	-	(477,890,238)
Borrowing authority (discretionary and mandatory)	-	-	14,713,402	14,713,402
Spending authority from offsetting collections (discretionary and mandatory)	11,654,704	-	(11,582,981)	71,723
Total Budgetary Resources	$ 154,703,673	$ 2,535,681	$ 15,419,905	$ 172,659,259
STATUS OF BUDGETARY RESOURCES				
New obligations and upward adjustments	$ 114,139,044	$ 944,637	$ 15,039,789	$ 130,123,470
Unobligated balance, end of year:				
Apportioned, unexpired accounts	-	1,591,044	-	1,591,044
Unapportioned, unexpired accounts	40,564,629	-	380,116	40,944,745
Unobligated balance, end of year	40,564,629	1,591,044	380,116	42,535,789
Total Status of Budgetary Resources	$ 154,703,673	$ 2,535,681	$ 15,419,905	$ 172,659,259
OUTLAYS, NET, AND DISBURSEMENTS, NET				
Outlays, net (discretionary and mandatory)	$ (11,654,704)	$ 1,149,585	$ -	$ (10,505,119)
Distributed offsetting receipts	(1)	(14,030,287)	-	(14,030,288)
Agency Outlays, Net (Discretionary and Mandatory)	$ (11,654,705)	$ (12,880,702)	$ -	$ (24,535,407)
Disbursements, net (mandatory)			$ (63,485,485)	$ (63,485,485)

REPORT WASTE, FRAUD, AND ABUSE

Submit a complaint regarding Treasury OIG Treasury Programs and Operations using our online form: https://oig.treasury.gov/report-fraud-waste-and-abuse

TREASURY OIG WEBSITE

Access Treasury OIG reports and other information online: https://oig.treasury.gov/