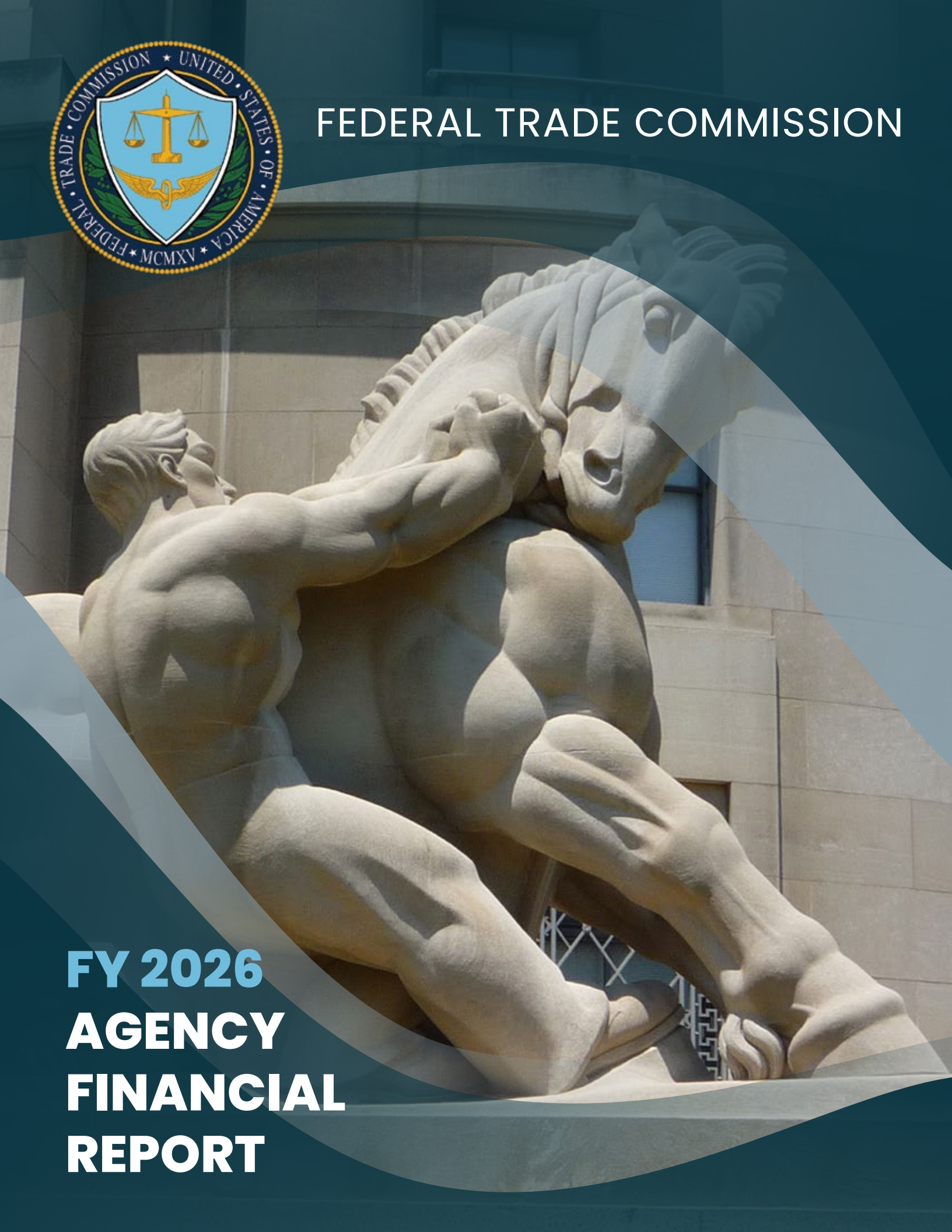
FEDERAL TRADE COMMISSION



FY 2026 AGENCY FINANCIAL REPORT


FEDERAL TRADE COMMISSION
UNITED STATES OF AMERICA
MCMXV

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FEDERAL TRADE COMMISSION
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INTRODUCTION

About This Report

The Federal Trade Commission's (FTC) fiscal year (FY) 2026 Agency Financial Report (AFR) provides financial and high-level performance results and demonstrates to the Congress, the President, and the public the FTC's commitment to its mission and accountability over the resources entrusted to it. This report, available at ftc.gov, satisfies all legislatively required reporting requirements.

The FTC publishes both an AFR and an Annual Performance Report (APR). The FY 2026 APR will be combined with the FY 2027-2028 Annual Performance Plan (APP) and included in the FY 2028 Congressional Budget Justification, available at ftc.gov/about-ftc/budget-strategy/budget-performance-financial-reporting along with other performance documents.

How This Report is Organized

The FTC Agency Financial Report is organized into the following three major sections:



Management's Discussion and Analysis

The Management's Discussion and Analysis is required supplementary information that provides an overview of the FTC's financial and summary performance information. This section includes agency mission and organization, performance goals and highlights, management assurances on internal controls, and financial highlights.



Financial Section

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



Other Information

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

The FTC At-A-Glance

History

When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to "bust the trusts." Over the years, Congress passed additional laws giving the agency greater authority to police anticompetitive practices. In 1938, Congress passed a broad prohibition against "unfair and deceptive acts or practices." Since then, the Commission also has been directed to administer a wide variety of other consumer protection laws, including the Telemarketing Sales Rule, the Pay-Per-Call Rule and the Equal Credit Opportunity Act. In 1975, Congress gave the FTC the authority to adopt industry-wide trade regulation rules.

Laws Enforced

The FTC is a law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The agency administers a wide variety of laws and regulations. Examples include the Federal Trade Commission Act, Clayton Act, Tools to Address Known Exploitation by Immobilizing Technological Deepfakes on Websites and Networks ("TAKE IT DOWN") Act, Telemarketing Sales Rule, Fair Credit Reporting Act, Identity Theft Act, and Equal Credit Opportunity Act. In total, the Commission has enforcement or administrative responsibilities under more than 80 laws.

Profile

The agency is headquartered in Washington, D.C. and operates in seven regions across the United States.

Total new budget authority for FY 2026 was $383.6 million, which included estimated $58.6 million in general fund appropriations and $325 million in spending authority from offsetting collections.

Headquarters

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

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



Message From the Chairman

Office of the Chairman

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

FY 2026 Agency Financial Report

Message from the Chairman

Congress created the FTC to protect Americans from unlawful business practices and to foster a strong American economy that promotes human flourishing through competition, economic freedom, and an informed public. In fiscal year 2026, the FTC continued prioritizing protecting ordinary Americans through vigorous enforcement while also improving agency efficiency to help us stretch our budget dollars.

On the consumer protection side, the agency continued to fight fraud and deception in the marketplace. In total, the FTC filed 34 complaints in federal district court and obtained 46 permanent injunctions and orders requiring defendants to pay over $377.9 million in consumer redress. In addition, cases seeking civil penalties, including cases referred to the Department of Justice (DOJ), resulted in nine court judgments imposing over $138.8 million in civil penalties. Defendants were also required to pay $6.5 million under one civil contempt order. The FTC issued seven new administrative complaints and entered nine final administrative orders requiring defendants to pay $3.3 million. The FTC also returned $513.6 million in redress from defendants to consumers and forwarded $596.7 million to the Treasury.

On the competition side, we have challenged unlawful transactions and anticompetitive conduct in critical sectors of the economy, including healthcare, pharmaceuticals, technology, defense, consumer goods and services, labor, manufacturing, and digital advertising. In total, the FTC brought 19 competition enforcement actions during the fiscal year: eleven where the Commission issued consent decrees to remedy harm to Americans; one where the agency initiated litigation; and seven that the parties abandoned as a result of antitrust concerns raised during the investigation. For cases concluded this year, the Bureau of Competition estimates that antitrust enforcement saved consumers $22.4 billion.

Financial Management

The FTC takes very seriously its commitment to responsibly steward public resources entrusted to the agency by American taxpayers and Congress. The agency's FY 2026 independent financial audit yielded our 30th consecutive unmodified opinion, the highest audit opinion available. The independent auditors did not identify any material weaknesses, significant deficiencies, or instances of non-compliance with internal controls, financial systems, or laws and regulations. I am pleased to report that management's assessment of risks and review of controls and financial systems disclosed no material weaknesses, and that the financial and performance data presented here is reliable and complete.

Management and Performance Challenges

The Office of Inspector General (OIG) identified four management and performance challenges this year: (1) managing resources; (2) addressing challenges to litigation; (3) strengthening cybersecurity resilience and technological infrastructure in an era of evolving threats, increased requirements, and organizational change; and (4) combating evolving scams and enhancing the public's awareness. Agency management agrees that these are important challenges and is working to address them.

The Commission is committed to vigorously enforcing the law to protect all Americans and to working with federal and state government partners to deliver on the FTC's mandate.



Andrew N. Ferguson, Chairman

November 13, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Agency and Mission Information

Our Mission

The FTC's mission is to vigorously enforce the law to protect Americans from anticompetitive, unfair, and deceptive business practices, without unduly burdening legitimate business activity.

What We Do

Our work to protect consumers and promote competition touches the economic life of every American. We are the only federal agency that deals with consumer protection and competition issues in broad sectors of the economy. Every day we:

- Pursue strong and effective law enforcement against deceptive, unfair, and anticompetitive business practices
- Create and share practical, plain-language educational programs for consumers and businesses
- Advance consumers' interests by sharing our expertise with federal and state legislatures and U.S. and international government agencies
- Develop policy and research tools through workshops, conferences, and hearings

Our Organization

The Commission is headed by five Commissioners, nominated by the President and confirmed by the Senate, each serving a seven-year term. No more than three Commissioners can be of the same political party. The President chooses one Commissioner to act as Chair. The current Commission is comprised of Chairman Andrew N. Ferguson and Commissioner Mark R. Meador. The FTC's mission is carried out by three bureaus, aided by several additional offices:

The Bureau of Competition seeks to prevent anticompetitive mergers and other anticompetitive business practices in the marketplace. By enforcing the antitrust laws, the Bureau promotes competition and protects consumers' freedom to choose goods and services in an open marketplace at a price and quality that fit their needs.

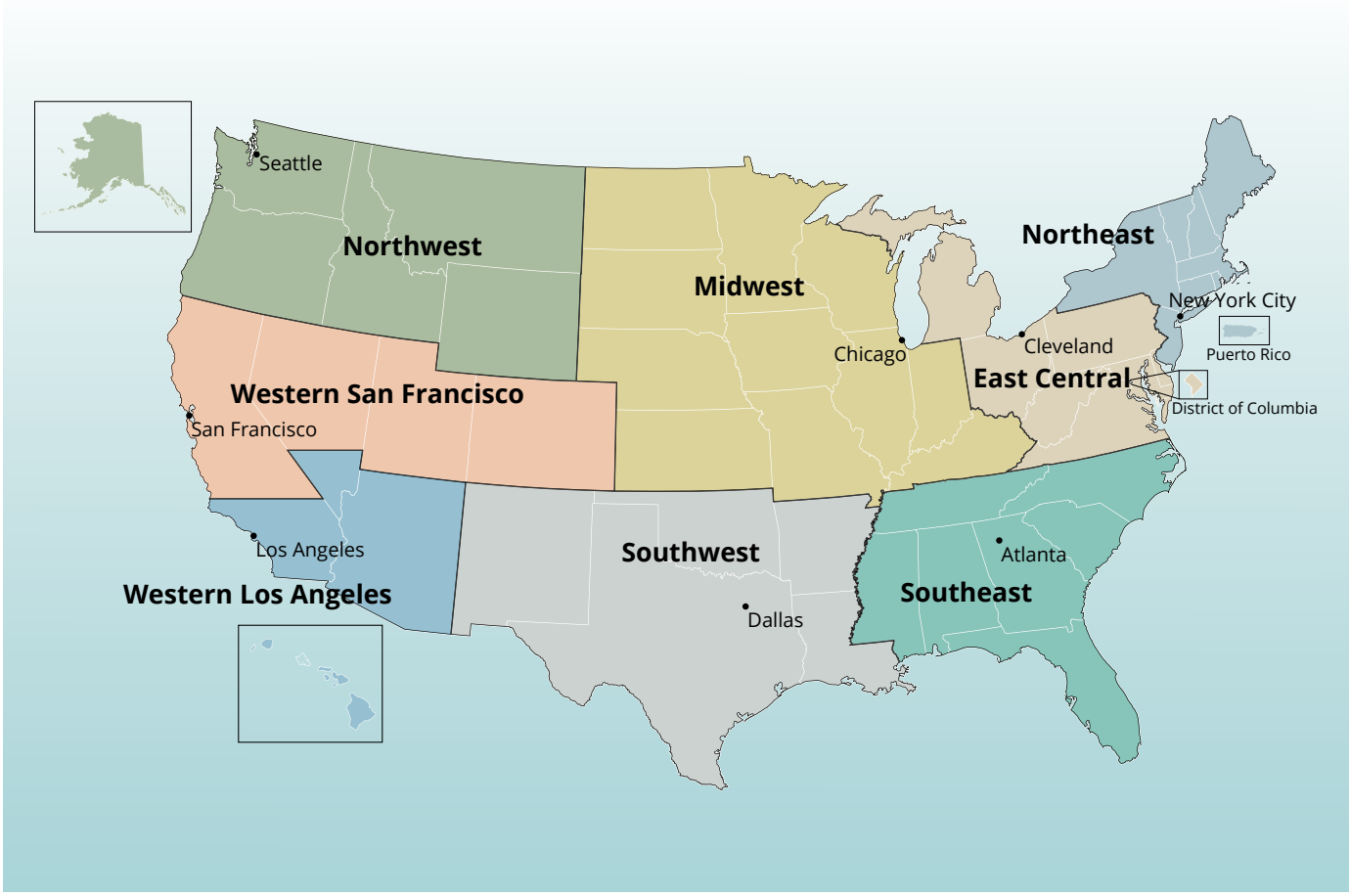
The Bureau of Consumer Protection's mandate is to protect consumers against unfair, deceptive or fraudulent practices. The Bureau enforces a variety of consumer protection laws enacted by Congress, as well as trade regulation rules issued by the Commission. Its actions include individual company and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

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

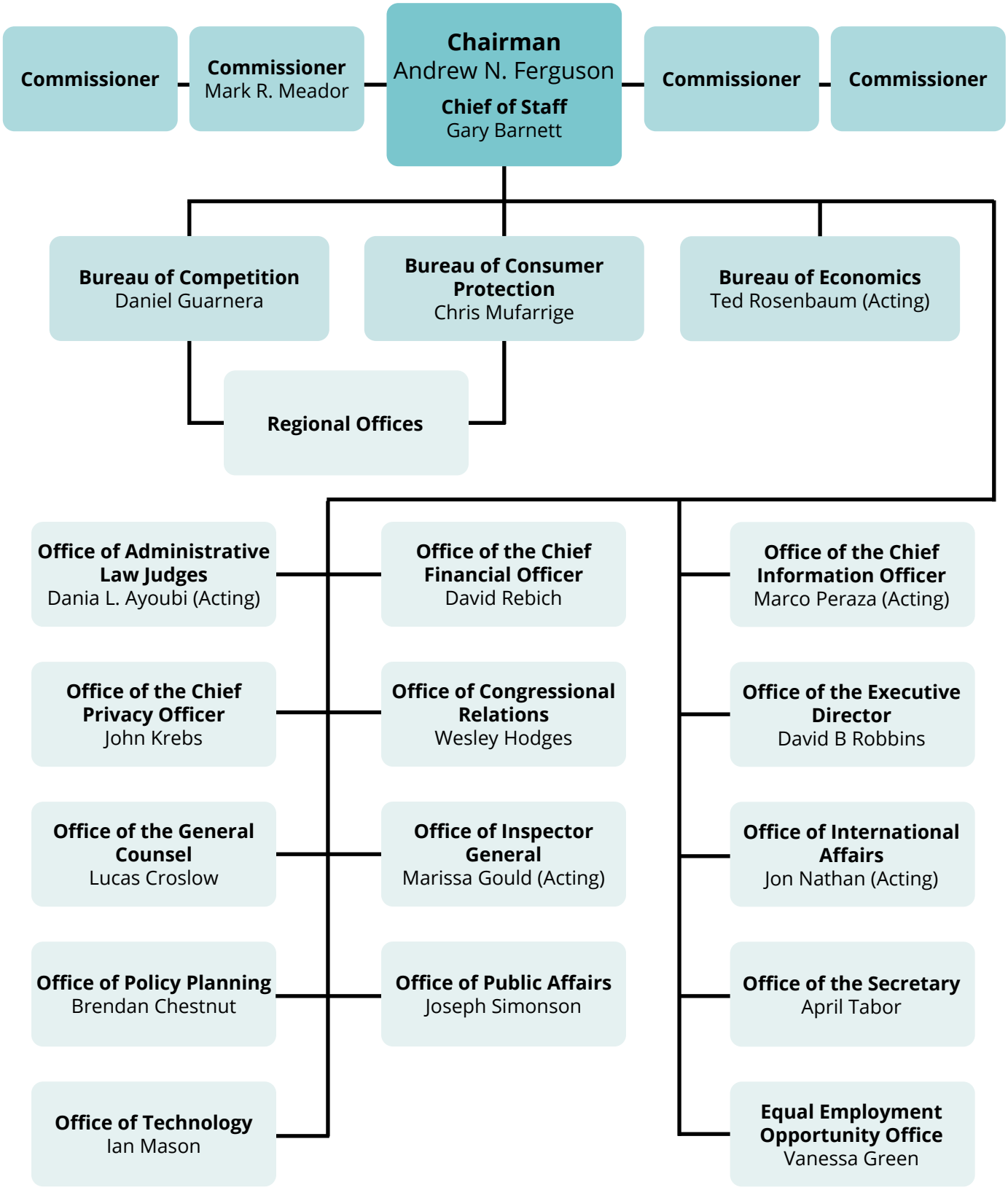
Regional Offices

Since 1918, regional offices have played an integral role in fulfilling the FTC's consumer protection and competition missions. Currently, eight regional offices covering seven geographic regions conduct investigations and litigation; provide local outreach to consumers and industry; and build partnerships with local, state, regional, and cross-border law enforcement authorities.

The agency is headquartered in Washington, D.C., and operates with seven regions across the U.S., with two offices located in the Western Region.



Federal Trade Commission Organizational Chart



Performance Highlights

The FTC Strategic Plan for FY 2026-2030 establishes the agency's mission, vision, strategic goals, objectives, and the metrics for assessing program performance. On the following pages we provide some of the metric results for FY 2026, as well as some highlights from cases and projects that started or concluded this year.

For the complete report on agency performance, refer to the Annual Performance Report and Annual Performance Plan (APR/APP), released each Spring. For more information on FTC performance metrics, refer to the Data Quality Appendix. Agency budget and performance documents are available on the FTC website: https://www.ftc.gov/about-ftc/budget-strategy/budget-performance-financial-reporting

Key Performance Results and Costs

Strategic Goal 1: Protect Americans from unfair or deceptive acts or practices in the marketplace

As the nation's consumer protection agency, the FTC has been given a broad law enforcement mandate to protect the American people from unfair or deceptive acts or practices. Leveraging the resources provided by Congress—and the tools those resources sustain—the FTC is committed to executing its statutory authorities in a wide range of key program areas, including fighting deception and related harms affecting consumers; combating opioid recovery fraud and other health fraud; standing up for all consumers, including children, older adults, and servicemembers; addressing unlawful conduct related to privacy and data security; and enforcing the laws in ways that benefit domestic manufacturers and small businesses.

Net Costs of Strategic Goal 1 = $192 million

+ Cost of Law Enforcement, Research and Education, and Mission Support: $210 million

- Fees Collected: $18 million

Consumer Protection Performance Results for FY 2026

- $1.1 billion returned to the public or forwarded to the U.S. Department of the Treasury as a result of consumer protection law enforcement actions (metric 1.1.1)
- 367 outreach events held (metric 1.2.1)
- 28.2 million page views for consumer and business education digital articles and other online resources (metric 1.2.2)

FY 2026 Consumer Protection Highlights

Deceptive Credit Repair Scheme

The FTC filed a lawsuit against Credit Glory, a bogus credit repair scheme run by a sprawling network of 17 related companies and their principals. According to the FTC's complaint, since at least 2016, the defendants made false and misleading promises about their credit repair services, impersonated debt collection companies and creditors, collected illegal upfront fees, and engaged in unlawful subscription enrollment practices. The operation scammed consumers out of nearly $200 million through unlawful up-front and recurring charges.



TAKE IT DOWN Act Enforcement

The FTC began enforcing the TAKE IT DOWN Act, a law requiring platforms, at the request of victims, to remove intimate photos or videos shared online without the victims' consent.

As part of its enforcement role, the FTC has launched TakeItDown.ftc.gov, a website allowing victims and survivors to submit complaints about platforms that have failed to act on valid requests for the removal of non-consensual intimate images. The website also accepts complaints about platforms that have failed to create a process for people to request removal of these images.

The FTC also published guidance to help consumers in the event that non-consensual intimate images of them are posted online, as well as guidance for businesses about how to ensure they are complying with the law.



Payment Processing for Scams

Payment processing company Humboldt Merchant Services agreed to pay $12 million and to be permanently banned from processing payments for merchants with a heightened risk of potential fraud to settle allegations that Humboldt processed payments for merchants that defrauded consumers. The FTC alleged that Humboldt processed payments for more than 1,000 merchants that were shell entities that served as fronts or pass-throughs for fraudulent companies engaged in unauthorized billing scams, including Legion Media, which the FTC shut down in 2024.

Separately, global payment processor Nuvei agreed to pay $4.85 million to settle the FTC's charges that the firm opened and maintained payment processing accounts for merchants that it knew or should have known were engaged in deception, including tech support scams that took millions of dollars from consumers. Specifically, Nuvei processed more than $30 million in consumer payments for Reimage, an offshore tech support scam, from 2017 to 2023, according to the FTC's complaint. The order also prohibits the defendants from engaging in unfair or deceptive payment processing practices like those alleged in the complaint and requires Nuvei to implement robust merchant screening practices.



Hidden Travel App Fees

The companies that operate the Hopper travel apps agreed to pay $35 million and to be prohibited from deceiving consumers about fees to settle the FTC's allegations that they unfairly charged consumers hidden fees and misrepresented the total prices consumers would pay, as well as the benefits of the companies' VIP Support and Price Freeze services. The FTC's complaint alleged that despite its "no hidden fees" promises, Canadian company Hopper and its Massachusetts-based subsidiary Hopper (USA), unfairly charged users without their consent for "Tip" and VIP Support fees that the company claimed were optional, yet were hidden and pre-selected for consumers.

Illegal Ticket Resale Tactics



The FTC and seven states sued Live Nation and Ticketmaster for tacitly coordinating with brokers and allowing them to harvest millions of dollars' worth of tickets in the primary market. The FTC alleges that Live Nation and Ticketmaster then sold the illegally harvested tickets at a substantial markup in the secondary market, causing consumers to pay significantly more than the face value of the ticket. The FTC further alleged in a complaint that Live Nation and Ticketmaster deceived artists and consumers by engaging in bait-and-switch pricing through advertising lower prices than what consumers must pay to purchase tickets; deceptively claimed to impose strict limits on the number of tickets that consumers could purchase for an event, even though ticket brokers routinely and substantially exceeded those limits; and sold millions of tickets, often at much higher cost to consumers, on its resale platform that those brokers obtained in excess of artists' ticket limits.

Secret Ad Surcharge Scheme

The FTC and 22 states sued Amazon for allegedly engaging in deceptive and unfair practices that secretly inflated prices in its online search advertising auctions. The complaint alleges that, for over seven years, Amazon has covertly and substantially increased the prices that more than one million brands and sellers were required to pay to advertise on its platform. As a result, the complaint alleges that Amazon's scheme has likely extracted tens of billions of dollars from its unwitting advertising customers.

Deceptive Health Care Schemes

The FTC sued Innovative Partners, a nationwide operation that allegedly impersonated the government and large insurance carriers to deceive consumers seeking health insurance into buying supposedly comprehensive Preferred Provider Organization (PPO) plans that did not offer the coverage they sought. The FTC alleged that consumers paid the defendants millions in "premiums" for products they did not want or need, and which exposed them to potentially significant and unexpected medical costs.

Separately, the FTC sued Top Healthcare Options Insurance Agency (THO), a web of companies and individuals that the FTC alleges caused tens of millions of dollars in harm through the deceptive marketing of health care plans. According to the FTC's complaint, THO and 11 related defendants operated a deceptive telemarketing scheme that took advantage of consumers looking for comprehensive health insurance, often targeting those shopping for comprehensive health insurance plans on the internet. In reality, the plans the defendants sold were not comprehensive health insurance or equivalent to such plans, did not provide the promised coverage, and left the buyers unprotected from, at times, crushing medical costs.



Deceptive Grocery Delivery Subscriptions

Grocery delivery provider Instacart agreed to pay $60 million in refunds to consumers to settle allegations that the company engaged in numerous unlawful tactics that harmed shoppers and raised the cost of grocery shopping for Americans. The court order also requires Instacart to cease its deceptive practices, and consumers who were charged for Instacart+ without their express informed consent will receive refunds. The FTC alleged that Instacart deceived consumers with false advertising, failure to provide refunds, and unlawful subscription enrollment processes.



"Made in the USA" Sweep

The FTC announced a "Made in the USA" sweep to protect the integrity of "Made in the USA" products, while restoring consumer confidence in American-made goods. As part of the sweep, the FTC announced law enforcement actions involving three companies that allegedly deceived American consumers by falsely claiming, in advertising and labeling, that their products were made in the United States. One of the companies, TouchTunes, agreed to pay $625,000 to settle FTC charges that the company falsely claimed its electronic dartboards sold for both residential and commercial use were "Made in the USA." Another company, Americana Liberty, along with Three Nations and their principles, agreed to pay $167,743 to settle FTC charges that they falsely advertised and labeled American flags and flagpole display kits as "Made in the USA." The third company, Oak Street, agreed to pay $75,000 to settle FTC allegations that the company falsely claimed that certain boots, loafers, moccasins, and other footwear products were "handcrafted 100%" in the United States; the "entire product" was made in the U.S. "from heel-to-toe, using no pre-assembled components from overseas"; and that their footwear products were "More than Made in USA™."



Deceptive Earnings Claims

The lead defendants in the IM Mastery Academy multi-level-marketing scheme agreed to surrender assets valued at nearly $90 million to resolve charges from the FTC and State of Nevada that they used false or baseless earnings claims to persuade people to pay for financial training programs and a multi-level-marketing business venture. The defendants allegedly focused their deceptive marketing on young people and used social media posts flaunting luxurious and expensive lifestyles, purportedly funded by trading profits and multi-level-marketing commissions.

Previously, the FTC and Nevada obtained judgments against other defendants involved in the scheme as executives and high-level salespeople.



Key Performance Results and Costs

Strategic Goal 2: Protect Americans from unfair methods of competition, prevent illegal monopolies, and promote competition

The FTC seeks to prevent and police unfair methods of competition by investigating and bringing law enforcement actions against anticompetitive mergers and business practices. The FTC also engages in research, policy development, advocacy, and education to deter anticompetitive practices and encourages federal, state, and local governments to evaluate the effects of their policies on fair competition. Recognizing the realities of globally interconnected markets, the FTC engages internationally where appropriate to promote the interests of the United States, consumers, and American businesses. This work is critical to protect and strengthen free and open markets—the cornerstone of the American economy.

Net Costs of Strategic Goal 2 = ($172 million)

+ Cost of Law Enforcement, Research and Advocacy, and Mission Support: $205 million

- Fees Collected: $377 million

Antitrust Performance Results for FY 2026

- $22.4 billion in consumer savings and other measurable benefits generated by antitrust enforcement (metric 2.1.1)
- 5 reports, studies, economic papers, and other public analysis of competition related topics released (metric 2.2.1)

FY 2026 Antitrust Highlights

Insulin: Critical Treatment, Artificially High Prices

In two landmark settlements, the FTC resolved 2024 charges that Caremark and Express Scripts, two of the three largest pharmacy benefit managers (PBMs), and their affiliated group purchasing organizations (GPOs), engaged in anticompetitive and unfair rebating practices that artificially inflated the list price of insulin (a vital and lifesaving diabetes treatment) and restricted patients' access to lower list price products, ultimately imposing higher costs on vulnerable patients.

In the first settlement, Express Scripts agreed to adopt fundamental changes to its business practices estimated to save patients up to $7 billion over ten years. The terms include significant pricing changes, increased transparency, full access and participation in drug programs such as TrumpRx and a program that caps patients' out-of-pocket costs, and a requirement to reshore its GPO to the United States, which will bring back more than $750 billion in purchasing activity over the duration of the order. The settlement also enables retail community pharmacy access to cost-plus reimbursement pricing models, allowing them to compete on a fairer basis.



In July 2026, under similar pricing and transparency terms, the Commission agreed to a settlement with Caremark estimated to lock in up to $8.5 billion in consumer savings over ten years and $4.5 billion in additional savings for patients from point-of-sale rebates during the same period. The Caremark order also bars Caremark from interfering with hub pharmacies, which can help identify the lowest out-of-pocket option for patients and improve patient access to prescription drugs.

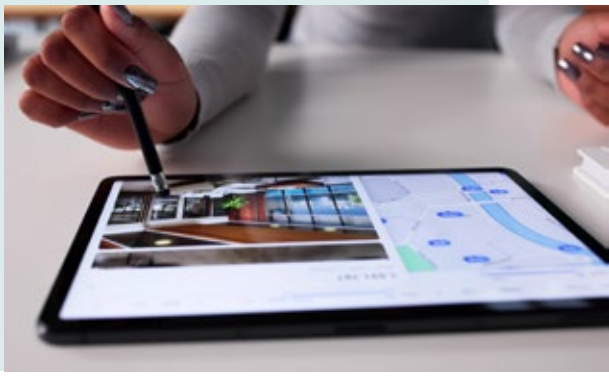


Holding 'Tite' for Consumers

The FTC won a permanent injunction against Henkel Ag & Co.'s proposed acquisition of competitor Liquid Nails from private equity firm American Industrial Partners, following a seven-day trial. The Commission alleged that the merger of Henkel, manufacturer of the Loctite brand of construction adhesives, and its main rival would eliminate fierce competition in the market for the top two brands of construction adhesives, leading to higher prices, lower quality, and reduced innovation. This injunction preserves this critical head-to-head competition for important products that homeowners rely on to build and maintain homes across the United States.

Zillow/Redfin Apartment Rental Advertising Settlement

The FTC, joined by five states, secured a major settlement restoring competition in the market for apartment rental advertising. According to the FTC's complaint, under the terms of a 2025 agreement, Zillow (owner of Zillow Rentals, Trulia, and HotPads) paid Redfin (owner of Rent.com and ApartmentGuide.com) $100 million to shut down its internet listing services (ILS) business, exclusively repost Zillow's apartment listings, transition customers to Zillow, and stay out of the ILS market for up to nine years. The ten-year consent decree requires Redfin to reenter the ILS market and eliminates terms preventing its ability to compete freely in the space. Critically, Redfin will continue syndicating Zillow's listings unencumbered by the anticompetitive restraints that prevented Redfin from fighting to secure additional listings. As a result, Redfin will relaunch with significantly more listings than it had prior to the 2025 agreement. In addition, Redfin has committed to spend millions of dollars to grow its ILS business and to make substantial investments in this business for years to come.



Remedying Turbulent Aerosystems Merger

The Commission required The Boeing Company to divest significant assets before acquiring Spirit AeroSystems Holdings, safeguarding competition vital to the nation's military and commercial aircraft supply chains. The proposed merger would have combined Boeing, one of the world's largest manufacturers of commercial and military aircraft, with Spirit, the world's largest independent supplier of aerostructures such as fuselages and wings which are critical structural components in both commercial and military aircraft. The divestitures of key Spirit businesses resolved the FTC allegations that the acquisition would give Boeing the ability and incentive to raise the cost or degrade Airbus' access to inputs for its competing aircraft. The order further requires Boeing and Spirit to continue to provide aerostructures and aerostructure services to competing contractors for military aircraft programs.



Advancing Farmers' Right to Repair



The FTC, along with five states, secured a landmark settlement for farmers to enjoy the right to repair their own equipment. The settlement resolved federal court litigation challenging farm equipment manufacturer Deere & Company's unlawful practices limiting the ability of farmers and independent repair providers to perform repairs on Deere farm equipment. According to the complaint, Deere makes the only software repair tools capable of performing all electronic repairs on Deere equipment and made such tools available only to its authorized dealers, forcing farmers to rely on those dealers for many necessary repairs, and maintaining a monopoly in markets for repair services for Deere farm equipment. Under the terms of the stipulated order, Deere will be required to make available to farmers and independent repair providers, on fair and reasonable terms, repair resources equivalent to those available to authorized repair providers, and further requires Deere to instruct its authorized dealers to promote the availability of these more broadly available services. The order is pending court approval.

FTC Acts to Protect Consumers in Micromarket Kiosks Deal

The Commission took action to protect Americans from rising food prices by requiring 365 Retail Markets to divest Cantaloupe's competing Three Square Market business to proceed with its $848 million acquisition. The consent order addressed concerns that the merger would eliminate head-to-head competition between the country's two largest micromarket kiosk providers. Micromarkets, unattended ministores commonly located in workplaces, provide millions of workers with access to affordable, freshly prepared food. Commission staff's investigation found that the deal, as proposed, risked higher kiosk costs, reduced product quality, and ultimately higher food prices for consumers. The divestiture established a new independent competitor to preserve competition in this critical channel that many American workers rely on for daily meals and snacks.

Protecting Competition in the Hospital Staffing Technology Sector

Aya abandoned its efforts to acquire Cross Country Healthcare after Commission staff's investigation found that the deal would have eliminated head-to-head competition between two of the largest firms providing the software and services that hospitals use to find, hire, and manage their pools of traveling nurses and other temporary healthcare workers. Further consolidation in this market risked reducing the options available for many thousands of healthcare workers, increasing hospitals' expenses, and ultimately raising healthcare costs for American patients.



Edwards LifeSciences/Genesis Civil Penalty

The FTC secured a combined $12 million in penalties to settle charges alleging that Edwards Lifesciences and Genesis MedTech purposefully structured Edwards' acquisition of Genesis subsidiary, JC Medical, to dodge Hart-Scott-Rodino (HSR) filing and waiting-period requirements. One day after secretly acquiring JC Medical, Edwards attempted to acquire JC Medical's only competitor, JenaValve Technology Inc., which the Commission successfully blocked in federal court. Had these transactions succeeded, Edwards would have owned the only two companies in the United States with active trials to bring to market transcatheter aortic valve replacement (TAVR-AR) devices, used in the treatment of a heart condition called aortic regurgitation. In addition to the penalties, the Commission's order also imposed on Edwards a prior-notice provision for future acquisitions involving medical devices in the TAVR-AR space.



Preventing Illegal Interlocking Directorates

In September 2026, the Commission took action to resolve antitrust concerns arising from a stock purchase agreement between two of the largest firearm manufacturers, Beretta holding S.A. (Beretta), and Sturm, Ruger & Co. Inc. (Ruger), by preventing anticompetitive entanglements between the two companies. Under the terms of the FTC's proposed consent order, Beretta will be prohibited from appointing or nominating anyone to serve on Ruger's board of directors unless that person is independent of Beretta. The order resolves allegations that the proposed stock purchase would create an illegal interlocking directorate arrangement in violation of Section 8 of the Clayton Act. Interlocking directorates, where directors or officers simultaneously serve on the boards of competitors, create opportunities for anticompetitive coordination between competitors, including through the sharing of competitively sensitive information.



7-Eleven's Record Penalty for Prior Notice Violation

The Commission imposed a record $4.5 million penalty on 7-Eleven for acquiring a Florida fuel outlet without providing the required prior notice. According to the FTC, 7-Eleven violated a 2018 consent order by failing to implement adequate internal compliance systems, waiting more than three years to disclose the acquisition, and submitting compliance reports that inaccurately claimed it was not seeking to acquire outlets covered by the order. The penalty, the largest ever collected for a prior-notice order violation, required 7-Eleven to divest the Florida outlet to a strong buyer and adopt enhanced notice and approval procedures to ensure future compliance.



Protecting Individuals with Intellectual and Developmental Disabilities

The FTC acted to protect Americans with intellectual and developmental disabilities by requiring Sevita Health to divest more than 100 facilities to proceed with its acquisition of BrightSpring. The deal would have combined the nation's two largest providers of residential services for individuals with intellectual and development disabilities, eliminating critical competition that drives quality care and meaningful choice for families. The Commission's order required Sevita to divest 128 facilities and related assets across Indiana, Louisiana, and Texas to an experienced operator, preserving essential options for patients and preventing harmful consolidation that would curtail families' ability to select a facility that meets their unique needs and preferences. The action underscores the FTC's commitment to ensuring that Americans with intellectual and developmental disabilities continue to benefit from robust competition that supports higher-quality care.

FTC Cracks Down on Collusion in the Digital Advertising Industry

In April 2026, the FTC and a coalition of states took action to restore competition in the digital advertising ecosystem. The Commission charged major advertising agencies WPP, Publicis, and Dentsu with unlawfully colluding to impose common "brand-safety" standards across the industry, a scheme that displaced competition, harmed advertisers, and distorted the marketplace of ideas by labeling disfavored political viewpoints "unsafe" for advertising, thereby making them ineligible for advertising revenue. The advertising agencies agreed to, and a federal district court approved and finalized, orders prohibiting this coordinated conduct and preventing future collusion. In June 2026, the FTC secured, and the federal district court also entered, a similar agreement with Havas, another "Big Six" advertising agency competitor, ensuring that all major U.S. advertising agencies are subject to orders designed to restore competition and prevent biased, anticompetitive brand-safety practices. (The other "Big Six" members, Omnicom and IPG, are also subject to an FTC consent order following their 2025 merger.)



Keeping an Eye on Health Care Competition

Alcon and Alcon Research abandoned their efforts to purchase Lensar in response to a Commission staff inquiry into the proposed transaction. According to the FTC's investigation, the transaction would have combined the two most significant players in the market for laser systems used in femtosecond laser-assisted cataract surgery (FLACS). Competition between Alcon and Lensar spurs price competition and innovation benefiting doctors and patients. Faced with evidence of significant consumer harm, the parties abandoned their planned acquisition to avoid a federal court challenge.

Protecting Workers and Labor Markets



In FY 2026, the Commission continued its rigorous efforts to combat harmful noncompete agreements between competitors. In December 2025, the Commission ordered Adamas Amenity Services, a building services and amenities provider, to immediately cease enforcing all its existing no-hire agreements. These agreements restricted building owners and management companies across New Jersey and New York City from directly hiring Adamas employees without a significant penalty, preventing Adamas employees, who are mainly low-wage workers performing janitorial, front desk, security, and other services, from negotiating for higher wages, better benefits, and improved working conditions.

In April 2026, the Commission ordered Rollins (parent company of Orkin, HomeTeam, and Critter Control), one of the largest pest-control companies in the United States, to stop enforcing noncompete agreements against more than 18,000 employees nationwide. These agreements prohibited nearly all of Rollins' employees from working in the pest-control industry (typically for two years and within a 75-mile radius of a Rollins location) after ending employment with Rollins, denying workers access to job opportunities, restricting worker mobility, and leading to lower wages, reduced benefits, and less favorable working conditions. The Commission's order prohibits the firm from entering into, maintaining, enforcing, or threatening to enforce anticompetitive noncompete agreements (subject to certain exceptions for particular categories of high-level employees or when necessary to protect competitively sensitive information).

Investigation Prompts Distressed Hospital to Find a Better Buyer

Adena Health acquired Fairfield Medical Center (FMC), a hospital system in southeastern Ohio. The announcement followed a Commission investigation that not only stopped a harmful hospital merger in its tracks but also spurred Fairfield Medical Center to identify a more suitable buyer. FMC had previously explored a partnership with OhioHealth in a transaction that raised serious competitive concerns, including higher costs and reduced quality of care for Ohioans. The Commission's investigation also raised concerns regarding the thoroughness of FMC's process to identify potential buyers. Consequently, Commission staff, working closely with the Ohio Attorney General's Office, encouraged FMC to conduct a more robust search for potential buyers, resulting in multiple expressions of interest and ultimately the abandonment of the OhioHealth deal. The Adena partnership will allow FMC to continue serving patients over the long term and underscores that financially distressed hospitals must conduct thorough "shop" processes when seeking a buyer to ensure competition is preserved. The Chairman, joined by Commissioner Meador, issued a statement that provides industry guidance on comprehensive shop processes when a firm argues that an acquisition is necessary because the targeted firm is in distress.



Key Performance Results and Costs

Strategic Goal 3: Protect Americans and maximize mission outcomes through operational excellence and efficiency

Advancing operational excellence and efficiency creates a strong foundation for overall mission success. The agency's work in Strategic Goal 3 encompasses the agency's key management areas: human capital; infrastructure and security; information management; and financial and acquisition management. The ongoing efforts to continuously improve in these areas directly contribute to the Commission's ability to fulfil its mission to enforce the law and protect Americans from anticompetitive, unfair, and deceptive business practices.

Net Costs of Strategic Goal 3

- Strategic Goal 3's costs are distributed to Goal 1 and Goal 2 predominately by Goal 1 and Goal 2's Full-Time Equivalent (FTE) usage, except for those non-pay costs that are clearly attributable to a specific goal.

Operational Performance Results for FY 2026

- $1,270 in benefit to Americans per $1 of the FTC's net cost (metric 3.1.1)
- 89.0% of new contracts awarded within FTC's established procurement action lead time (metric 3.1.3)
- 88.3% of contract dollars awarded through a competitive process (metric 3.1.4)
- 59.5% of internal customers satisfied with service from the Office of the Chief Financial Officer (OCFO), Office of the Chief Information Officer (OCIO), Human Capital Management Office (HCMO), and Office of the Chief Administrative Services Officer (OCASO) (metric 3.1.5)
- 99.84% availability of information technology systems (metric 3.3.1)

Cost vs. Benefit: The FTC's Impact on the American Consumer

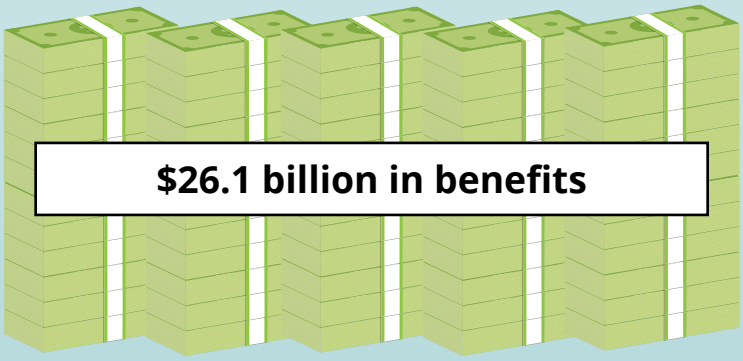
The FTC strives to provide the maximum value to American taxpayers through its enforcement efforts. Metric 3.1.1, from the FTC Strategic Plan, attempts to capture the quantifiable benefits of FTC law enforcement and compare it to the FTC's net cost to American taxpayers. This does not capture the full value of the FTC's work, as many aspects, such as the value of deterrence and the value of consumer education, are difficult to quantify.

The FTC had gross costs of $415.3 million in FY 2026, offset by $394.7 million in earned revenue, resulting in a total net cost of operations of $20.6 million.

The FTC's consumer protection and antitrust law enforcement provided the following benefits to Americans in FY 2026:

- $513.6 million in redress returned to consumers
- $596.7 million in funds sent to the U.S. Department of the Treasury
- $2.5 billion in estimated consumer harm prevented (consumer protection)
- $22.4 billion in estimated consumer savings (antitrust)

If you divide the estimated total of $26.1 billion in benefits to Americans generated in FY 2026 by the $20.6 million in net costs, it equates to an estimated $1,270 in value for every $1 of net cost.



FTC net cost of operations

$20.6 Million



=



$1,270 in value to each American consumer for every $1 of net cost

Management Assurances

Implementation of the Federal Managers' Financial Integrity Act (FMFIA)

The FTC's internal controls are integral to managing daily operations and carrying out activities that achieve strategic goals and objectives. Internal controls are part of all agency systems and processes. Senior management holds managers accountable for documenting, assessing, and improving these controls to provide efficient and effective risk management, program operations, high-quality data, and accurate reporting as well as program compliance with applicable laws and regulations.

The FTC's Senior Management Council (SMC) provides oversight to the Senior Assessment Team (SAT) activities and is instrumental in the strategic direction and mitigation strategies for the agency's most significant risks. The SAT plans and executes the agency's internal control program activities to include fraud reduction initiatives. This includes assessing and improving compliance with applicable guidance (e.g., Office of Management and Budget Circular A-123, Management Responsibilities for Internal Control), monitoring and remediation of identified risk, and communicating the results of reviews to senior management and the head of the agency.

Internal control activities in FY 2026 included planning the annual internal controls assessments; identifying key processes and related control activities; documenting the scope, design, and methodology of risk and internal control assessments; testing of internal controls; and monitoring corrective action plans and the remediation progress. In addition, the internal controls program updated the agency risk profile, including fraud and other risks related to successful mission performance. The profile listed risks regarding the FTC's ability to combat evolving scams, particularly imposter and investment scams, and enhancing the public's awareness of them, as well as challenges to FTC litigation which reduce the agency's ability to secure monetary relief for harmed consumers in deception cases that do not involve a violation of an existing rule, or unfair business practices and methods of competition. In addition, the profile takes into account the complexity and unpredictable nature of market competition investigations requiring expert witnesses, and the impacts of budget constraints on the agency's mission including the cost risk associated with uncertainty in building maintenance and critical infrastructure costs, and the FTC's technology initiatives to improve the agency's ability to detect persistent and emerging threats to its systems and data. Risks related to effective resource management remains a persistent challenge driven by appropriations volatility, and safeguarding nonpublic information, have also been noted. FTC leadership uses the risk profile to monitor agency operations, to make budget and resource decisions, and to assess mitigation strategies and activities.

This year, the FTC continued with the implementation of an internal controls program plan and strategy. Activities for FY 2026 included executing an annual segment of the multi-year internal control assessment plan, monitoring existing risk registers, identifying and analyzing risk, assessing entity level controls, and monitoring corrective actions, as well as performing Office of Management and Budget (OMB)-directed Internal Control Over Reporting (ICOR) assessments. In determining if there were any management control deficiencies or nonconformance that must be disclosed in the annual assurance statement, the FTC Chairman evaluated several sources of information. These included results of internal control activities, information from independent audits or reviews performed by the Office of Inspector General (OIG), (e.g., Federal Information Security Management Act audit), the Government Accountability Office (GAO), independent audits of service providers' operations and financial systems (e.g., examinations conducted in accordance with Statement on Standards for Attestation Engagements (SSAE No. 18)), and other relevant evaluations and control assessments.

The Chairman's assurance statement below is supported by the processes and reviews described above, which were performed in FY 2026. Management assurance tables appear in the Other Information section.

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

Office of the Chairman

CHAIRMAN'S FMFIA STATEMENT OF ASSURANCE

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

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

Based on the results of this assessment, the FTC provides reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reliable financial reporting and compliance with applicable laws and regulations as of September 30, 2026, were operating effectively and that no material weaknesses were found in the design or operation of our internal controls. Some reporting officials identified areas for improvement in their individual assessments, which are being addressed internally and are non-material.

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

Signed ANDREW FERGUSON Digitally signed by ANDREW FERGUSON Date: 2026.11.10 10:35:45 -05'00'

Andrew N. Ferguson
Chairman
October 30, 2026

Summary of Material Weakness and Nonconformances

As noted in the Chairman's FMFIA Statement of Assurance, the FTC had no material weaknesses in internal control, material noncompliance with applicable laws and regulations, nor substantial nonconformance with federal financial management system requirements to report for FY 2026.

Federal Information Security Management Act (FISMA)

As mandated by FISMA, the agency continues to maintain an effective information security program to manage information technology in accordance with OMB Circular A-130 requirements and National Institute of Standards and Technology (NIST) guidance. The FTC currently has seven systems authorized to operate (ATO). The FTC leverages sixty-two Federal Risk and Authorization Management Program (FedRAMP) cloud service providers.

Digital Accountability and Transparency Act of 2014 (DATA Act)

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

Debt Collection Improvement Act

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

Prompt Payment Act

The Prompt Payment Act requires that federal agencies automatically pay interest to vendors when a payment is not timely and report how much interest was paid each year because of late payments. In FY 2026, the FTC processed 2,453 invoices totaling $100 million that were subject to prompt payment. Of these invoices, 98.6% were paid on time. During FY 2026, the FTC paid a total of $1,178 in interest penalties.

Agency Financial Management Systems Strategy

The FTC's overall strategy for its financial management systems is to ensure that the systems provide accurate, reliable, and timely information for management decision-making, maintain effective internal controls, and comply with applicable laws and regulations. It is also critical that the financial management systems support both operational efficiency and effectiveness in meeting the agency's strategic goals.

The FTC receives its financial management systems from the U.S. Department of the Treasury. The FTC uses the Oracle Federal Financials (OFF) system as its core financial management system and the Oracle Business Intelligence (OBI) reporting capabilities to produce timely reports that support agency requirements. The FTC also uses several systems that integrate with OFF to support agency operations, including the Invoice Processing Platform (IPP) for efficient and secure processing of invoices, the Concur Government Edition (CGE) to manage travel transactions, and the Procurement Information System for Management (PRISM) for contract actions.

In FY 2027 the FTC will be undergoing several changes to our Travel Management Program. The General Services Administration (GSA) is leading an effort to reduce redundancy and centralize the systems, service, and tools Federal employees use for travel. The FTC, along with other small agencies, will be changing travel

systems, travel management centers, and Federal travel cross-servicing providers. The FTC will be transitioning to GSA's new travel management system, GO.gov. A replacement to Concur, GO.gov is a modern, cloud-based travel and expense management platform designed to meet the evolving needs of federal civilian agencies. Developed by GSA, it emphasizes usability, security, and compliance, making it easier for travelers, approving officials, and travel managers to navigate every step of the travel process with greater efficiency and transparency. As such, the U.S. Department of the Treasury will no longer be the FTC's travel service provider and the FTC will transition to the Department of Transportation's Enterprise Service Center (ESC).

Federal Civil Penalties Inflation Adjustment Act of 1990

As established by statutory civil penalty provisions, the FTC has jurisdiction to charge civil penalties for violations specified in the FTC Act and several other laws the Commission is responsible for administering and enforcing. The FTC adjusts these civil penalty amounts for cost of living, as required by Federal Civil Penalties Inflation Adjustment Act of 2015. This adjustment was canceled for FY 2026 per OMB Memo M-26-11, as the Bureau of Labor Statistics was unable to produce October 2025 data (which it is based on) due to the government shutdown.

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

Antideficiency Act

The Antideficiency Act prohibits federal agencies from spending or obligating funds in excess of amounts and purposes approved by Congress, and from accepting voluntary services. The FTC's funds controls and continuing reviews of funds usage and availability ensure it complies with requirements of the Antideficiency Act.

Financial Highlights

Introduction

The FTC continues to maintain accurate and transparent accounting practices that directly support the agency's mission to protect the public from deceptive or unfair business practices and from unfair methods of competition through law enforcement, advocacy, research and education. For the 30th straight year, the FTC received a "clean" or unmodified opinion on its audited financial statements. Independent auditors issue an unmodified opinion when an entity's financial statements are presented fairly, in all material aspects, in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

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

Balance Sheet

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

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

Condensed Balance Sheet as of September 30, 2026 and 2025

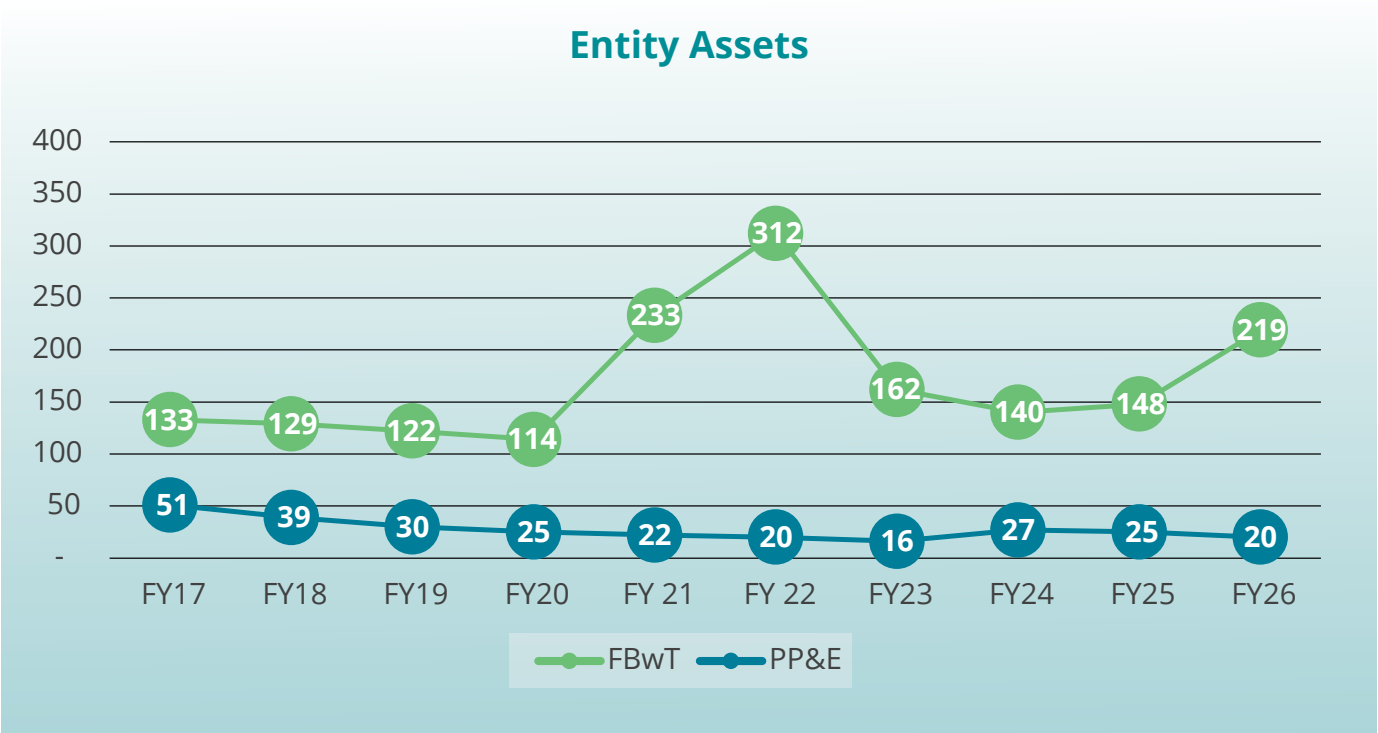
(Dollars in Millions)	FY 2026	FY 2025
Entity Assets		
Fund Balance with Treasury	$ 219	$ 148
General Property, Plant and Equipment, Net	20	25
Advances and Prepayments	3	1
Total Entity Assets	242	174
Non-Entity Assets		
Fund Balance with Treasury	621	442
Accounts Receivable	653	1,129
Total Non-Entity Assets	1,274	1,571
Total Assets	$ 1,516	$ 1,745
Entity Liabilities		
Employee-Related Liabilities	$ 29	$ 25
Accounts Payable and Other	25	19
Total Entity Liabilities	54	44
Non-Entity Liabilities		
Redress Collections not yet Disbursed	621	442
Liability for Amounts to be Collected	653	1,129
Total Non-Entity Liabilities	1,274	1,571
Total Liabilities	$ 1,328	$ 1,615
Total Unexpended Appropriations	1	1
Total Cumulative Results of Operations	187	129
Total Net Position	188	130
Total Liabilities and Net Position	$ 1,516	$ 1,745

Balance Sheet – Entity

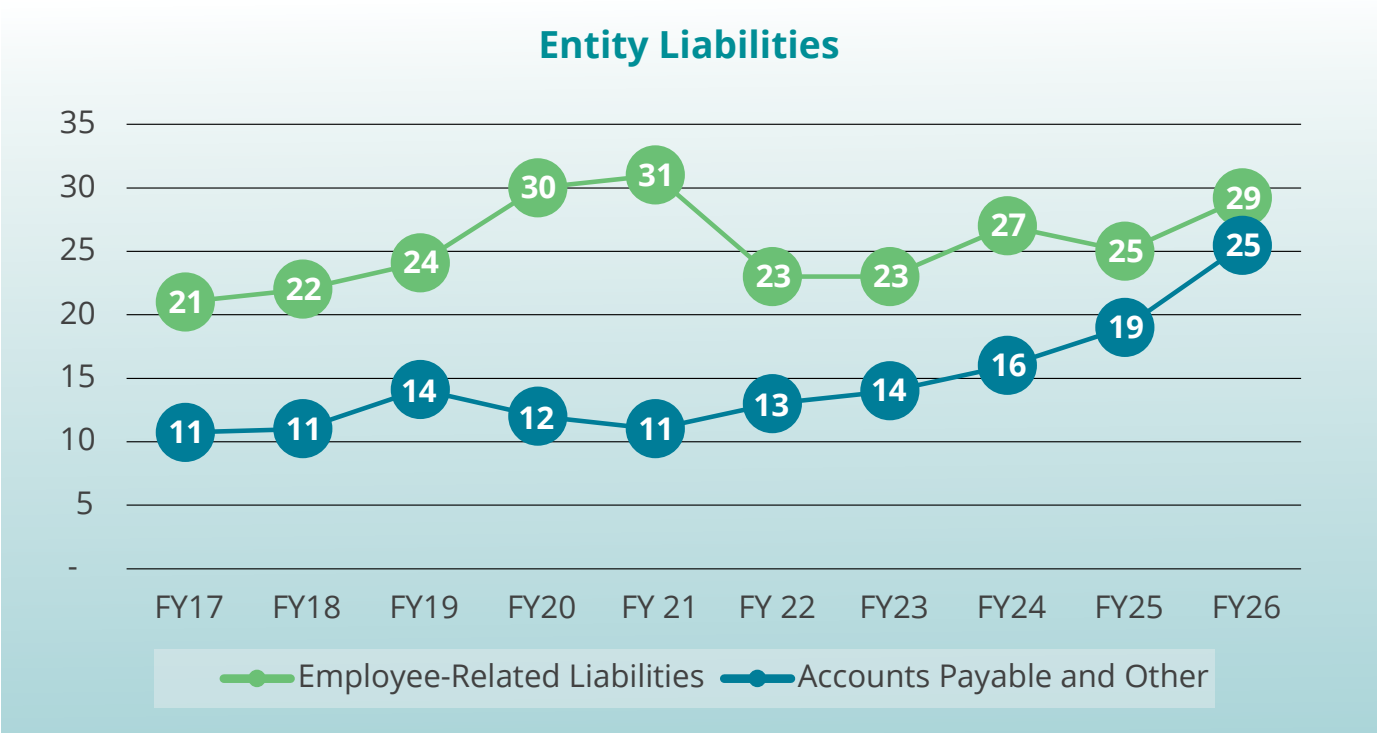
Entity assets totaled $242 million, or 16 percent of all FTC assets, as of September 30, 2026. Fund Balance with Treasury (FBwT) ended the year at $219 million, an increase from $148 million at the start of the fiscal year (FY). During FY 2026, the FTC recorded $70 million in premerger notification filing receipts above the amount the agency is authorized to use to offset its operating expenses. These collections are not currently available for spending.

General property, plant, and equipment (PP&E), net of accumulated depreciation/amortization, is $20 million, which consists of $4 million in leasehold improvements, $6 million in equipment, $9 million in software, and $1 million in lessee right-to-use assets. A decrease of $7 million in leasehold improvements is due to an office relocation from commercially owned to government owned space. Amortization expense on leasehold improvements was accelerated to coincide with the end of the lease term and assets no longer in service were written off.

The long-term trends in the FTC's entity assets show significant increases in the agency's cash position (FBwT) in fiscal years 2021, 2022, and 2026. The spikes in cash collections in these years are all attributable to above average volumes of Premerger fee collections. When Premerger receipts exceed the amount Congress has authorized for retention to pay for necessary operating expenses of the agency, the excess amounts are held by the FTC but are precluded from obligation. In FY 2023, the FTC received authority and returned $172 million in prior excess collections to the U.S. Department of the Treasury.



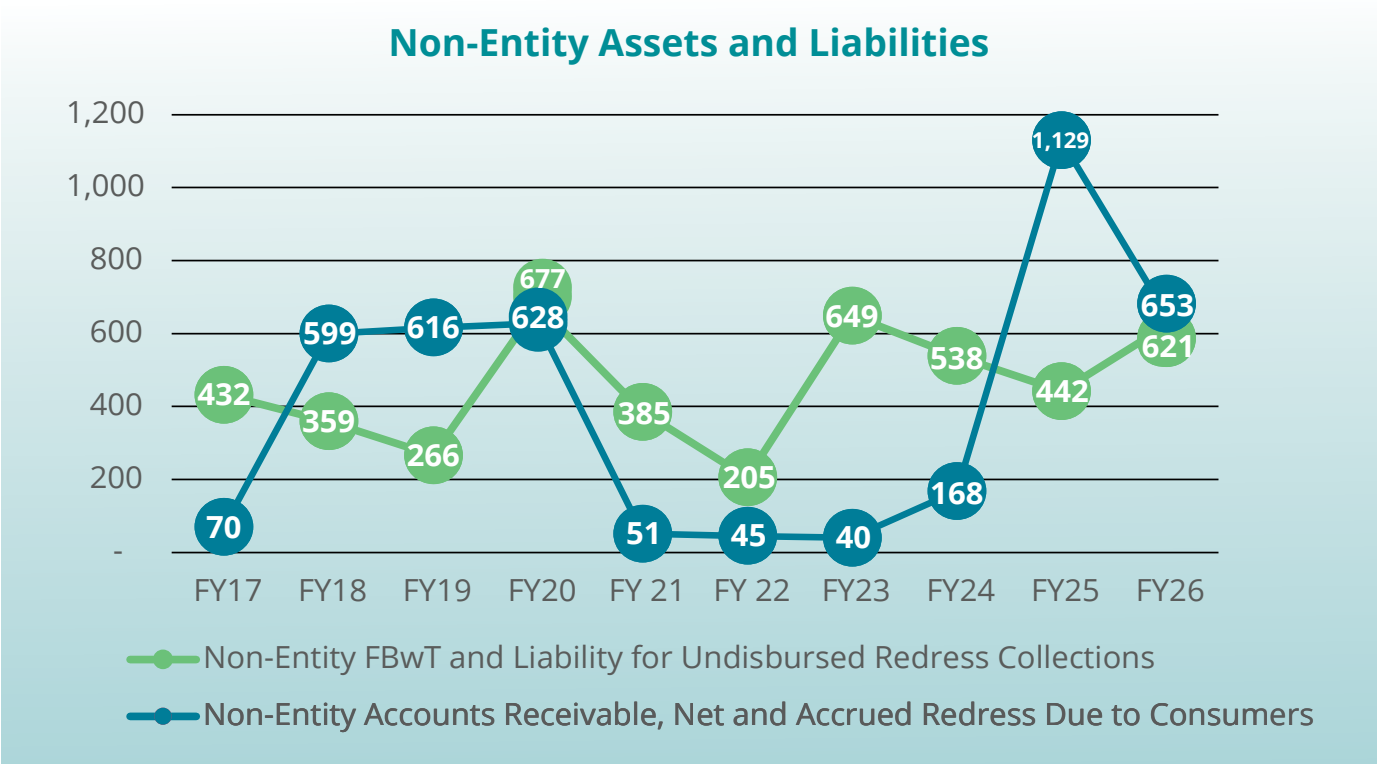
Entity liabilities totaled $54 million, or 4 percent of all FTC liabilities, as of September 30, 2026. Entity liabilities normally have a smaller range of fluctuations in comparison to entity assets. Accounts payable balances fluctuate based on the dollar amount and volume of capitalized purchases as well as the timing between the receipt of goods and the disbursement to the vendors. Higher FY 2026 accounts payable and other liabilities are primarily caused by an increase in amounts owed to GSA's Technology Modernization Fund to reimburse costs incurred to upgrade the FTC's technology infrastructure. Employee-related liabilities consist of accrued payroll and benefits, accrued annual leave wages earned by employees but not yet paid, and workers compensation liabilities under the Federal Employees Compensation Act (FECA). These liabilities are primarily driven by changes in the full-time employee count, the timing of the payroll disbursement cycle, and accrued amounts for employee performance awards.



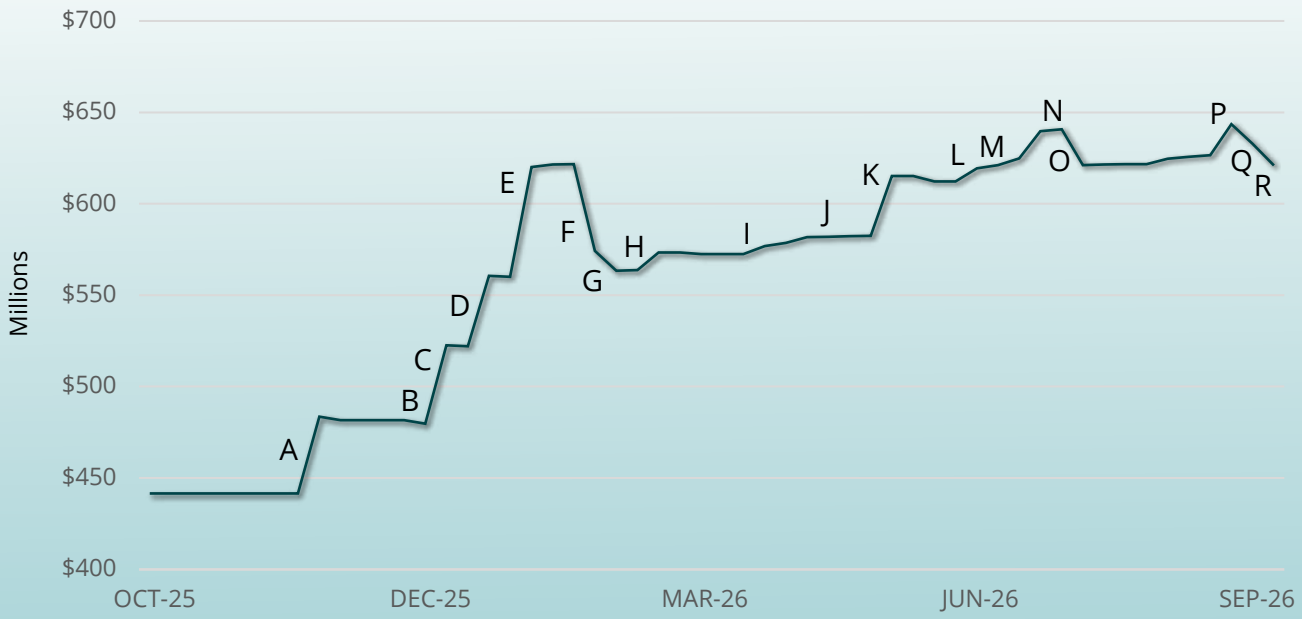
Balance Sheet - Non-Entity

Non-entity assets totaled $1,274 million, or 84 percent of all FTC assets, as of September 30, 2026. This amount consists of non-entity Fund Balance with Treasury (FBwT) for cash held in the Redress program that has not yet been disbursed to consumers, as well as accounts receivable for amounts to be paid to the FTC from court-ordered judgments in the consumer redress program and civil monetary penalties. The increase in non-entity FBwT over the course of FY 2026 is detailed in the charts on the following pages.

Non-entity liabilities are equal to and offset the non-entity assets. The $653 million net accounts receivable balance is offset by the $653 million in liabilities for amounts to be collected, while the $621 million FBwT is offset by the $621 million liability for redress collections. In FY 2025, the FTC secured a historic $2.5 billion settlement against Amazon to settle allegations the company created confusing and deceptive user interfaces to lead consumers to enroll in Prime memberships without their knowledge. Of the total $1 billion portion to be paid to the FTC, $500 million has been collected while the additional $500 million will be collected in FY 2027.



FY 2026 Non-Entity Fund Balance with Treasury Timeline Activity



FY 2026 Non-Entity Fund Balance with Treasury Timeline Activity			
	$442M	**Beginning Balance - FY 2026 Non-Entity Fund Balance with Treasury** (All amounts rounded to the million)	
A	$45M	MediaAlpha, Inc.	Collected $45M from a 2025 settlement with Media Alpha Inc. to settle charges that they misled millions of consumers seeking comprehensive health insurance. Allegedly, consumers were led to purchase plans that did not provide the promised health care coverage and were bombarded with telemarketing and robocalls.
B	$37M	Simple Health Plans LLC	Collected $37M from a 2024 order against Simple Health Plans LLC over charges they duped consumers into signing up for sham health care plans that did not deliver the coverage or benefits they promised and effectively left consumers uninsured and exposed to limitless medical expenses.
C	$6M	Automators LLC	Collected $6M from a 2024 settlement with Automators LLC on charges the company deceived consumers with unfounded promises of "passive investment income" in online storefronts supposedly powered by Super Intelligence.
D	$23M	Greystar Real Estate Partners, LLC	Collected $23M from a 2025 settlement with Greystar Real Estate Partners LLC to resolve charges that the company misled consumers about monthly rent costs by tacking on hidden fees on top of advertised prices.
E	$60M	Instacart	Collected $60M from a 2025 settlement with grocery delivery provider Instacart to settle allegations the company engaged in numerous unlawful tactics that harmed shoppers and raised the cost of grocery shopping for Americans.
F	($47M)	Invitation Homes Inc.	Disbursed $47M (444,131 payments) from a 2024 settlement with Invitation Homes for an array of unlawful actions, including deceiving renters about lease costs, charging undisclosed junk fees, failing to inspect homes before residents moved in, and unfairly withholding tenants' security deposits when they moved out.

FY 2026 Non-Entity Fund Balance with Treasury Timeline Activity			
G	($11M)	Financial Education Services	Disbursed $11M (443,048 payments) from a 2024 order against Financial Education Services for preying on consumers with low credit scores and recruiting them to join a pyramid scheme selling the credit repair services to others.
H	$10M	Walmart, Inc.	Collected $10M from a 2026 settlement with Walmart alleging the company deceived Spark drivers about the amount of base pay, tips, and incentive pay they would receive for deliveries.
I	$9M	Xponential Fitness, Inc.	Collected $9M from a 2026 settlement with Xponential Fitness to resolve allegations the company misrepresented key information about the costs, risks, time to open and operate studios, and essential details about the company's operations, leaving many franchisees and prospective franchisees in the dark about their investment.
J	$12M	Accelerated Debt Settlement Inc.	Collected $12M from a 2025 order against Accelerated Debt settlement for defrauding consumers, primarily older consumers and including veterans, by falsely claiming to reduce consumers' debt by as much as 75% or more.
K	$35M	Shutterstock Inc.	Collected $35M from a 2026 settlement with Shutterstock for allegedly illegally made tens of millions of dollars from a range of unfair and deceptive practices, including charging consumers for products without their informed consent and making it difficult to cancel subscriptions.
L	$6.5M	Cardflex Payment Solutions	Collected $6.5M from a 2026 order in sanctions for violating a 2015 federal court order designed to prevent the company from enabling consumer fraud.
M	$8M	American Tax Service LLC	Collected $8M from a 2026 settlement with American Tax Service for pocketing millions from consumers by impersonating federal and state government tax authorities and promising tax debt relief.
N	$12M	IM Mastery Academy	Collected $12M from a 2026 settlement with defendants alleging they used false or baseless earnings claims to persuade consumers to pay for financial training programs and a multi-level-marketing business venture.
O	($24M)	Grubhub, Inc.	Disbursed $24M (640,038 payments) from a 2024 settlement with Grubhub for engaging in unlawful practices including deceiving diners about delivery costs, blocking consumer access to accounts and funds, deceiving workers about how much money they would make delivering food, and deceptively listing restaurants on its platform without permission.
P	$12M	Humboldt Merchant Services	Collected $12M from a 2026 order against Humboldt Merchant Services for processing payments for more than 1,000 merchants that were shell entities serving as fronts or pass-throughs for fraudulent companies engaged in unauthorized billing scams.
Q	($10M)	Walmart, Inc.	Disbursed $10M (65,022 checks) from a 2025 settlement with Walmart charging that it turned a blind eye to scammers who used its in-store money transfer services to take hundreds of millions of dollars from U.S. consumers.
R	($16M)	Cleo AI, Inc.	Disbursed $16M (2,124,796 payments) from a 2025 settlement with Cleo AI, an online cash advance company alleging the company deceived consumers about how much money they could get, how fast that money could be available and made it difficult for consumers to cancel the subscription service.
	$11.5M	Net of other activities: $36.5M collections - $25M disbursements, related to 162 additional matters.	
	$621M	**Ending Balance – FY 2026 Non-Entity Fund Balance with Treasury** (All amounts rounded to the million)	

Statement of Net Cost

Condensed Statement of Net Cost for the Years Ended September 30, 2026 and 2025

(Dollars in Millions)	FY 2026	FY 2025
Protect Consumers:		
Gross Costs	$ 210	235
Earned Revenue	(18)	(18)
Net Cost, Protect Consumers	192	217
Maintain Competition:		
Gross Costs	205	218
Earned Revenue	(377)	(282)
Net Cost, Maintain Competition	(172)	(64)
Net Cost of Operations	$ 20	$ 153

The Statement of Net Cost presents the FTC's gross costs less earned revenue for the agency's two primary strategic goals: Protect the public from unfair or deceptive acts or practices in the marketplace (Protect Consumers) and protect the public from unfair methods of competition in the marketplace and promote fair competition (Maintain Competition). A third goal, advance the FTC's effectiveness and performance, has its costs distributed to the other two strategic goals based on the percentage of dollars directly traceable to each goal. The FTC's net cost of operations was $20 million in FY 2026, which consists of $415 million in gross costs offset by $395 million in earned revenue.

The FY 2026 net cost of operations for the Protect Consumers strategic goal is $192 million, consisting of $210 million in gross costs offset by $18 million in earned revenue, the majority of which is attributable to fees collected for the National Do Not Call (DNC) Registry. The FTC receives fees from telemarketers who pay an annual subscription fee to download telephone numbers of consumers who do not wish to receive calls. The DNC fees are based on the number of area codes that a telemarketer downloads. Gross costs have decreased by $25 million from the prior year, primarily due to lower expenses for personnel salaries and benefits. Total payroll spending across the agency has decreased by 13% due to restructuring efforts aimed at reducing costs and improving efficiency.

The FY 2026 net cost of operations for the Maintain Competition strategic goal is ($172) million, consisting of $205 million in gross costs offset by $377 million in earned revenue, which is primarily revenue from fees collected for premerger notification filings. Premerger notification filings are made under the Hart-Scott-Rodino (HSR) Antitrust Improvement Act of 1976, which gives the federal government the opportunity to investigate and challenge certain mergers that are likely to harm consumers before injury occurs. The HSR Act requires the filing of premerger notifications with the FTC and the Department of Justice (DOJ) Antitrust Division. The filing fees are determined by the size of the merging parties and the value of the proposed transaction. By law, the premerger filing fees are split evenly between the FTC and the DOJ upon collection. Compared to the prior year, gross costs have declined by $13 million mostly due to lower payroll expenses while Premerger revenues have increased by $95 million due to a higher volume of transactions.

FTC Budgetary Resources and How They Were Used

Budget Authority

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

Because current year offsetting collections up to the congressionally authorized amount are deducted from gross budget authority and outlays, only 15 percent of the FTC's net budget authority comes from General Fund of the U.S. Government appropriations. This reduces the burden the FTC places on the federal budget to $59 million, which is less than 1/10 of 1 percent of the total non-defense discretionary spending for FY 2026.

New Budget Authority



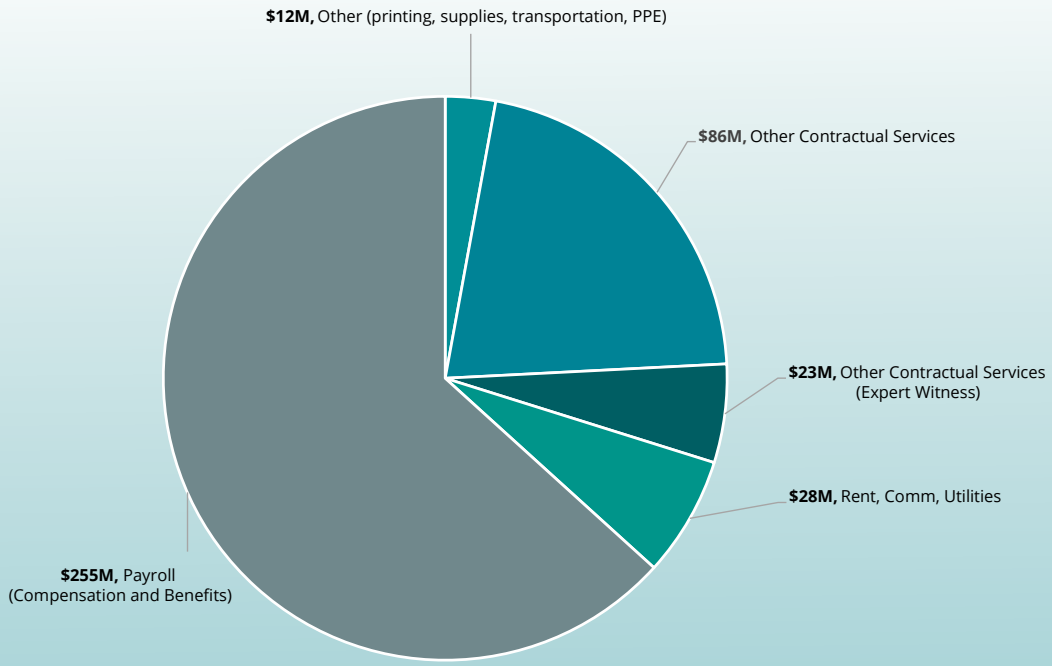
Offsetting Collection
$325 Million

General Fund Annual Appropriation
$59 Million

The FTC's FY 2026 Obligations

In FY 2026, the FTC received $384 million in new budget authority and authority to obligate $61 million in its unobligated balance brought forward in addition to $7 million in recoveries of prior-year obligations and $6 million in non-expenditure transfers. Pursuant to these authorities, the FTC obligated $404 million in FY 2026. Payroll spending was $255 million in FY 2026. Obligations related to expert witness support services were $23 million in FY 2026. While the FTC is committed to limiting costs for expert witness services, the agency continues to face pressure from resource constraints as it performs mission-critical work in increasingly complex markets. Obligations for other contractual services were $86 million in FY 2026. Spending on rent, communications, and utilities were $28 million in FY 2026. Spending on other services such as printing, supplies, transportation, and PPE were $12 million.

FY 2026 FTC Obligations by Category



Financial Management Indicators for FY 2026

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

DEBT MANAGEMENT	
Eligible debt transferred to the U.S. Department of the Treasury	100%
FUNDS MANAGEMENT	
Fund Balance with Treasury (identifies the difference between the fund balance reported in U.S. Department of the Treasury reports and the agency fund balance with the U.S. Department of the Treasury recorded in its general ledger)	100% reconciled
PAYMENT MANAGEMENT	
Percentage invoices paid on time (per Prompt Payment Act)	98.6%
Percentage interest penalties paid to total dollars invoiced	0.00%
Percentage of total dollars outstanding in current status (good standing) for individually billed travel account holders	100%
Percentage of total dollars outstanding in current status (good standing) for centrally billed travel accounts	100%
Percentage of total dollars outstanding in current status (good standing) for purchase cards	100%

Limitations of Financial Statements

The financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal Generally Accepted Accounting Principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.


FEDERAL TRADE COMMISSION
UNITED STATES OF AMERICA
MCMXV

FINANCIAL SECTION

Message From the Chief Financial Officer

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

I am pleased to present the Agency Financial Report (AFR) for Fiscal Year 2026. The AFR provides a comprehensive view of the FTC's financial activities and demonstrates the FTC's stewardship and management of public funds. The financial statements and corresponding financial analysis, together with the Agency's Performance Highlights, demonstrate how the FTC optimizes its financial resources to protect American consumers and promote competition in the marketplace.

In FY 2026, the FTC achieved, for the 30th consecutive year, an unmodified audit opinion from independent auditors. We are very proud of this accomplishment. This sustained achievement is due to the efforts of the career Office of the Chief Financial Officer (OCFO) staff, supported by the FTC's senior leadership, fund managers, and FTC personnel throughout the agency. This past year, the FTC has demonstrated its commitment to continuous improvement with the following accomplishments:

- No material weaknesses or significant deficiencies in Internal Controls Over Financial Reporting, along with no instances of noncompliance with laws and regulations that are required to be reported under generally accepted government auditing standards
- Completed 11 internal control assessments to determine whether agency internal controls were operating effectively, resulting in no significant findings
- Continued monitoring fraud risk by collecting and analyzing fraud control data from FTC program areas
- Utilized budget tracking tools to guide decision making, ensure responsible spending, and monitor progress toward achieving the mission critical objectives of the agency.
- The FTC moved its DC staff that worked at the Constitution Center building to the GAO building at a cost of around $10 million. This was approximately $2 million under the established budget and significantly less than the $64 million spent to move into the Constitution Center building in 2014.
- Released the FTC Strategic Plan for FY 2026-2030, which will guide the agency over the next five years

The accomplishments outlined in this report are the result of FTC employees' hard work and dedication. The unmodified audit opinion and financial accomplishments reflect an organizational commitment to sound financial management and accountability that the agency hopes earns the trust of the American public. This agency is steadfastly committed to its mission, returning substantial value to the American consumer, and being an exemplary steward of the funds entrusted to it.

David Rebich, Chief Financial Officer
November 13, 2026

Inspector General's Transmittal Letter for Audit Report

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

Office of Inspector General

November 13, 2026

MEMORANDUM

FROM: Marissa Gould
Acting Inspector General

TO: Andrew N. Ferguson
Chairman

SUBJECT: Report on Audit of the FTC's Fiscal Year 2026 Financial Statements

I am pleased to provide you with the attached audit report required by the Accountability of Tax Dollars Act of 2002, which presents an unmodified opinion on the Federal Trade Commission's (FTC's) fiscal year 2026 financial statements. We commend the FTC for attaining an unmodified (clean) opinion for the 30th consecutive year.

We contracted with the independent public accounting firm of Allmond & Company, LLC, to audit the financial statements of the FTC as of September 30, 2026, and 2025, and to provide a report on internal control over financial reporting and on compliance with laws and other matters. The audit was performed in accordance with U.S. generally accepted auditing standards, the Government Accountability Office's *Government Auditing Standards*, and Office of Management and Budget guidance.

In its audit of the agency, Allmond & Company reported

- that the financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting;[1] and
- no reportable noncompliance with provisions of laws tested or other matters.

Allmond & Company is responsible for the attached auditor's report dated November 13, 2026, and the conclusions expressed in the report. We do not express opinions on the FTC's financial statements or internal control over financial reporting, or conclusions on compliance and other matters.

We appreciate the cooperation given by management to Allmond & Company and the Office of Inspector General during the audit. Please reach out to me if you have any questions or would like to discuss the report.

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

Report of Independent Auditors

FEDERAL TRADE COMMISSION

INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2026

ALLMOND & COMPANY, LLC
Certified Public Accountants
7501 Forbes Boulevard, Suite 200
Lanham, Maryland 20706
(301) 918-8200

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CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

Chairman, Federal Trade Commission
Acting Inspector General, Federal Trade Commission

Report on the Financial Statements

In accordance with the Accountability of Tax Dollars Act of 2002, we have audited the Federal Trade Commission (FTC) financial statements. FTC's financial statements comprise the balance sheets as of September 30, 2026, and 2025; the related statements of net cost, changes in net position, budgetary resources, and custodial activities for the fiscal years then ended; and the related notes to the financial statements.

In our opinion, FTC's financial statements present fairly, in all material respects, FTC's financial position as of September 30, 2026, and 2025, and its net cost of operations, changes in net position, budgetary resources, and custodial activities for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the FTC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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;
- preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in FTC's Agency Financial Report, and ensuring the consistency of that information with the audited financial statements and the RSI; and

- designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with GAAS, generally accepted government auditing standards (GAGAS), and OMB Bulletin No. 24-02 will always detect a material misstatement or material weakness when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-02, 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 that are 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 our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FTC's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

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

Required Supplementary Information (RSI)

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required under standards issued by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

FTC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in FTC's Agency Financial Report. The other information comprises the following sections: *Message from the Chairman; Performance Highlights, FY 2026 Consumer Protection Highlights, FY 2026 Antitrust Highlights, Message from the Chief Financial Officer,* and *Other Information.* Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Internal Control over Financial Reporting

In connection with our audit of FTC's financial statements, we considered FTC's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies[1] or to express an opinion on the effectiveness of FTC's internal control over financial reporting. Given these limitations, during our 2026 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our audit, we identified deficiencies in FTC's internal control over financial reporting that we do

[1] A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

not consider to be material weaknesses or significant deficiencies that, nonetheless, warrant management's attention. We have communicated these matters to FTC management and, where appropriate, will report on them separately.

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

We performed our procedures related to FTC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

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

Auditor's Responsibilities for the Consideration of Internal Control over Financial Reporting

In planning and performing our audit of FTC's financial statements as of and for the fiscal year ended September 30, 2026, in accordance with U.S. generally accepted government auditing standards, we considered FTC's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FTC's internal control over financial reporting. Accordingly, we do not express an opinion on FTC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

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

Intended Purpose of Report on Internal Control over Financial Reporting

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

financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

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

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

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

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2026 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to FTC. Accordingly, we do not express such an opinion.

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

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

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

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

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

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

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

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

Allmond & Company, LLC

Lanham, MD
November 13, 2026

Principal Financial Statements

Financial Statement Descriptions

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

Balance Sheet

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

Statement of Net Cost

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

Statement of Changes in Net Position

Reports the accounting activities that caused the change in net position during the reporting period.

Statement of Custodial Activity

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

Statement of Budgetary Resources

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

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

Balance Sheet
as of September 30, 2026 and 2025

(Dollars in Thousands)	FY 2026	FY 2025
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	$ 839,448	$ 589,300
Accounts Receivable, Net (Note 4)	19	5
Advances and Prepayments	882	1,407
Total Intragovernmental Assets	840,349	590,712
Other Than Intragovernmental:		
Accounts Receivable, Net (Note 4)	653,578	1,128,810
General Property, Plant, and Equipment, Net (Note 5)	19,938	25,429
Advances and Prepayments	2,458	-
Total Other Than Intragovernmental Assets	675,974	1,154,239
Total Assets	$ 1,516,323	$ 1,744,951
Liabilities (Notes 6 and 7):		
Intragovernmental:		
Accounts Payable	$ 2,701	$ 2,167
Other Liabilities (Note 7)	527,035	1,025,336
Total Intragovernmental Liabilities	529,736	1,027,503
Other Than Intragovernmental:		
Accounts Payable	11,828	10,935
Federal Employee Salary, Leave, and Benefits		
Accrued Funded Payroll and Leave	11,077	7,283
Unfunded Leave	16,286	15,664
Accrued Redress Due to Claimants (Note 13)	136,374	108,577
Undisbursed Redress Collections (Note 13)	621,199	441,587
Other Liabilities (Note 7)	1,807	2,915
Total Other Than Intragovernmental Liabilities	798,571	586,961
Total Liabilities	1,328,307	1,614,464
Commitments and Contingencies (Note 9)		
Net Position:		
Total Unexpended Appropriations	1,230	892
Total Cumulative Results of Operations	186,786	129,595
Total Net Position	188,016	130,487
Total Liabilities and Net Position	$ 1,516,323	$ 1,744,951

The accompanying notes are an integral part of these statements.

Statement of Net Cost
for the Years Ended September 30, 2026 and 2025

(Dollars in Thousands)	FY 2026	FY 2025
Strategic Goal 1: Protect Consumers		
Intragovernmental Costs	$ 56,663	$ 63,878
Public Costs	153,476	171,193
Gross Costs, Protect Consumers	210,139	235,071
Intragovernmental Earned Revenue	(12)	(61)
Public Earned Revenue	(17,902)	(17,711)
Earned Revenue, Protect Consumers	(17,914)	(17,772)
Net Cost, Protect Consumers	192,225	217,299
Strategic Goal 2: Maintain Competition		
Intragovernmental Costs	55,319	59,201
Public Costs	149,836	158,658
Gross Costs, Maintain Competition	205,155	217,859
Intragovernmental Earned Revenue	(11)	(196)
Public Earned Revenue	(376,819)	(282,199)
Earned Revenue, Maintain Competition	(376,830)	(282,395)
Net Cost, Maintain Competition	(171,675)	(64,536)
Net Cost of Operations	$ 20,550	$ 152,763

The accompanying notes are an integral part of these statements.

Statement of Changes in Net Position for the Years Ended September 30, 2026 and 2025

(Dollars in Thousands)	FY 2026	FY 2025
Unexpended Appropriations:		
Beginning Balance	$ 892	$ 3,224
Appropriations Received	58,600	133,700
Appropriations Transferred In/Out	566	375
Appropriations Used	(58,828)	(136,407)
Net Change in Unexpended Appropriations	338	(2,332)
Total Unexpended Appropriations	1,230	892
Cumulative Results of Operations:		
Beginning Balance	129,595	120,508
Appropriations Used	58,828	136,407
Imputed Financing (Note 10)	18,933	25,461
Other	(20)	(18)
Net Cost of Operations	(20,550)	(152,763)
Net Change in Cumulative Results of Operations	57,191	9,087
Cumulative Results of Operations	186,786	129,595
Net Position:	$ 188,016	$ 130,487

The accompanying notes are an integral part of these statements.

Statement of Custodial Activity
for the Years Ended September 30, 2026 and 2025

(Dollars in Thousands)	FY 2026	FY 2025
Revenue Activity (Note 12):		
Civil Penalties and Fines	$ 595,196	$ 25,358
Consumer Redress	1,528	9,807
Other Miscellaneous Receipts	1	8
Total Cash Collections	596,725	35,173
Accrual Adjustments	(503,032)	1,000,213
Total Custodial Revenue	93,693	1,035,386
Disposition of Custodial Collections (Note 12):		
Transferred to General Fund	596,725	35,481
Non-Cash Accrual Adjustment	(503,032)	999,905
Total Disposition of Collections	93,693	1,035,386
Net Custodial Activity	$ -	$ -

The accompanying notes are an integral part of these statements.

Statement of Budgetary Resources for the Years Ended September 30, 2026 and 2025

(Dollars in Thousands)	FY 2026	FY 2025
Budgetary Resources (Note 11):		
Unobligated Balance Brought Forward, October 1	$ 61,438	$ 52,522
Recoveries of Unpaid Prior Year Obligations	7,236	8,203
Other Changes in Unobligated Balance	5,812	3,821
Unobligated Balance from Prior Year Budget Authority, Net	74,486	64,546
Appropriations	58,600	133,700
Spending Authority from Offsetting Collections	325,017	291,022
Total Budgetary Resources	$ 458,103	$ 489,268
Status of Budgetary Resources (Note 11):		
New Obligations and Upward Adjustments (Total)	$ 403,814	$ 427,830
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	50,625	54,647
Unapportioned, Unexpired Accounts	3,664	6,791
Unexpired Unobligated Balance, End of Year	54,289	61,438
Unobligated Balance, End of Year (Total)	54,289	61,438
Total Budgetary Resources	$ 458,103	$ 489,268
Outlays, Net:		
Outlays, Gross	$ 388,472	$ 429,515
Actual Offsetting Collections	(394,750)	(300,262)
Outlays, Net	(6,278)	129,253
Distributed Offsetting Receipts	(1,544)	(9,837)
Agency Outlays, Net	$ (7,822)	$ 119,416

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

Note 1—Significant Accounting Policies

(a) Reporting Entity

The reporting entity is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the Federal Trade Commission (FTC) may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. The financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. The accompanying financial statements and notes of the FTC include financial activity recorded in all funds under the FTC's control. The FTC maintains these funds including appropriations received for salaries and necessary expenses, as well as non-entity funds that are primarily collections derived from court ordered judgments and settlements held for subsequent distribution to approved claimants.

The FTC records and tracks financial activities using U.S. Department of the Treasury Account Symbols (TAS). Each TAS included in the agency's fund accounting structure is described below:

General Funds

Salaries and Expenses (TAS 29X0100): Each year, this account receives budget authority from an appropriation and offsetting collections, to fund necessary expenses of the agency. Offsetting collections include fees collected for premerger notification filings under the Hart-Scott-Rodino (HSR) Antitrust Improvement Act of 1976, and fees collected for the National Do Not Call Registry, which operates under Section 5 of the FTC Act.

Salaries and Expenses (TAS 29 0100): In FY 2021, the FTC received an appropriation under the American Rescue Plan Act (ARPA). ARPA provides funding to cover cost increases as a result of the COVID-19 pandemic of 2020-2022. Funding for the FTC under ARPA includes payroll costs, consumer education, and monitoring of consumer complaints received into the Consumer Sentinel Network. In May 2023, the Fiscal Responsibility Act of 2023 rescinded all unobligated funds at the time.

Deposit Fund

Consumer Redress Escrow (TAS 29X6013): This account consists of money collected as a result of court ordered judgments related to the consumer redress program and held temporarily by the FTC until distributed (either directly by the FTC or through a third-party agent) to consumers or harmed entities, or transferred to the General Fund of the U.S. Government. Judgments imposed but not yet collected are accrued as accounts receivable and recorded in this account. Accrued receivables and funds collected are considered non-entity assets under the FTC's custody or management. They do not affect the FTC's net position and are not reported on the agency's Statement of Changes in Net Position. (See Note 3, Fund Balance with Treasury and Note 12, Consumer Redress Activities.) For reporting purposes, funds held by redress third party administrators outside of the U.S. Department of the Treasury on behalf of harmed consumers are not part of the FTC reporting entity.

Receipt Accounts

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

General Fund Proprietary Receipts (TAS 29 3220): Miscellaneous receipts that by law are not available for the FTC's use are recorded in this account. An example is fees collected under the Freedom of Information Act (FOIA). Furthermore, collections for the consumer redress program for which redress to consumers is not practicable are also recorded in this account. These funds are ultimately disgorged to U.S. Department of the Treasury. The U.S. Department of the Treasury automatically transfers all cash balances in this receipt account to the General Fund of the U.S. Government at the end of each fiscal year.

General Fund Proprietary Interest, Not Otherwise Classified (TAS 029 1435): Collections of interest earned from the government's assets, which are not categorized under any other specific interest type.

Miscellaneous Fines, Penalties, and Forfeitures (TAS 029 1099): All other fines, penalties, and forfeitures, other than those arising out of contracting or similar business transactions. This includes penalties on interest for unpaid employee debts.

Clearing/Suspense Account

Budget Clearing and Suspense (TAS 29F3875): Prior to a systems process change in the first quarter of FY 2021, fees collected for premerger notification filings under the HSR Act were deposited, initially, into the Budget Clearing and Suspense account, then distributed equally to the FTC (as an offsetting collection in the general fund) and the Department of Justice (DOJ). Premerger receipts are now split evenly upon collection between the FTC and the DOJ, eliminating the custodial activity transactions. The Budget Clearing and Suspense account is still used to process refund payments to vendors. (See Note 1(r), Revenues and Other Financing Sources.)

Horseracing Integrity and Safety Authority (HISA)

The FTC reporting entity does not include the Horseracing Integrity and Safety Authority (HISA), a private self-regulatory organization setup to develop rules related to horseracing, including anti-doping, medication control and racetrack safety. The FTC is given broad oversight over the Authority. After providing an opportunity for public comment, the FTC must approve or disapprove any rule, standard or procedure proposed by HISA. Civil sanctions imposed by the Authority for violations of its rules or standards may be appealed to the Commission.

(b) Basis of Presentation and Accounting

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

The FTC's financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for federal entities, as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and with OMB Circular A-136, Financial Reporting Requirements (as revised in May 2026). Transactions are recorded on both an accrual and a budgetary basis. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Accrual methods of accounting may differ from budgetary accounting principles, primarily in the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities. The purpose of federal budgetary accounting is to control, monitor, and report on funds made available to federal agencies by law and help ensure compliance with the law. Budget terms commonly used are defined in OMB Circular A-11, Section 20.3. Further information about budget terms and concepts is available in the "Budget Concepts" chapter of the Analytical Perspectives volume of the President's Budget.

As described in Note 1(a), Reporting Entity, the FTC maintains a primary fund to account for salaries and operating expenses. There are limited intra-entity transactions with any other fund (e.g., deposit fund) that require eliminating entries to present consolidated statements. Furthermore, the FTC does not currently have any funds classified as dedicated collections which require separate reporting under FASAB Statement of Federal Financial Accounting Standards (SFFAS) 43, Funds from Dedicated Collections. Accordingly, the proprietary financial statements are not labeled consolidated nor is the Statement of Budgetary Resources (SBR) presented as combined. FTC reconciles its intragovernmental activity and works with agency trading partners to reduce significant or material differences in conformance with U.S. Department of the Treasury intragovernmental reporting guidelines and requirements of OMB Circular A-136.

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

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

(c) Use of Estimates

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

(d) Budget Authority

The Congress passes appropriations annually that provide the FTC with authority to obligate funds for necessary expenses to carry out program activities. These funds are available until expended, subject to the OMB apportionment and to congressional restrictions on the expenditure of funds (see FTC's FY 2026 Congressional Budget Justification, page 11, "Appropriations Language Provisions"). In addition, the FTC places internal restrictions on fund expenditures to ensure the efficient and proper use of all funds. The FTC's budget authority is derived from direct appropriations and offsetting collections. The FTC accounts for budget authority in its general fund accounts (29X0100 and 29 0100) as reflected in the Statement of Budgetary Resources.

(e) Classified Activities

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

(f) Entity and Non-Entity Assets

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

(g) Fund Balance with Treasury

Fund Balance with Treasury (FBwT) is an asset of a reporting entity and a liability of the General Fund of the U.S. Government. Amounts reported for FBwT represent commitments by the federal government to provide resources to programs; however, they do not represent net assets to the government as a whole. When a reporting entity seeks to use FBwT to liquidate budgetary obligations, the U.S. Department of the Treasury will finance the disbursements with current receipts or borrow from the public if a deficit exists. On the FTC's financial statements, FBwT represents the aggregate amount of undisbursed funds in the FTC's general funds, deposit fund, and clearing/suspense fund. The general fund cash balance includes a portion that is available to the FTC to make expenditures and pay liabilities and a portion that is unavailable. Deposit fund and clearing/suspense fund balances are non-entity funds that are temporarily held by the FTC until transferred to another federal agency or distributed to a third party. Fund balances are carried forward into subsequent fiscal years until disbursements are made. (See Note 3, Fund Balance with Treasury.)

(h) Accounts Receivable, Net

Accounts receivable, net of allowances, reflect the FASAB standard for the recognition of losses using the collection criterion of "more likely than not" as prescribed in SFFAS 1, Accounting for Selected Assets and Liabilities. This criterion results in receivable balances that are more conservatively stated than those valued by the private sector under GAAP. FASAB states that it is appropriate to recognize the nature of federal

receivables, which, unlike trade accounts of private firms or loans made by banks, are not created through credit screening procedures. Rather, these receivables arise because of the assessment of fines from regulatory violations. In these circumstances, historical experience and economic realities indicate that these types of claims are frequently not fully collectible.

The FTC's accounts receivable consists primarily of non-entity receivables due from the public. Entity accounts receivable represent amounts the FTC may retain upon collection and includes amounts due from other Federal agencies, current and former employees, and vendors. Non-entity accounts receivable represent amounts the FTC will forward to the public or another federal agency upon collection. Civil monetary penalties and Consumer Redress receivables are recognized when the FTC has a legal claim to the payment, and the amount can be reasonably estimated. Civil monetary penalties are returned to the General Fund of the U.S. Government. Redress accounts receivable includes estimates of the net cash value from court appointed receivers for which the FTC anticipates the proceeds will be deposited in the Consumer Redress Escrow account (29X6013) to be returned to the public.

An allowance for uncollectible accounts receivable is recorded when collection of the full amount is not probable. The methodology used to estimate the allowance for uncollectible accounts on non-entity accounts receivables consists of individual case analysis by a case manager who assesses the debtor's ability and willingness to pay, the defendant's payment history, and the probable recovery amount including the value of assets. Based on the litigation and collection status, cases may be referred to the U.S. Department of the Treasury for collection action. The FTC does not recognize interest revenue on accounts receivable considered to be uncollectible. (See Note 4, Accounts Receivable, Net.)

(i) General Property, Plant, and Equipment

The FTC's property, plant, and equipment consists of furniture, general and IT equipment used by the agency, capital improvements made to buildings leased from the General Services Administration (GSA) and the Government Accountability Office (GAO) for office space, software leased and purchased from vendors, and right-to-use lease assets.

Effective July 1, 2026, capitalization thresholds are as follows:

Asset Type	Capitalization Threshold
Furniture	$ 100,000
General Equipment	$ 100,000
IT Equipment	$ 150,000
Leasehold Improvements	$ 200,000
Internal Use Software	$ 200,000
Right-to-Use Lease Asset	$ 250,000

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

(j) Leases

The FTC leases office space from the GSA and the GAO, as well as motor vehicles from the GSA. Intragovernmental lease expenses are recognized as costs are incurred. The FTC is not a lessor to other government entities. Right-to-use lease assets and lessee lease liabilities are recognized for non-intragovernmental, non-short-term contracts or agreements, when the FTC has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the lease agreement. Contracts having both lease and non-lease

components are treated as non-lease contracts in their entirety when the primary purpose is reasonably attributable to the non-lease components. (See Note 8, Leases.)

(k) Advances and Prepayments

Payments made in advance of the receipt of goods and services are recorded as advances and prepayments with expense recognition occurring when the related goods and services are received. Intragovernmental advances and prepayments include employee transit subsidies paid to the Department of Transportation on behalf of FTC employees, amounts paid to the Department of War for employee background investigations, payments to the Office of Personnel Management (OPM) for credit monitoring and use of USAJobs, payments to the Federal Aviation Administration for travel services, and payments to The Library of Congress for FEDLINK subscriptions. Advances and prepayments to the public represent cash outlays for Software as a Service (SaaS) licenses and subscriptions.

(l) Accrued Liabilities and Accounts Payable

Accrued liabilities and accounts payable represent a probable future outflow or other sacrifice of resources from past transactions or events. Liabilities are recognized when they are incurred, regardless of whether they are covered by budgetary resources. The FTC has both entity and non-entity liabilities. Entity liabilities cannot be liquidated without legislation that provides the resources to do so. In addition, the government, acting in its sovereign capacity, can abrogate the FTC's liabilities (other than contracts). Non-entity liabilities represent claims against non-entity assets and include undisbursed consumer redress collections, accrued redress amounts due to claimants, and the custodial liability for amounts owed to the General Fund of the U.S. Government.

(m) Employee Health Benefits and Life Insurance

FTC employees are eligible to participate in the contributory Federal Employees' Health Benefit Program (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) administered by the Office of Personnel Management (OPM). The FTC contributes a percentage to each program to pay for current benefits. In accordance with FASAB SFFAS 5, Accounting for Liabilities of the Federal Government, the FTC recognizes the liability and associated expense for health and life insurance benefits at the time the employees' services are rendered.

(n) Employee Retirement Benefits

FTC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS) administered by the OPM. Employees hired after December 31, 1983, are covered by FERS and Social Security, while employees hired prior to January 1, 1984, were allowed to elect joining FERS or remaining in CSRS. For employees participating in CSRS, the FTC contributes 7 percent of the employees' basic pay to the Civil Service Retirement and Disability Fund. For employees participating in FERS, the FTC contributes 18.4 percent to the Federal Employees' Retirement Fund. New employees hired between January 1 and December 31, 2013, participate in FERS-RAE (Revised Annuity Employees). New employees hired on or after January 1, 2014, participate in FERS-FRAE (Further Revised Annuity Employees). The FTC contributes 16.5 percent for both FERS-RAE and FERS-FRAE. In addition, the FTC contributes the employer's matching share to the Social Security Administration under the Federal Insurance Contributions Act (FICA), which fully covers FERS participating employees. FTC contributions are recognized as current operating expenses.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. Participating employees may contribute any dollar amount or percentage of basic salary to the TSP, not to exceed an annual dollar limit set by law. In calendar year 2026, the annual contribution limit is $24,500 and employees aged 50-59 and 64 and over may contribute an additional $8,000 in catch-up contributions. Employees aged 60-63 may contribute an additional $11,250 in catch-up contributions. For those employees participating in FERS, the FTC makes a mandatory 1 percent contribution to this plan and, in addition, matches 100 percent of the first 3 percent contributed by employees and 50 percent of the next 2 percent of employee contributions. CSRS-participating employees do not receive a matching contribution from the FTC. The FTC contributions to TSP are recognized as current operating expenses.

The FTC does not report CSRS and FERS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. This information is reported by the OPM; however, the FTC recognizes the full cost of providing future pension benefits to covered employees at the time the employees' services are rendered

using cost factors provided by the OPM that estimate the true service cost of providing the pension benefits. Contributions made by the FTC and its employees do not cover the full cost of retirement benefits. The FTC recognizes the excess of the true service cost over amounts contributed as an imputed cost to achieve compliance with SFFAS 5. This additional cost is financed by the OPM and has no impact on the budgetary resources of the FTC. Imputed costs are reported as expenses on the Statement of Net Cost with offsetting imputed financing sources reported on the Statement of Changes in Net Position. (See Note 14, Reconciliation of Net Operating Cost and Net Budgetary Outlays.)

(o) FECA and Other Post-Employment Benefits

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

FTC employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. The FTC recognizes the current cost of providing post-retirement benefits using cost factors provided by the OPM that estimate the true cost of providing these benefits to current employees. The cost of providing post-retirement benefits for the FEHBP and FEGLIP is financed by the OPM and recognized as an imputed financing source by the FTC. (See Note 14, Reconciliation of Net Operating Cost and Net Budgetary Outlays.)

(p) Contingent Liabilities

Contingent liabilities are liabilities that may be incurred by the FTC depending on the outcome of an uncertain future event, such as pending litigation. Contingencies are classified into three categories: probable, reasonably possible, and remote. A contingency is considered probable when future confirming events are likely to occur. Probable contingent liabilities are recognized in the financial statements provided the amount can reasonably be estimated. Contingencies are reasonably possible when the chance of the future confirming event occurring is more than remote but less than probable. Reasonably possible contingencies are disclosed in the notes to the financial statements, as well as probable contingencies that cannot reasonably be estimated. Remote contingencies are not recognized in the financial statements or disclosed in the notes to the financial statements (See Note 9, Commitments and Contingencies.)

(q) Annual and Sick Leave

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

(r) Revenues and Other Financing Sources

As a component of the Government-wide reporting entity, the FTC is subject to the federal budget process, which involves annual appropriations. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in agency and Government-wide financial reports. In addition to an annual appropriation provided by the Congress, the FTC's activities are financed through exchange revenues it receives from others. Intragovernmental exchange revenues arise from reimbursable transactions with other federal entities. The FTC provides consulting and technical assistance aimed at developing sound competition policies under interagency agreements. Reimbursable revenue is recognized as expenses are incurred.

The majority of the FTC's exchange revenues are from the public, consisting of fees collected for premerger notification filings under the HSR Act and fees collected for the National Do Not Call (DNC) Registry. The HSR Act establishes a waiting period before mergers, acquisitions, or transfers of assets that meet or exceed certain

thresholds may be completed. Entities must file premerger notifications with the FTC and the Antitrust Division of the DOJ. HSR fees are split equally between the FTC and the DOJ with fees determined by the values and sizes of parties involved. As mandated by an amendment to the Clayton Act, the FTC revises the jurisdictional threshold requirements annually based on the change in gross national product. The DNC Registry Fee Extension Act of 2007 established a permanent fee structure for the DNC registry and provides that fees be reviewed annually and adjusted for inflation, as appropriate. Telemarketers must pay an annual subscription fee and download a list of telephone numbers of consumers who do not wish to receive calls. Fees are based on the number of area codes downloaded. Revenues for both HSR and DNC fees are recognized upon collection.

The reporting entity's budgetary resources reflect past congressional action and enable the entity to incur budgetary obligations, but they do not reflect assets to the federal government as a whole. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions. After budgetary obligations are incurred, the U.S. Department of the Treasury will make disbursements to liquidate the budgetary obligations and finance those disbursements in the same way it finances all disbursements, which is to borrow from the public if there is a budget deficit.

(s) Methodology for Assigning Costs and Exchange Revenues

The FTC allocates costs and exchange revenues on the Statement of Net Cost to its two major strategic goals: Protect Consumers and Maintain Competition. Costs and exchange revenues that are identified specifically with each of these two strategic goals are charged or credited directly. Costs not directly attributable to these two goals, including costs related to the FTC's third goal, Advance Performance, are allocated based on the percentage of dollars directly traceable to each of these two goals. Because all costs are allocated to strategic goals, including nonproduction costs, the FTC does not report costs not assigned to programs. In FY 2026, the FTC incurred $17.1 million in nonproduction expenses for the personnel salaries of employees in furlough status and an additional $4.7 million in payroll benefit expenses. These costs are allocated to strategic goals based on the employees' organization.

(t) Significant Changes in Presentation

In accordance with the requirements of OMB Circular A-136, some changes have been made to the presentation of the agency's financial statements and footnotes. Specifically, the statements and footnotes for FY 2026 have shifted back to a two-year comparative presentation, rather than a single-year presentation. The Budget and Accrual Reconciliation (BAR) has also been reorganized to better reflect the most recent guidance issued by Treasury's Bureau of the Fiscal Service. Finally, there is also a new Balance Sheet line item for Advances and Prepayments with the public due to a policy change for the current fiscal year.

Note 2—Entity and Non-Entity Assets

The FTC's entity assets consist of undisbursed general funds; accounts receivable; advances and prepayments; and property, plant, and equipment. Non-entity assets are not available for use by the FTC. The FTC's non-entity assets include Fund Balance with Treasury and accounts receivable. Fund Balance with Treasury consists of amounts held temporarily in a deposit fund pending disbursement to harmed consumers for redress. Non-entity Accounts receivable, net, represents the estimated amount collectible on consumer redress judgments and civil penalties.

Entity and Non-Entity Assets consisted of the following as of September 30, 2026:

(Dollars in Thousands)	FY 2026 Entity	FY 2026 Non-Entity	FY 2026 Total
Intragovernmental:			
Fund Balance with Treasury:			
General Funds	$ 218,249	$ -	$ 218,249
Deposit Funds - Consumer Redress	-	621,199	621,199
Clearing Funds - Premerger Filing Fees	-	-	-
Accounts Receivable, Net	19	-	19
Advances and Prepayments	882	-	882
Total Intragovernmental Assets	219,150	621,199	840,349
Accounts Receivable, Net	123	653,455	653,578
Property, Plant and Equipment, Net	19,938	-	19,938
Advances and Prepayments	2,458	-	2,458
Total Assets	$ 241,669	$ 1,274,654	$ 1,516,323

Entity and Non-Entity Assets consisted of the following as of September 30, 2025:

(Dollars in Thousands)	FY 2025 Entity	FY 2025 Non-Entity	FY 2025 Total
Intragovernmental:			
Fund Balance with Treasury:			
General Funds	$ 147,708	$ -	$ 147,708
Deposit Funds - Consumer Redress	-	441,587	441,587
Clearing Funds - Premerger Filing Fees	-	5	5
Accounts Receivable, Net	5	-	5
Advances and Prepayments	1,407	-	1,407
Total Intragovernmental Assets	149,120	441,592	590,712
Accounts Receivable, Net	120	1,128,690	1,128,810
Property, Plant and Equipment, Net	25,429	-	25,429
Advances and Prepayments	-	-	-
Total Assets	$ 174,669	$ 1,570,282	$ 1,744,951

Note 3—Fund Balance with Treasury

Fund Balance with Treasury consists of undisbursed appropriated funds, which are either unobligated or obligated, as well as non-budgetary deposit funds arising from amounts collected for consumer redress and not yet disbursed to disbursing agents or directly to claimants. The unobligated balance includes both available and unavailable balances. Available unobligated balances represent amounts in unexpired appropriations as of the end of the fiscal year that have been apportioned by the Office of Management and Budget. There are no material differences between amounts reported by the FTC and those reported to the U.S. Department of the Treasury. The increase in non-budgetary Fund Balance with Treasury is caused by collections in the consumer redress deposit fund. Additional information on Redress activity occurring in FY 2026 can be found in the Financial Highlights section of this report.

Fund Balance with Treasury consisted of the following as of September 30, 2026 and 2025:

(Dollars in Thousands)	FY 2026	FY 2025
Status of Fund Balance with Treasury:		
Unobligated Balance	133,677	71,235
Obligated Balance Not Yet Disbursed	84,572	76,473
Non-Budgetary Fund Balance with Treasury	621,199	441,592
Total Fund Balance with Treasury	$ 839,448	$ 589,300

Note 4—Accounts Receivable, Net

The majority of the FTC's accounts receivable are non-entity accounts receivable arising from the settlement or litigation of administrative and federal court cases in connection with the consumer redress program, and from civil monetary penalties imposed for violation of an FTC order and/or antitrust acts. Because of the nature of these receivables, they are frequently not fully collectible and are offset with a significant allowance. These non-entity accounts receivable are included in the financial statements along with offsetting non-entity liabilities. Non-entity redress gross accounts receivable represents the court ordered judgment amount, usually a calculated amount of ill-gotten gains by the defendant(s).

Accounts Receivable, Net consisted of the following as of September 30, 2026:

(Dollars in thousands)	Gross Receivables	Allowance for Uncollectible Accounts	2026 Net
Entity Accounts Receivable:			
Intragovernmental	$ 19	$ -	$ 19
With the Public	123	-	123
Total Entity Accounts Receivable	142	-	142
Non-Entity Accounts Receivable:			
Consumer Redress	820,188	(683,814)	136,374
Civil Penalties	564,399	(47,318)	517,081
Total Non-Entity Accounts Receivable	1,384,587	(731,132)	653,455
Total Accounts Receivable	$ 1,384,729	$ $(731,132)	$ $653,597

Accounts Receivable, Net consisted of the following as of September 30, 2025:

(Dollars in thousands)	Gross Receivables	Allowance for Uncollectible Accounts	2025 Net
Entity Accounts Receivable:			
Intragovernmental	$ 5	$ -	$ 5
With the Public	120	-	120
Total Entity Accounts Receivable	125	-	125
Non-Entity Accounts Receivable:			
Consumer Redress	786,441	(677,864)	108,577
Civil Penalties	1,084,828	(64,715)	1,020,113
Total Non-Entity Accounts Receivable	1,871,269	(742,579)	1,128,690
Total Accounts Receivable	$ 1,871,394	$ (742,579)	$ 1,128,815

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

The following tables display the FTC's capital assets and accumulated depreciation as of September 30, 2026, and 2025. No asset impairments were recognized in either fiscal year. In FY 2026, the FTC relocated much of its staff from commercial-owned to government-owned space, resulting in accelerated amortization on leasehold improvements and removal of assets no longer in use. Current year depreciation and amortization expense is $10,966 thousand, including $482 thousand of lessee lease amortization. In comparison, prior year depreciation and amortization expense was $4,491 thousand. Asset retirements include leasehold improvements of $34,559 thousand, equipment of $6,013 thousand, software of $385 thousand, and a right-to-use lease asset of $1,613 thousand. The majority of the assets disposed of in FY 2026 were fully depreciated; therefore, the impact to the net book value was minimal.

Property, Plant, and Equipment, Net consisted of the following as of September 30, 2026:

Asset Class (Dollars in thousands)	Service Life	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	5 Years	$ 9,715	$ (3,502)	$ 6,213
Leasehold Improvements	10 Years or Lease Term	15,478	(11,054)	4,424
Software	5 Years	19,359	(10,578)	8,781
Lessee Right-to-Use Asset	Lease Term	1,301	(781)	520
Total Property, Plant, and Equipment		$ 45,853	$ (25,915)	$ 19,938

Property, Plant, and Equipment, Net consisted of the following as of September 30, 2025:

Asset Class (Dollars in thousands)	Service Life	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	5 Years	$ 11,585	$ (8,450)	$ 3,135
Leasehold Improvements	10 Years or Lease Term	48,089	(36,700)	11,389
Software	5 Years	19,744	(10,421)	9,323
Lessee Right-to-Use Asset	Lease Term	2,904	(1,322)	1,582
Total Property, Plant, and Equipment		$ 82,322	$ (56,893)	$ 25,429

Note 6—Liabilities Not Covered by Budgetary Resources

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

Liabilities not Covered by Budgetary Resources

Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior Congressional action. Regardless of when the Congressional action occurs, when the liabilities are liquidated, the U.S. Department of the Treasury will finance the liquidation in the same way that it finances all other disbursements, which is to use current receipts in the event of a budget surplus or borrow from the public in the event of a budget deficit. These liabilities include unfunded FECA liabilities, accrued annual leave, contingencies, unfunded lessee lease liabilities, and fees owed to other federal agencies.

Liabilities Not Requiring Budgetary Resources

Liabilities that do not require the use of budgetary resources are covered by monetary assets that are not budgetary resources to the entity (non-entity assets). These include:

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

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

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

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2026

(Dollars in Thousands)	Not Covered by Budgetary Resources	Not Requiring Budgetary Resources	FY 2026 Total
Intragovernmental Liabilities:			
FECA Liability	$ -	$ -	$ -
Employment-Related Liability	105	-	105
Fees Owed under Interagency Agreements	8,134	-	8,134
Accrued Civil Penalties and Receipts Due to the U.S. Department of the Treasury	-	517,081	517,081
Total Intragovernmental Liabilities	8,239	517,081	525,320
Non-Federal Liabilities:			
Accrued Leave	16,286	-	16,286
Actuarial FECA	2	-	2
Undisbursed Redress Collections	-	621,199	621,199
Accrued Redress Due to Claimants	-	136,374	136,374
Unfunded Lessee Lease Liabilities	594	-	594
Contingencies	950	-	950
Total Non-Federal Liabilities	17,832	757,573	775,405
Total Unfunded Liabilities	26,071	1,274,654	1,300,725
Liabilities Covered by Budgetary Resources			27,582
Total Liabilities			$ 1,328,307

Liabilities Not Covered by Budgetary Resources consisted of the following as of September 30, 2025

(Dollars in Thousands)	Not Covered by Budgetary Resources	Not Requiring Budgetary Resources	FY 2025 Total
Intragovernmental Liabilities:			
FECA Liability	$ 1	$ -	$ 1
Employment-Related Liability	87	-	87
Fees Owed under Interagency Agreements	3,520	-	3,520
Accrued Civil Penalties and Receipts Due to the U.S. Department of the Treasury	-	1,020,113	1,020,113
Total Intragovernmental Liabilities	3,608	1,020,113	1,023,721
Non-Federal Liabilities:			
Accrued Leave	15,664	-	15,664
Actuarial FECA	3	-	3
Undisbursed Redress Collections	-	441,587	441,587
Accrued Redress Due to Claimants	-	108,577	108,577
Unfunded Lessee Lease Liabilities	1,712	-	1,712
Contingencies	950	-	950
Total Non-Federal Liabilities	18,329	550,164	568,493
Total Unfunded Liabilities	21,937	1,570,277	1,592,214
Liabilities Covered by Budgetary Resources			22,250
Total Liabilities			$ 1,614,464

Note 7 – Other Liabilities

As of September 30, 2026, and 2025, components of amounts reported on the Balance Sheet as Other Intragovernmental Liabilities and Other Liabilities (Other Than Intragovernmental) are presented below. FECA liabilities are long-term in nature and are not funded with budgetary resources while accrued employee benefits and accrued funded payroll and leave are covered by budgetary resources. For Government-wide reporting, the liabilities for Accrued Redress Due to Claimants and Undisbursed Redress Collections are reported as Other Liabilities in the Financial Report of the U.S. Government. Because these liabilities are material to the FTC, they are displayed as separate line-items on the agency's Balance Sheet. (See Note 6, Liabilities Not Covered by Budgetary Resources.)

Other Liabilities consisted of the following as of September 30, 2026 and 2025:

(Dollars in Thousands)	FY 2026	FY 2025
Intragovernmental Liabilities:		
Accrued Employee Benefits	$ 1,820	$ 1,702
FECA Liability	-	1
Fees Owed under Interagency Agreements	8,134	3,520
Accrued Civil Penalties and Receipts Due to the U.S. Department of the Treasury	517,081	1,020,113
Total Intragovernmental Liabilities	527,035	1,025,336
Other Than Intragovernmental Liabilities:		
Employer Contributions and Payroll Taxes payable	261	245
Actuarial FECA Liability	2	3
Unfunded Lessee Lease Liability	594	1,712
Contingent Liabilities	950	950
Deposits in Clearing Funds	-	5
Total Other Than Intragovernmental Liabilities	1,807	2,915
Total Other Liabilities	$ 528,842	$ 1,028,251

Note 8—Leases

Intragovernmental leases of government-owned and commercial-owned property are made through and managed by the GSA. The FTC also occupies space in the GAO headquarters, and this space is leased directly from the GAO rather than the GSA. While these leases are cancellable, the FTC's intention is to stay in the leased space and disclose the amounts that will be paid in the future for the undersigned lease agreements. The FTC currently leases spaces from seven government-owned properties and three commercial properties totaling approximately 508 thousand square feet for use as offices, storage, and parking. The FTC's government leases expire on various dates through 2035, while the commercial leases expire at various dates through 2042. Future annual lease expenses owed on contracts for space with remaining terms exceeding one year are presented in the table below.

Intragovernmental Annual Lease Expense consisted of the following as of September 30, 2026

Fiscal Year (Dollars in Thousands)	Space
2027	23,428
2028	22,800
2029	22,632
2030	16,085
2031	15,749
Thereafter	65,113
Total Intragovernmental Lease Expense	$ 165,807

FY 2026 intragovernmental lease expense was $24,638 thousand. The FTC also holds a 4-year lease with a commercial vendor for warehouse storage that is classified as a right-to-use operating lease with no cancellation clause. There are no expected variable lease payments beyond what is in the lease liability and two years remain on the lease. A second right-to-use operating lease for parking spaces ended in FY 2026 due to an office relocation from commercial space to the GAO headquarters. The active lease for storage is included in the Note 5 PP&E schedule and the details are shown in the tables below. For FY 2026, RTU lease expenses included $482 thousand of amortization and $48 thousand of interest expense, using a discount rate of 4.4 percent.

As of September 30, 2026

RTU Lease Assets (Separate from PP&E/Dollars in Thousands)	Asset Amount	Accumulated Amortization	Net Asset Amount
Warehouse Storage	1,301	(781)	520
Totals	$ 1,301	$ (781)	$ 520

As of September 30, 2026

Fiscal Year (Dollars in Thousands)	Principal	Interest	Total
2027	$ 283	$ 20	$ 303
2028	311	7	318
Totals	$ 594	$ 27	$ 621

Note 9 – Commitments and Contingencies

The FTC has 1 Probable legal contingency, estimated to be within a range of $950 thousand and $3,250 thousand as of 9/30/2026 and is recognized as a contingent liability.

(Dollars in Thousands)	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
2026			
Legal Contingencies:			
Probable	$950	$950	$3,250
Reasonably Possible		-	-

Note 10—Inter-Entity Costs

Goods and services may be received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. In accordance with accounting standards, certain costs of the providing federal entity that are not fully reimbursed are recognized as imputed costs in the Statement of Net Cost and are offset by imputed financing sources in the Statement of Changes in Net Position. Such imputed costs and financing sources relate to employee benefits paid by the OPM and judgments paid out of the U.S. Department of the Treasury Judgment Fund. No other unreimbursed costs of goods and services are included in the FTC's financial statements as imputed costs and imputed financing sources.

Note 11—Statement of Budgetary Resources

In addition to future lease commitments discussed in Note 8, the FTC is committed under obligations for goods and services that have been ordered but not yet received. Aggregate undelivered orders are presented in the table below.

The Budget of the United States Government (President's Budget) contains budget proposals for the upcoming fiscal year along with forecasted results for the current fiscal year and actual results for the previous fiscal year. The most current version of the President's Budget is the FY 2027 President's Budget, which contains FY 2025 actual results. There are no material differences between amounts reported in the FY 2025 Statement of Budgetary Resources and the FY 2025 actual amounts as reported in the FY 2027 President's Budget; however, the Statement of Budgetary Resources includes Distributed Offsetting Receipts, which are excluded from the President's Budget. The FY 2028 Budget of the United States Government is not available to compare FY 2026 actual amounts to the FY 2026 Statement of Budgetary Resources. The expected availability for this report is February 2027 on the OMB's website.

Undelivered obligations consisted of the following as of September 30, 2026 and 2025

(Dollars in Thousands)	FY 2026	FY 2025
Non-Federal Undelivered Orders Unpaid	$ 49,015	$ 49,365
Non-Federal Undelivered Orders Paid	2,458	-
Total Non-Federal Undelivered Orders	51,473	49,365
Federal Undelivered Orders Unpaid	8,044	4,924
Federal Undelivered Orders Paid	882	1,407
Total Federal Undelivered Orders	8,926	6,331
Total Undelivered Orders	$ 60,399	$ 55,696

Note 12—Custodial Activities

The primary custodial activities of the FTC are:

Premerger Filing Fees

Fees collected for premerger notification filings under the HSR Act are divided evenly between the FTC and the DOJ. In FY 2021, the FTC implemented a new collection process for the Premerger filing fees. Collections are now split evenly between the FTC and the DOJ upon receipt. Under the previous method, the FTC collected the full amount and remitted half to the DOJ, which resulted in a custodial liability and custodial transfers. As of September 30, 2026 and 2025, the FTC collected $376,755 thousand and $282,191 thousand in HSR premerger filing fees.

Civil Penalties

Civil monetary penalties and antitrust violations collected in connection with the settlement or litigation of the FTC's administrative or Federal court cases are collected by either the FTC or the DOJ as provided by law. In those situations where the FTC collects the penalties, the funds are deposited in a receipt account with the U.S. Department of the Treasury. Civil penalties collected also include amounts collected for undecided civil penalty cases that are held until final disposition of the cases. All civil penalties collected are transferred to the General Fund of the U.S. Government at the end of the fiscal year. In FY 2026, the FTC collected $500 million out of a $1 billion settlement from Amazon.com, Inc. for knowingly misleading millions of consumers into enrolling in Prime, violating the FTC Act and the Restore Online Shoppers' Confidence Act (ROSCA).

Consumer Redress

Collections for consumer redress reported on the Statement of Custodial Activity are limited to those collections that have been disgorged to the U.S. Department of the Treasury. Net disgorgements to the U.S. Department of the Treasury were $1,528 thousand as of September 30, 2026, and $9,807 thousand as of September 30, 2025.

Accrual Adjustments and Amounts Yet to Be Transferred

Accrual adjustments represent the change in accounts receivable, net of allowances for uncollectible accounts, for civil penalties assessed in court actions. Amounts yet to be transferred represent the change in the offsetting liability for civil penalties due to the U.S. Department of the Treasury that is established at the time an accounts receivable for civil penalties is recorded.

Note 13—Consumer Redress Activities

The FTC obtains funds for consumer redress in connection with the settlement or litigation of both administrative proceedings and Federal court cases. The FTC holds redress funds in a deposit fund at the U.S. Department of the Treasury until a determination is made on the practicability of redress. The FTC attempts to distribute funds to injured parties whenever possible. If redress is determined to be practicable, funds are either directly disbursed by the FTC to claimants or are transferred to accounts at financial institutions from which redress third party administrators process claims and disburse proceeds to injured parties. Disbursements to claimants and third-party administrators totaled $128,976 thousand and $411,904 thousand as of September 30, 2026, and 2025.

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

Redress fund activities consisted of the following as of September 30, 2026 and 2025

(Dollars in Thousands)	FY 2026	FY 2025
Consumer Redress:		
Fund Balance with Treasury		
Beginning Balance	$ 441,587	$ 537,849
Collections	310,116	325,449
Disbursements to Claimants and Third Party Administrators for Redress, Net	(128,976)	(411,904)
Disgorgements to U.S. Department of the Treasury, Net	(1,528)	(9,807)
Total Fund Balance with Treasury, Ending	$ 621,199	$ 441,587
Accounts Receivable, Net		
Beginning Balance	$ 108,577	$ 147,368
Net Activity	27,797	(38,791)
Total Accounts Receivable, Ending	$ 136,374	$ 108,577

Note 14 — Reconciliation of Net Operating Cost and Net Budgetary Outlays

In accordance with the requirements of SFFAS 7, Accounting for Revenue and Other Financing Sources, as amended by SFFAS 53, Budget and Accrual Reconciliation, the schedules presented below bridge the gap between the net operating costs presented on the Statement of Net Cost and the net outlays presented on the Statement of Budgetary Resources as of September 30, 2026, and 2025. Net cost is calculated on an accrual basis while net outlays consist of the receipt and use of cash on a budgetary basis. This reconciliation assures the integrity of relationships between proprietary and budgetary accounting.

Components of Net Operating Cost Not Part of the Budgetary Outlays represent timing differences between expenses recognized in the Statement of Net Cost and cash outlays recognized in the Statement of Budgetary Resources. An example is depreciation and amortization expense. The cash outlay is recorded upon receipt of the assets while the expense recognition occurs over the useful life of the asset. Components of Budget Outlays Not Part of Net Operating Cost include purchases of capitalized assets, reductions in lease liabilities, and distributed offsetting receipts. Distributed offsetting receipts are non-exchange collections returned to the General Fund of the U.S. Government, primarily collections of civil monetary penalties. Other Reconciling Items include activity outside of the FTC's primary mission-related operations. This includes transactions with GSA's Technology Modernization Fund (TMF) and Treasury's Judgment Fund (JF). Non-entity activity includes collections made by the FTC that are not part of the agency's operations.

Reconciliation of Net Operating Cost and Net Budgetary Outlays as of September 30, 2026

(Dollars in Thousands)	Intra-governmental	FY 2026 With the Public	Total
Net Operating Cost (SNC)	$ 111,959	$ (91,409)	$ 20,550
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization on Property and Equipment	-	(10,484)	(10,484)
Amortization on Right-to-Use Lease Assets	-	(482)	(482)
Losses on Asset Dispositions	-	(16)	(16)
Gains on Lease Cancellations	-	109	109
Increase/(Decrease) in Assets:			
Accounts Receivable	14	3	17
Advances and Prepayments	(524)	2,458	1,934
(Increase)/Decrease in Liabilities			
Accounts Payable	(534)	(893)	(1,427)
Federal Employee Salary, Leave, and Benefits Payable	(118)	(4,432)	(4,550)
Other Liabilities	1	-	1
Financing Sources:			
Imputed Costs	(18,933)	-	(18,933)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(20,094)	(13,737)	(33,831)
Components of Budget Outlays Not Part of Net Operating Cost			
Purchases of Assets	149	5,921	6,070
Lease Liability Reduction	-	430	430
Distributed Offsetting Receipts	-	(1,544)	(1,544)
Total Components of Budget Outlays Not Part of Net Operating Cost	149	4,807	4,956
Other Reconciling Items			
Other (TMF/JF) Liability Changes	483	-	483
Non-Entity Activity	20	-	20
Total Other Reconciling Items	503	-	503
Net Outlays (Calculated)	$ 92,517	$ (100,339)	$ (7,822)
Budgetary Agency Outlays, Net - Statement of Budgetary Resources			$ (7,822)

Reconciliation of Net Operating Cost and Net Budgetary Outlays as of September 30, 2025

(Dollars in Thousands)	Intra-governmental	FY 2025 With the Public	Total
Net Operating Cost (SNC)	$ 122,822	$ 29,941	$ 152,763
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization on Property and Equipment	-	(3,837)	(3,837)
Amortization on Right-to-Use Lease Assets	-	(654)	(654)
Losses on Asset Dispositions	-	(1)	(1)
Gains on Lease Cancellations	-	-	-
Increase/(Decrease) in Assets:			
Accounts Receivable	(40)	30	(10)
Advances and Prepayments	898	-	898
(Increase)/Decrease in Liabilities			
Accounts Payable	259	629	888
Federal Employee Salary, Leave, and Benefits Payable	(149)	2,033	1,884
Other Liabilities	-	(950)	(950)
Financing Sources:			
Imputed Costs	(25,461)	-	(25,461)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(24,493)	(2,750)	(27,243)
Components of Budget Outlays Not Part of Net Operating Cost			
Purchases of Assets	97	2,380	2,477
Lease Liability Reduction	-	617	617
Distributed Offsetting Receipts	-	(9,820)	(9,820)
Total Components of Budget Outlays Not Part of Net Operating Cost	97	(6,823)	(6,726)
Other Reconciling Items			
Other (TMF/JF) Liability Changes	577	45	622
Non-Entity Activity	-	-	-
Total Other Reconciling Items	577	45	622
Net Outlays (Calculated)	$ 99,003	$ 20,413	$ 119,416
Budgetary Agency Outlays, Net - Statement of Budgetary Resources			119,416

Note 15 — Subsequent Events

FTC management evaluated events occurring after the Balance Sheet date and before the issuance of the agency's audited financial statements that may have a significant impact on the financial statements. On October 13, 2026, the FTC secured a historic settlement with Amway Corp., resolving allegations that the company uses unfair and deceptive tactics to recruit members to its direct selling and multilevel marketing opportunity. The FTC established an accounts receivable for the $221 million settlement agreement and has received the full payment in the consumer redress fund. Because this event occurred after the reporting period, the accompanying financial statements and footnotes in this report do not include this activity.


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OTHER INFORMATION

Summary of Financial Statement Audit and Management Assurances

Table 1: Summary of Financial Statement Audit

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

Table 2: Summary of Management Assurances

Effectiveness of Internal Control Over Financial Reporting (Federal Managers' Financial Integrity Act (FMFIA) Para. 2)

Statement of Assurance: Unmodified	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Material Weaknesses	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control Over Operations (FMFIA Para. 2)

Statement of Assurance: Unmodified	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Material Weaknesses	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Conformance with Financial Management System Requirements (FMFIA Para. 4)

Statement of Assurance: Systems conform to financial management system requirements	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Non-Conformance	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)

	Federal Trade Commission	Auditor
1. Federal Financial Management System Requirements	No lack of substantial compliance noted	No lack of substantial compliance noted
2. Applicable Federal Accounting Standards	No lack of substantial compliance noted	No lack of substantial compliance noted
3. USSGL at Transaction Level	No lack of compliance noted	No lack of compliance noted

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

As required by the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) has identified the following issues as the most serious management and performance challenges facing the Federal Trade Commission (FTC):

1. **Managing Resources:** Effective resource management remains a persistent challenge for the FTC, driven by appropriations volatility, uncertainty in building maintenance and critical infrastructure costs, staffing level instability, and the unpredictability of expert witness costs. While the FTC has made significant effort to manage these risks, the challenge persists.

2. **Addressing Challenges to Litigation:** A series of court decisions have limited the FTC's pathways to secure monetary relief for harmed consumers in deception cases that do not involve a violation of an existing rule. While the FTC has pivoted by focusing on cases involving rule violations and partnering with states on pursuing non rule based cases, a gap in the FTC's ability to secure monetary relief for harmed consumers remains. Compounding these litigation challenges, the Supreme Court recently [1] struck down for-cause removal protections for FTC Commissioners, introducing institutional uncertainty regarding Commission composition and leadership continuity.

3. **Strengthening Cybersecurity Resilience and Technological Infrastructure in an Era of Evolving Threats, Increased Requirements, and Organizational Change:** The FTC faces a complex and dynamic cybersecurity and digital environment shaped by emerging threats, workforce transitions, aging infrastructure, and contractor dependency. The FTC has responded by advancing its cybersecurity program, though the uncertainty of the continuance of shared federal cybersecurity services complicates long term planning. The FTC is also challenged by keeping pace with the increasing demands that the FTC's work places on its digital infrastructure, though it is in the process of updating its network and laptops to meet the agency's needs and exploring ways to increase internal technical capacity and restructure contracts.

[1] *Trump v. Slaughter*, 146 S. Ct. 2283 (2026).

4. **Combating Evolving Scams and Enhancing the Public's Awareness:** As scams, particularly imposter and investment scams, continue to rapidly grow, the FTC has pursued a multi-pronged public education strategy, a robust platform to receive consumer complaints, and partnerships with other federal agencies to anticipate scam risks tied to new federal programs. Nevertheless, the ongoing challenge is to maintain timely, accurate, and widespread consumer guidance while keeping pace with increasingly sophisticated fraud tactics—all within a resource-constrained environment.

Payment Integrity

The Payment Integrity Information Act of 2019 (Pub. L. No. 116-117) requires agencies to annually identify and report on programs that may be susceptible to significant improper payments, estimate annual improper payments in the susceptible programs, and report the results of their improper payment activities. FTC maintains payment integrity by performing regular internal control assessments of its payment programs to determine whether a program is susceptible to significant amounts of improper payments. If an agency deems a program to be low risk for improper payments, the agency will reassess that program's risk at least once every three years. In FY 2024, FTC performed this assessment and determined that none of its payment programs are high risk or considered susceptible programs of significant amounts of improper payments. In FY 2026, FTC performed an off-cycle improper payment risk assessment of the vendor contract program that will continue into FY 2027 and determined that the program is not a high risk or considered a susceptible program of significant amounts of improper payments. FTC is currently in compliance with payment integrity requirements as evidenced by the most recent OIG PIIA annual compliance review.

In accordance with the OMB A-123 Appendix C guidance, the FTC performed a FY 2024 qualitative risk assessment for all major payment programs including payroll, procurement, redress payments to consumers, travel, charge card, premerger filing fee refunds, training, and two miscellaneous payment processes. The FTC evaluated each payment program using the following qualitative risk factors identified in OMB Circular A-123 Appendix C:

- The relative complexity of the program or activity operation
- The extent and significance of recent changes in the program that may be reason for improper payment in funding, authorities, practices, and procedure
- The extent and significance of recent changes in program volume of payments
- The level, experience, and quality of training for personnel responsible for program eligibility determination or certifying that payments are accurate
- The inherent risks of improper payments due to the nature of programs or operation
- Known control deficiencies (i.e., reported by OIG, or GAO) that might hinder accurate payment certification
- Lack of information or data systems

The FTC also performed a quantitative risk assessment which assessed risks related to the amounts of payments processed relative to the OMB specified threshold amounts that define payment programs susceptible to improper payments. As a result of the FY 2024 risk assessment, the FTC determined that none of the agency's programs or activities are high risk or considered susceptible programs of significant amounts of improper payments.

The FTC also concluded in its FY 2024 risk assessment that recovery audits were not cost-effective for its payment programs. The FTC employs a triennial review framework, conducting comprehensive internal control evaluations for its payment programs. For programs processing $100M or more in payments annually, the FTC conducted statistically random tests in its FY 2024 risk assessment to assess improper payment occurrences. These tests resulted in no improper payment findings related to the payroll program. Furthermore, in FY 2023, the FTC conducted a review of the payroll and contract processes, affirming the effectiveness of existing controls in mitigating improper payment risk. In addition, FTC's shared service provider validates vendor data against Do Not Pay to identify and deactivate prohibited vendors to prevent improper payments.

FTC has published its payment integrity information in accordance with applicable guidance on paymentaccuracy.gov.

Civil Monetary Penalty Adjustment for Inflation

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to improve the effectiveness of civil monetary penalties and to maintain their deterrent effect. The 2015 Act requires agencies to: (1) adjust the level of civil monetary penalties with an initial "catch-up" adjustment; and (2) make subsequent annual adjustments for inflation. This adjustment was canceled for FY 2026 per OMB Memo M-26-11, as the Bureau of Labor Statistics was unable to produce October 2025 data (which It is based on) due to the government shutdown. Thus, the table below is the same as last year.

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

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty ($ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
Section 7A(g)(1) of the Clayton Act, 15 U.S.C. 18a(g)(1)	Premerger filing notification violations under the Hart-Scott-Rodino Improvements Act	1976	January 17, 2025	$ 53,088	BC	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 11(l) of the Clayton Act, 15 U.S.C. 21(l)	Violations of cease and desist orders issued under Clayton Act section 11(b)	1959	January 17, 2025	$ 28,205	BC	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 5(l) of the FTC Act, 15 U.S.C. 45(l)	Unfair or deceptive acts or practices	1973	January 17, 2025	$ 53,088	BC and BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 5(m)(1)(A) of the FTC Act, 15 U.S.C. 45(m)(1)(A)	Unfair or deceptive acts or practices	1975	January 17, 2025	$ 53,088	BC and BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 5(m)(1)(B) of the FTC Act, 15 U.S.C. 45(m)(1)(B)	Unfair or deceptive acts or practices	1975	January 17, 2025	$ 53,088	BC and BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty ($ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
Section 10 of the FTC Act, 15 U.S.C. 50	Failure to file required reports	1914	January 17, 2025	$ 698	BC and BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 5 of the Webb-Pomerene (Export Trade) Act, 15 U.S.C. 65	Failure by associations engaged solely in export trade to file required statements	1918	January 17, 2025	$ 698	BC	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 6(b) of the Wool Products Labeling Act, 15 U.S.C. 68d(b)	Failure by wool manufacturers to maintain required records	1940	January 17, 2025	$ 698	BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 3(e) of the Fur Products Labeling Act, 15 U.S.C. 69a(e)	Failure to maintain required records regarding fur products	1951	January 17, 2025	$ 698	BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 8(d)(2) of the Fur Products Labeling Act, 15 U.S.C. 69f(d)(2)	Failure to maintain required records regarding fur products	1951	January 17, 2025	$ 698	BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 333(a) of the Energy Policy and Conservation Act, 42 U.S.C. 6303(a)	Knowing violations of EPCA § 332, including labeling violations	1975	January 17, 2025	$ 575	BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 525(a) of the Energy Policy and Conservation Act, 42 U.S.C. 6395(a)	Recycled oil labeling violations	1975	January 17, 2025	$ 28,205	BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 525(b) of the Energy Policy and Conservation Act, 42 U.S.C. 6395(b)	Willful violations of recycled oil labeling requirements	1975	January 17, 2025	$ 53,088	BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty ($ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
Section 621(a)(2) of the Fair Credit Reporting Act, 15 U.S.C. 1681s(a)(2)	Knowing violations of the Fair Credit Reporting Act	1996	January 17, 2025	$ 4,983	BCP	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 1115(a) of the Medicare Prescription Drug Improvement and Modernization Act of 2003, Public Law 108–173, as amended by Public Law 115–263, 21 U.S.C. 355	Failure to comply with filing requirements	2003	January 17, 2025	$ 18,768	BC	Federal Register Vol.90, January 17, 2025, pages 5580-5582
Section 814(a) of the Energy Independence and Security Act of 2007, 42 U.S.C. 17304	Violations of prohibitions on market manipulation and provision of false information to federal agencies	2007	January 17, 2025	$ 1,510,803	BC	Federal Register Vol.90, January 17, 2025, pages 5580-5582


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