OFFICE OF INSPECTOR GENERAL
U. S. DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation's Financial Statements for Fiscal Years 2022 and 2021

Audit Report 06403-0005-11

November 2022

USDA **OFFICE OF INSPECTOR GENERAL**
United States Department of Agriculture

DATE: November 9, 2022

AUDIT NUMBER: 06403-0005-11

TO: Board of Directors
Commodity Credit Corporation

Margo Erny
Chief Financial Officer
Farm Production and Conservation Business Center

ATTN: Kenneth Hill
Performance, Accountability, and Risk Division Director
Farm Production and Conservation Business Center

Gary Weishaar
Branch Chief for the External Audits and Investigations Division
Farm Production and Conservation Business Center

FROM: Steve Rickrode
Acting Assistant Inspector General for Audit

Steve Rickrode

SUBJECT: Commodity Credit Corporation's Financial Statements for Fiscal Years 2022 and 2021

KPMG LLP, an independent certified public accounting firm, was engaged to audit the financial statements of Commodity Credit Corporation (CCC) as of September 30, 2022 and 2021, and for the fiscal years then ended; to provide a report on internal controls over financial reporting; to report on whether CCC's financial management system substantially complied with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA); and to report any reportable noncompliance with laws, regulations, contracts, and grant agreements it tested. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standard and Office of Management and Budget (OMB) audit guidance.

In its audit of CCC's fiscal years 2022 and 2021 financial statements, KPMG LLP provided an unmodified opinion and reported:

- the consolidated financial statements present fairly, in all material respects, the financial position of CCC as of September 30, 2022 and 2021, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting;

- one significant deficiency in internal controls over financial reporting related to general information technology controls;
- instances in which CCC's financial management systems did not substantially comply with FFMIA requirements; and
- no reportable noncompliance with provisions of laws, regulations, contracts, and grant agreements tested.

In connection with the contract, the Office of Inspector General reviewed KPMG LLP's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express an opinion on CCC's financial statements; conclusions about the effectiveness of internal control over financial reporting; or conclusions on compliance with laws, regulations, contracts, and grant agreements, including on whether CCC's financial management systems substantially complied with the three FFMIA requirements. KMPG LLP is responsible for the attached auditor's report dated November 9, 2022 and the conclusions expressed therein. However, our review disclosed no instances where KPMG LLP did not comply, in all material respects, with U.S. generally accepted government auditing standard and OMB audit guidance.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. For agencies other than the Office of the Chief Financial Officer (OCFO), please follow your internal agency procedures in forwarding final action correspondence to OCFO.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (https://usdaoig.oversight.gov) in the near future.

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

Independent Auditors' Report

Board of Directors, Commodity Credit Corporation
Inspector General, United States Department of Agriculture:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the United States Department of Agriculture, Commodity Credit Corporation (CCC), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the CCC as of September 30, 2022 and 2021, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Other Matter - Interactive Data

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 22-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 22-01, we:

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

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises: The Preface; Table of Contents; Message from the Executive Vice President; Performance Section; Message from the Chief Financial Officer; Introduction to the Consolidated Financial Statements, Required Supplementary Information, and Other Information; Other Information; and Appendix:

Glossary of Acronyms, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2022, we considered the CCC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CCC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CCC's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CCC's consolidated financial statements as of and for the year ended September 30, 2022 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 22-01.

We also performed tests of the CCC's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances, described in Exhibit II, in which the CCC's financial management systems did not substantially comply with the United States Government Standard General Ledger at the transaction level. The results of our tests disclosed no instances in which the CCC's financial management systems did not substantially comply with Federal financial management systems requirements or applicable Federal accounting standards.

KPMG

CCC's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the CCC's response to the findings identified in our audit and described in Exhibit III. The CCC's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of the Reporting Required by Government Auditing Standards

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

KPMG LLP

Washington D.C.
November 9, 2022

The following criteria were considered in the determination and evaluation of the significant deficiency:

Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, states:

> 11.07: Information system general controls (at the entity-wide, system, and application levels) are the policies and procedures that apply to all or a large segment of an entity's information systems. General controls facilitate the proper operation of information systems by creating the environment for proper operation of application controls. General controls include security management, logical and physical access, configuration management, segregation of duties, and contingency planning.
>
> 11.14: Management designs control activities to limit user access to information technology through authorization control activities such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity. Management also designs control activities for access rights when different information technology elements are connected to each other.

General Information Technology Controls

During fiscal year (FY) 2022, we identified deficiencies in the design, implementation and operating effectiveness of access controls related to the authorization, provisioning, and monitoring of end users and privileged users. In addition, CCC did not perform reviews of application security logs for certain financial system applications. These deficiencies occurred because of an extensive manual process to identify USDA personnel who require system access, manual errors in the execution of these controls, and a lack of policies and procedures. As a result of the control deficiencies, there is an increased risk to the completeness, accuracy, validity, confidentiality, and availability of the financial data within the systems.

<u>Recommendations Related to General Information Technology Controls:</u>

The details of our findings and related recommendations were provided to CCC management in separate communications. In summary, we recommend that CCC continue to monitor and improve internal controls over its financial system applications to ensure adequate security and protection of its financial information.

Noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA)

The FFMIA, Section 803(a) requires that Federal financial management systems comply with (1) Federal system requirements, (2) Federal accounting standards, and (3) the United States Government Standard General Ledger (USSGL) at the transaction level. FFMIA emphasizes the need for agencies to have systems that can generate timely, reliable, and useful information with which to make informed decisions to ensure ongoing accountability. FFMIA requirements apply to *Chief Financial Officers Act of 1990* (CFO Act) agencies as well as *Government Corporation Control Act* Agencies that are components of a CFO Act agency.

During our audit, and as reported by management in its Annual Assurance Statement, we identified instances where CCC's financial management systems did not record certain obligations and accruals, at the transaction level, in accordance with the USSGL.

Recommendation:

We recommend that management continues implementing corrective actions to resolve the instances of noncompliance with FFMIA.

United States Department of Agriculture

Farm Production and Conservation Business Center

Commodity Credit Corporation

1400 Independence Avenue, SW
Room 143-W
Washington, DC
20250-0501

TO: Steve Rickrode
Acting Assistant Inspector General
USDA

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

FROM: Margo E. Erny
Chief Financial Officer
Farm Production and Conservation

SUBJECT: Commodity Credit Corporation (CCC) Audit Report Response

We have reviewed the KPMG Independent Auditors' Report dated November 9th, 2022. We are very pleased with the Auditors' unmodified opinion on CCC's Fiscal Year (FY) 2022 and 2021 consolidated financial statements.

CCC agrees with the findings presented in the auditors' report. CCC is in the process of developing and implementing corrective actions to remediate the findings and will continue to work with the USDA Office of Inspector General to ensure effective remediation in FY 2023.

Please feel free to reach out to Kathleen Carroll at (816)400-5654 if you have any questions.

U.S. DEPARTMENT OF AGRICULTURE

COMMODITY CREDIT CORPORATION

COMMODITY CREDIT CORPORATION
A FEDERAL CORPORATE AGENCY BY ACT OF CONGRESS
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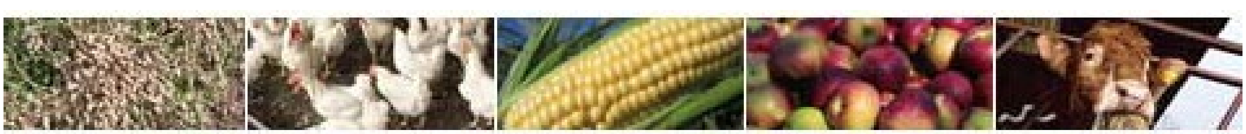
ANNUAL MANAGEMENT REPORT FISCAL YEAR 2022



U.S. Department of Agriculture
Commodity Credit Corporation

1400 Independence Avenue, S.W.
Washington, DC 20250

Annual Management Report – Fiscal Year 2022

PREFACE

This Annual Management Report shows the results of the Commodity Credit Corporation's (CCC) operations for fiscal years (FYs) 2022 and 2021. This report meets the requirements of the CCC Charter Act, as amended, and the Government Corporation Control Act, as amended. The electronic version of this report can be found at https://www.usda.gov/oig/reports/audit-reports.

The Management's Discussion and Analysis section of the report contains the purpose, authority, mission, and goals of CCC; financial summaries, program summaries, and performance measures. This report also includes the auditors' report, performance information, financial statements and accompanying notes.

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Message from the Executive Vice President

I am pleased to present the Commodity Credit Corporation's (CCC's) Fiscal Year (FY) 2022 Annual Management Report. CCC is a wholly owned Government corporation created in 1933 to assist in stabilizing, supporting, and protecting farm income and prices, help maintain balanced and adequate supplies of agricultural commodities, manage the orderly marketing and distribution of these commodities, and assist in the conservation of soil and water resources.

CCC's domestic agricultural price and income support programs are carried out primarily through the personnel and facilities of the Farm Service Agency (FSA). International programs are carried out by the Foreign Agricultural Service and the United States Agency for International Development. CCC conservation programs are implemented by the FSA and the Natural Resources Conservation Service (NRCS).

CCC continued its support for American agriculture in 2022 through safety net, disaster assistance, price support, conservation, and trade assistance programs. Several of USDA's safety net programs, including the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, along with price support programs such as the Dairy Margin Coverage (DMC) Program and the new Supplemental DMC Program, provided support to producers to help mitigate the impacts of increased input costs. For FY 2022, ARC and PLC program payments totaled $2.2 billion in disbursements for the fiscal year, and DMC and Supplemental DMC program payments totaled $435 million in disbursements for the fiscal year. Additionally, USDA's key standing disaster assistance programs, including the Livestock Forage Disaster Program, the Livestock Indemnity Program, the Tree Assistance Program, and the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program totaled $1.52 billion in disbursements for the fiscal year, providing critical assistance to producers dealing with more frequent, more intense, climate-induced natural disasters. In the past fiscal year, USDA also further strengthened its commitment to voluntary, producer-led working lands conservation programs through key improvements to FSA's flagship conservation program, the Conservation Reserve Program (CRP). More than 23 million acres were enrolled in CRP at the end of FY 2022, including a record-breaking Grassland CRP signup totaling over 3.1 million acres.

CCC's independent auditors issued an unmodified opinion on the FY 2022 Consolidated Financial Statements with no material weaknesses. Under the requirements of the Federal Managers' Financial Integrity Act of 1982, CCC's management conducted its annual assessment and provided an unmodified statement of assurance that internal controls are operating effectively over operations. In FY 2023, our focus remains on continuing to improve processes and procedures to ensure internal controls provide the requisite assurance to achieving CCC's objectives. Further details can be found in the Management Discussion and Analysis section of CCC's annual report and the independent auditors' report.

Thank you for your interest in CCC.

Sincerely,

Zach Ducheneaux

Zach Ducheneaux
Executive Vice President
Commodity Credit Corporation

Part I: Management's Discussion and Analysis (Unaudited)

Certain information contained in this discussion is considered "forward-looking information" as defined by the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) No. 15, *Management's Discussion and Analysis.* Such forward-looking information includes estimates and is subject to risks and uncertainties that could cause actual results to differ materially from this discussion.

Mission Statement

The Commodity Credit Corporation is a Government-owned and operated entity dedicated to:

- Stabilizing, supporting, and protecting farm income and prices.
- Conserving soil, air, and water resources and protecting and improving wildlife habitats.
- Maintaining balanced and adequate supplies of agricultural commodities and aiding in their orderly distribution.
- Developing new domestic and foreign markets and marketing facilities for agricultural commodities.

History of the Commodity Credit Corporation

The Commodity Credit Corporation (CCC) is a wholly-owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices. It was federally chartered by the CCC Charter Act of 1948, (15 U.S.C. 714, et seq.) (Charter Act) and has authorized capital stock of $100 million held by the United States Treasury. CCC funds are used to implement specific programs established by Congress as well as to carry out activities under the broad authorities of the Charter Act. The principal programs that are funded by CCC include:

- Domestic farm income, price support and conservation programs under various statutes including the Agriculture Improvement Act of 2018 (also known as the 2018 Farm Bill);
- Foreign market development and other international activities of the Department of Agriculture under several statutes including the Agricultural Trade Act of 1978;
- Activities of the United States Agency for International Development under Title II of the Food for Peace Act.

The programs funded through CCC are administered primarily by the Farm Service Agency (FSA) and the Foreign Agricultural Service (FAS). CCC helps maintain balanced and adequate supplies of agricultural commodities and aids in their orderly distribution. Further, the Federal Agriculture Improvement and Reform Act of 1996 expanded the use of CCC funding to support conservation programs and made conservation one of CCC's core missions. CCC has authority to have outstanding borrowing of up to $30 billion at any one time to carry out its non-credit reform mission. Net losses from its operations are subsequently reimbursed consistent with Congressional action.

America's agricultural producers are assisted by CCC through commodity and farm storage facility loans, commodity purchases, disaster assistance, and income support payments. In addition, CCC provides incentives and payments to landowners to establish conservation practices on their land.

CCC also provides agricultural commodities to other federal agencies and foreign governments. It also may donate commodities to domestic and international relief agencies as well as foreign countries. CCC assists in the development of new domestic and foreign markets for American agricultural commodities. It also extends direct credit and guarantees commodity sales to foreign countries throughout the world.

CCC has its own disbursing authority and utilizes the Federal Reserve Bank (FRB) system and the Department of the Treasury to make payments.

CCC has multiple funding mechanisms:

- Under the Charter Act, CCC has permanent indefinite borrowing authority, as defined by Office of Management and Budget (OMB) in Circular A-11, *Preparation, Submission, and Execution of the Budget,* to fund most of the programs operated out of the CCC revolving fund. Borrowing authority permits the CCC to incur obligations with outlays to be financed by borrowing from Treasury. The revolving fund also receives money from loan repayments, inventory sales, interest income, fees, and reimbursement for realized losses.
- Under the Federal Credit Reform Act of 1990, P.L. 93-344, 104 Stat. 1388, 2 USC 661 et seq. (FCRA), as amended, CCC has separate permanent indefinite budget authority for purposes of obligations and disbursements for credit reform financing as well as pre-credit reform liquidating programs.
- CCC receives direct appropriations for specific programs, such as credit reform, foreign grant and donation, and disaster relief.

Structure of the Commodity Credit Corporation

CCC is managed by a Board of Directors, subject to the general supervision and direction of the Secretary of Agriculture. Under the Charter Act, the Secretary is an ex-officio director and chairperson of the Board. The Board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States. Currently, all members of the Board and CCC officers are USDA officials. CCC officers, directly or through officials of designated USDA agencies, maintain liaison with numerous other governmental and private trade operations. See the current organizational structure on page eight.

CCC along with the FSA, the Natural Resources Conservation Service (NRCS), Risk Management Agency, and the Farm Production and Conservation (FPAC) Business Center are organized under the FPAC mission area, which is USDA's focal point for the nation's farmers and ranchers and other stewards of private agricultural lands and non-industrial private forest lands. FPAC agencies implement programs designed to mitigate the significant risks of farming through crop insurance services, conservation programs and technical assistance, commodity purchase and distribution, credit lending, and disaster remediation programs.

CCC has no operating personnel. Its price support, storage, and reserve programs, and domestic acquisition and disposal activities are carried out primarily through the personnel and facilities of FSA. FAS is responsible for certain CCC activities outside the United States. Also involved with CCC activities are USDA's Agricultural Marketing Service (AMS), NRCS, and the United States Agency for International Development (USAID), through an allocation transfer.

Most CCC programs are delivered through an extensive nationwide network of FSA field offices, including approximately 2,100 USDA Service Centers and 51 State-level offices (including Puerto Rico). This network enables CCC to maintain a close relationship with customers, successfully addressing the customers' needs, and continually improving program delivery. FSA implements CCC-funded programs for income support, disaster assistance, conservation, and international food procurement.

Though FSA provides the majority of support for CCC, several CCC-funded programs fall under the purview of AMS, FAS, or NRCS. AMS administers programs that create domestic and international marketing opportunities for U.S. producers of food, fiber, and specialty crops. AMS also provides the agricultural industry with valuable services to ensure the quality and availability of wholesome food for consumers across the country.

FAS has the primary responsibility for USDA international activities – market development, trade agreements and negotiations, and the collection and analysis of statistics and market information. FAS also administers USDA export credit guarantee and certain food aid programs, helping increase income and food availability in developing nations by mobilizing expertise for agriculturally-led economic growth.

Through its network of local offices, NRCS provides leadership in a partnership effort to help American private landowners and managers conserve their soil, water, and other natural resources. It also provides financial assistance for conservation activities.

Through a parent-child relationship, CCC allocates funding that supports various activities led by USAID, including the Food for Peace (FFP) program. The mission of FFP is to reduce hunger and malnutrition and ensure that all individuals have adequate, safe, and nutritious food to support a healthy and productive life. FFP supports the world's most vulnerable through its emergency, development and nutritional support activities. CCC provides funding for the purchase of commodities and for transportation costs in support of FFP operations. USAID executes the programs, which are included in CCC's financial reporting.

CCC programs touch all segments of the agricultural community, including underserved and socially disadvantaged farmers and ranchers, to ensure that CCC programs and services are accessible to everyone.

Organizational Structure

CCC Board of Directors

Chairperson, Thomas J. Vilsack, Secretary of Agriculture
Vice Chairperson, Dr. Jewel Bronaugh, Deputy Secretary of Agriculture
Member, Robert Bonnie, Under Secretary, FPAC
Member, Vacant*, Under Secretary, Trade and Foreign Agricultural Affairs
Member, Jennifer L. Moffitt, Under Secretary, Marketing and Regulatory Programs
Member, Janie Simms Hipp, General Counsel, Office of the General Counsel (OGC)
Member, Gary Washington, Chief Information Officer, USDA
Member, Vacant, Chief Financial Officer (CFO), USDA

CCC Officers

President, Robert Bonnie, Under Secretary, FPAC
Executive Vice President, Zach Ducheneaux, Administrator, FSA
Secretary, Robert Ibarra, Chief Operating Officer, FPAC Business Center
Assistant Secretary, Monique B. Randolph, Staff Specialist, FPAC Business Center
Chief Financial Officer, Margo Erny, CFO, FPAC Business Center

CCC Advisors

Assistant General Counsel, Brian Mizoguchi, OGC, International Affairs, Food Assistance, and Farm and Rural Programs
Chief Economist, Seth Meyer, USDA
Deputy Chief Financial Officer, Lynn Moaney, USDA
White House Liaison, Brandon Chaderton, USDA
Budget Director, Ravoyne Payton, Acting, FPAC Business Center

* Pending Senate confirmation.

CCC Program Areas

CCC funds many programs that fall under multiple agencies within the USDA. Each CCC funded program helps achieve parts of both CCC's mission and the strategic plan of the agency under which the program falls. CCC's mission and strategic goals are achieved through the successful implementation of the following key program areas:

Income Support and Disaster Assistance – Income support and disaster assistance programs (DAP) provide financial assistance to protect farmers and ranchers from fluctuations in market conditions and unexpected natural or man-made disasters.

Conservation – Conservation programs offer farmers and ranchers a variety of financial and economic incentives to conserve natural resources on the nation's privately-owned farmlands. These programs focus on improving soil health, reducing erosion, protecting streams and rivers, restoring and establishing fish and wildlife habitats, and improving air quality through several conservation incentive payments, technical assistance, and cost-share programs.

Food Assistance Programs – CCC funded programs purchase and deliver processed commodities under various domestic distribution programs, and commodities under Title II and Title III of the Agricultural Trade Development and Assistance Act of 1954, P.L. 53-480 (P.L. 480), the Food for Progress (FFPr) Program. These programs help achieve domestic farm program price support objectives, produce a uniform regulatory system for storing agricultural products, and ensure the timely provision of food products for domestic and international food assistance programs and market development programs.

Foreign Market Development (FMD) – CCC funds used in market development programs play a critical role in helping to open new markets and in facilitating U.S. competitiveness by providing technical assistance in the utilization of U.S. commodities and promoting the quality, availability, value and health characteristics of U.S. products. With 95 percent of the world's population living outside the U.S., future growth in demand for food and agricultural products will occur primarily in overseas markets. Working in partnership with U.S. private industry associations, the programs provide support for the growth of mutually beneficial trade. FAS administers CCC FMD programs.

Export Credit Programs – CCC export credit guarantee (GSM-102) programs, administered by FAS in conjunction with FSA, serve to increase and maintain exports of U.S. agricultural commodities by expanding access to trade finance which assists countries, particularly developing countries and emerging markets, in meeting their food and fiber needs.

A description of CCC's major programs from each program area can be found in their respective location in the Part II: Performance Section of this report.

Agriculture Improvement Act of 2018

The Agriculture Improvement Act of 2018, P.L. 115-334, 132 Stat. 4490 (2018 Farm Bill), was signed into law on December 20, 2018. By enacting this, Congress established the direction of farm and food policy for five years through 2023.

Coronavirus Aid & Debt Assistance

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is a law meant to address the economic fallout of the Coronavirus Disease of 2019 (COVID-19) pandemic in the United States.

Additionally, CCC provided flexibility to the Farm Storage Facility Loan (FSFL) program for borrowers experiencing financial hardship from the pandemic, and other challenges in production agriculture. Starting in FY 2020, CCC implemented a one-time deferral option for participants' annual installment payments. No fees or prepayment penalties apply for borrowers who choose this FSFL loan flexibility option. This program flexibility continued through FY 2022.

The American Rescue Plan (ARP) Act of 2021 Section 1005 includes provisions for USDA to pay up to 120 percent of loan balances, as of January 1, 2021, for FSFL to any Socially Disadvantaged producer who has a qualifying loan. The 120 percent payment represents the full cost of the loan to include 100 percent toward loan balances as of January 1, 2021, and the 20 percent portion is available for tax liabilities and other fees associated with payment of the debt. Any payments by borrowers made since January 1, 2021 will be reimbursed in full. This provision was repealed with the enactment of the Inflation Reduction Act of 2022 Section 22008.

The ARP Act Section 1007 appropriates $800 million for CCC to acquire and make available commodities under Section 406(b) of the FFP Act (7 U.S.C. 1736(b)) and for expenses under such section for FY 2021 through FY 2022.

Due to the COVID-19 pandemic, the Debt Service Suspension Initiative (DSSI), authorized by the State Department, was offered to the poorest countries to mitigate social, health, and economic impacts stemming from the crisis. Obligors may apply for an extension on their debt payments, rates, and the conditions of interest payments to preserve the net present value of the original debts. This initiative supported deferment of repayments for GSM-102 program and P.L. 480 loans. More information about this program can be found in Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities.

Expected Market Conditions and Government Payments[1]

Following strong increases in calendar year 2021, farm producers' net cash income[2] and net farm income[3] are both forecast to rise again in 2022[4]. Based on USDA's Economic Research Service (ERS) projections made in September 2022, net cash income in 2022 is projected to increase by 15.1 percent to $168.5 billion compared to 2021. Net farm income is projected to increase 5.2 percent to $147.7 billion as the increase in market cash receipts more than offsets a decline in government payments. If realized, both income measures would be above their historical average across 2002-2021 when adjusted for inflation, and 2022 net farm income would exceed the previous record of $140.4 billion established in 2021. However, production expenses are also expected to show a significant increase in 2022, limiting the overall increase in farm profitability.

U.S. agriculture made a rapid recovery in 2021 from the market disruption wrought by the COVID-19 pandemic, and the recovery is expected to continue into 2022. Agriculture has benefited greatly from the large increase in exports and improved domestic demand driven by economic growth and reopening of the broader economy. As a result, prices have risen sharply for most commodities and driven a large increase in cash receipts. However, as the end of 2022 nears, there is growing concern over inflation which has reached levels not seen since the early 1980s, and the subsequent large increases in interest rates by the Federal Reserve in response.

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[1] The data in this section was drawn from the "2022 Farm Sector Income Forecast" published in September 2022 (USDA, Economic Research Service) and "Outlook for U.S. Agricultural Trade: August 2022" published in August 2022.

[2] Net cash income is gross cash income less all cash expenses generated during the calendar year. Cash expenses include: feed, seed, fertilizer, property taxes, interest on debt, wages to hired labor, contract labor, and rent to non-operator landlords.

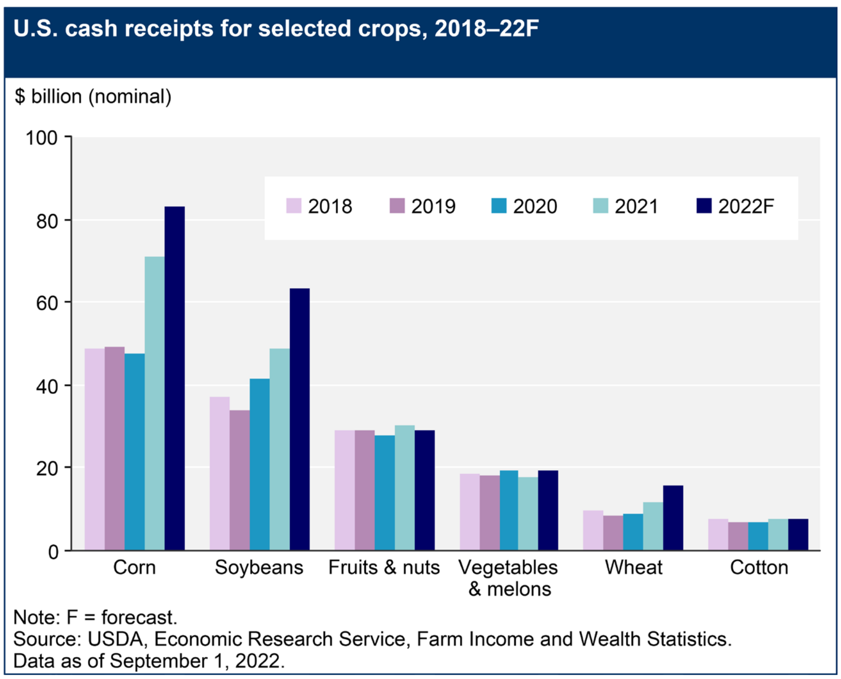
[3] Net farm income refers to the return (both monetary and non-monetary) to farm operators for their labor, management and capital, after all production expenses have been paid. Net cash income includes only cash receipts and expenses; net farm income is net cash income plus the value of home consumption, changes in inventory, capital replacement, and implicit rent and expenses related to the farm operator's dwelling that are not reflected in cash transactions during the year.

[4] All data in "Expected Market Conditions and Government Payments," unless otherwise noted, are on a calendar year basis.

Farm Cash Receipts Expected to Increase in 2022

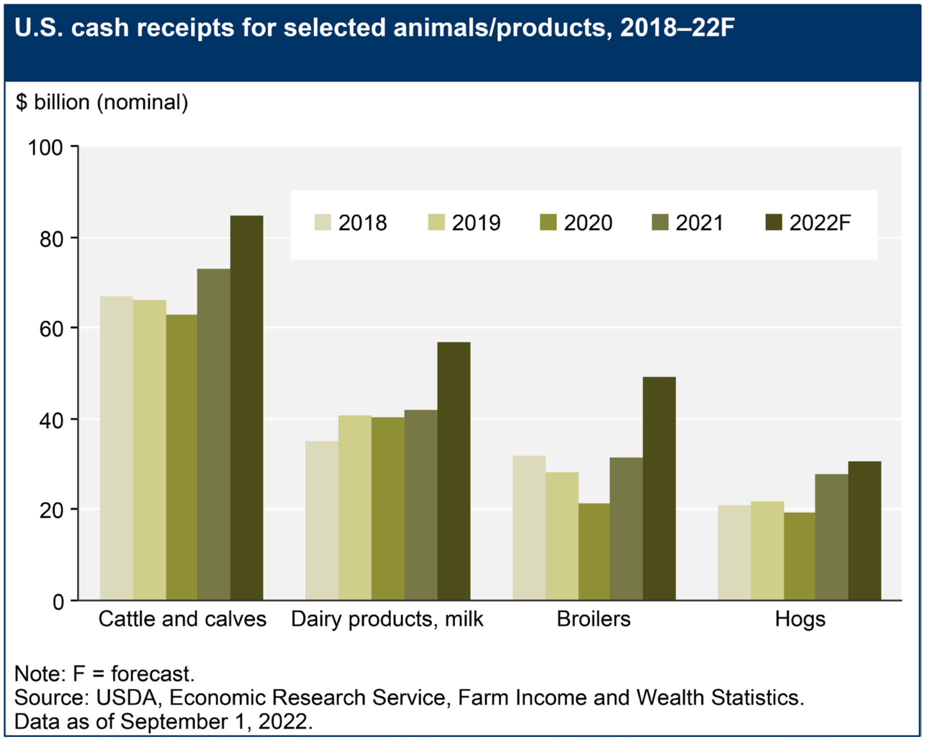
Farm cash receipts are forecast to increase by $91.7 billion (21.2 percent) to $525.3 billion in 2022. Crop cash receipts are forecast to increase by $36.4 billion (15.3 percent) to $274.2 billion in 2022, with corn, soybeans, and wheat accounting for most ($30.7 billion) of the increase.

Chart 1: Crop Cash Receipts



Total animal/animal product cash receipts are expected to increase $55.3 billion (28.3 percent) to $251.1 billion in 2022. Growth in receipts is forecast for all major animal/animal products, largely driven by higher forecasted prices, with the largest increases in value expected for broilers (up $17.8 billion, 56.6 percent), milk (up $15.2 billion, 36.4 percent), and chicken eggs (up $6.6 billion, 76.3 percent).

Chart 2: Animal/Animal Products Cash Receipts

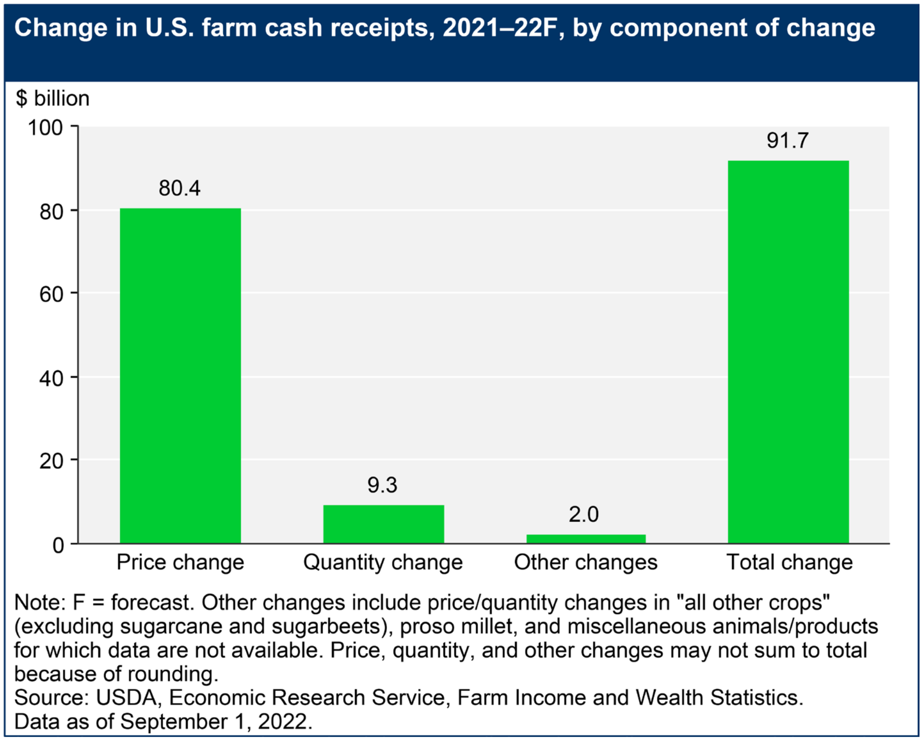


Higher Prices Drive the Increase in Cash Receipts

For both crops and animal/animal products, higher commodity prices are the primary driver of the increase in farm cash receipts. A decomposition[5] of the forecast change in cash receipts from 2021 to 2022 shows that higher prices account for $80.4 billion of the total $91.7 billion increase. Larger quantities account for just $9.3 billion of the increase. Cash receipts for both crops and livestock benefit from higher prices, while only crops benefit from larger volumes as the quantity effect is negative for livestock. A $2.0 billion increase is forecast for commodities whose price and quantity effects could not be separately determined.

[5] The decomposition consists of (1) a "price effect" from calculating the change in cash receipts with holding the quantity sold constant at 2021 levels and allowing prices to change to forecast 2022 levels, and (2) a "quantity effect" where prices are held constant from 2021 and quantities change to forecast 2022 levels.

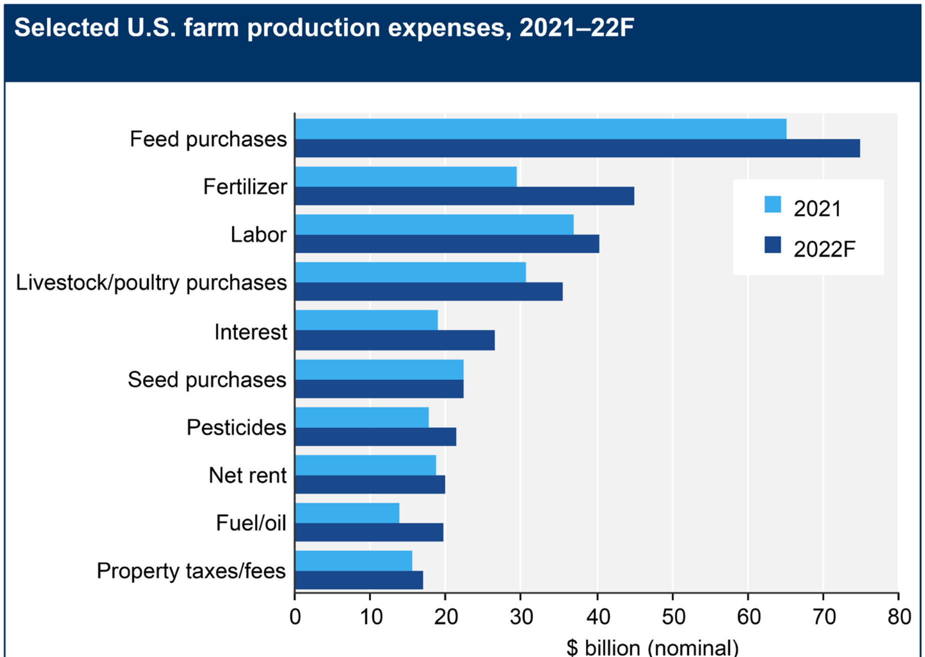
Chart 3: Price and Quantity Effects of Change in Cash Receipts



Farm Sector Production Expenses Expected to Increase in 2022

Total farm sector production expenses, including expenses associated with operator dwellings, are forecast to increase by $66.2 billion (17.8 percent) to reach $437.3 billion in calendar year 2022, the largest year-to-year dollar increase on record. Nearly all categories of expenses are forecast to be higher in 2022. The largest increases in production expenses are expected for: fertilizer-lime-soil conditioner expenses (up $15.4 billion, 52.3 percent); feed expenses (up $9.7 billion, 14.9 percent); and interest expenses (up $7.5 billion, 39.6 percent). The largest single category, feed, reflects higher feed grain and protein meal costs stemming from the rise in crop prices.

Chart 4: Farm Sector Production Expenses

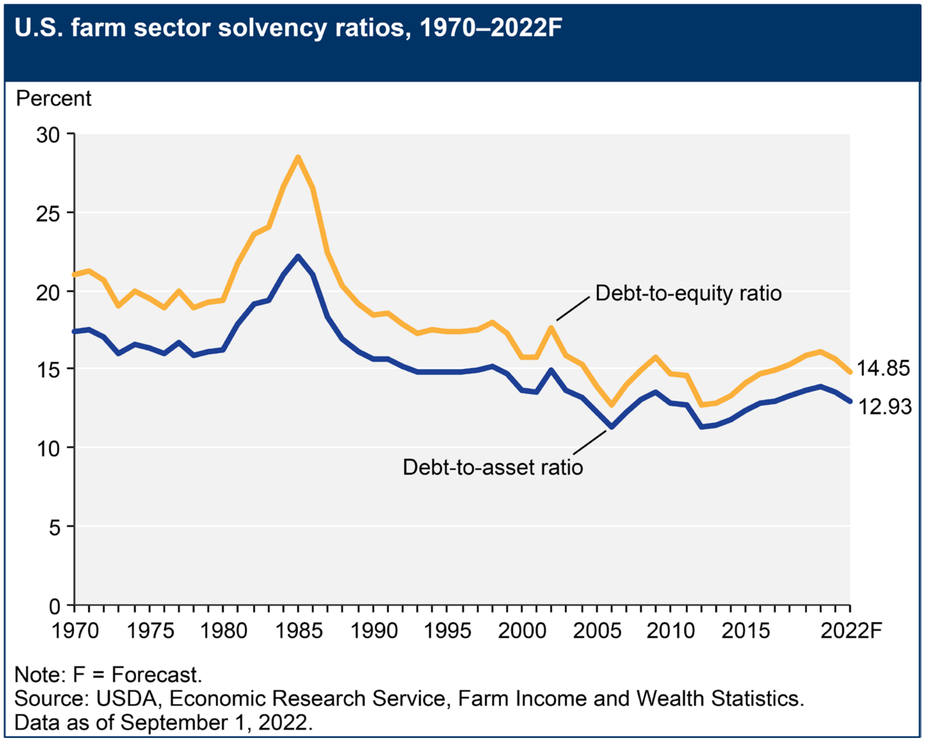


Note: F = forecast.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of September 1, 2022.

Farm Equity Expected to Increase Again in 2022

Farm sector equity is expected to increase 10.4 percent to $3.34 trillion by the end of calendar year 2022. Farm sector assets are forecast to increase 9.7 percent to $3.84 trillion while farm sector debt is expected to increase 4.6 percent to $496.0 billion. Adjusted for inflation, farm sector equity and assets are forecast to increase by 4.3 percent and 3.6 percent, respectively, while debt is expected to decline by 1.2 percent. Real estate assets are forecast to increase by 10.1 percent to $3.19 trillion, accounting for much of the increase in the value of farm sector assets. Both real estate debt and non-real estate debt are forecast to rise in calendar 2022, by 5.4 percent and 2.8 percent, respectively. Debt-to-asset levels for the sector are forecast to fall from 13.56 percent in 2021 to 12.93 percent, while the debt-to-equity ratio is expected to decrease from 15.68 percent to 14.85 percent. Working capital is forecast to decline 2.6 percent relative to 2021.

Chart 5: Measures of Farm Sector Solvency



Government Payments Forecast to Decrease in 2022

Direct government payments to farms and ranches are forecast to be $13.0 billion in 2022, approximately half the level of 2021 and less than one-third of the record high of $45.5 billion in calendar year 2020. Reduced supplemental and ad hoc disaster assistance, including lower COVID-19 assistance, as well as higher commodity prices account for the decrease in 2021 and 2022 direct Government payments. Direct farm program payments are made by the Federal Government to farmers and ranchers with no intermediaries. Typically, most direct payments to farmers and ranchers (such as ARC/PLC payments) are administered by USDA under Farm Bill legislation. Government payment amounts do not include Federal Crop Insurance Corporation indemnity payments (listed as a separate component of farm income) or USDA loans (listed as a liability in the farm sector's balance sheet).

Supplemental and ad hoc disaster assistance payments[6] in 2022 are forecast at $8.6 billion, a decrease of $10.3 billion or 54.4 percent from 2021. The decrease is primarily related to lower total payments for COVID-19-related aid.[7] The Coronavirus Food Assistance Program (CFAP) provided relief to producers whose operations are directly affected by COVID-19. Payments in 2022 from these USDA programs are forecast at $0.8 billion compared with $7.5 billion in 2021.

Government payments under the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs in 2022 are forecast to be approximately $0.2 billion, a decline of about $2.0 billion, or 90.3 percent, from 2021. Payments under the ARC program are expected to be $63.4 million in 2022, a decrease of $54.1 million or 46 percent from 2021. If realized, this will be the lowest outlay since the ARC program was authorized by the 2014 Farm Bill, about 46 percent below the previous low of $117.5 million in 2021. Prior to 2021, ARC payments averaged $2.9 billion over FY 2015-2020. PLC payments in 2022 are expected to be $151 million, a decrease of $1.9 billion, or 92.8 percent, from 2021 levels. From 2017 through 2021, PLC payments averaged about $2.86 billion annually, with a low of $1.95 billion in 2019. Higher prices for covered commodities account for the large reductions in both ARC and PLC payments. Note that 2022 ARC and PLC payments, if triggered, are for crop year 2021.

Conservation payments from the financial assistance programs of USDA's FSA and NRCS are expected to be $4.2 billion in 2022, up $635 million, or 18.0 percent, from 2021. These payments are primarily funded by CCC. The increase in 2022 is due to an increase in Conservation Reserve Program (CRP) enrolled acres and an increase in payments from NRCS programs.

Dairy Margin Coverage Program (DMC) payments were forecast at the time of the ERS farm income release to be $0 in 2022. As a result, net negative payments were expected for the DMC program because of the premiums and administrative fees producers paid to enroll in the program. Subsequent to the ERS farm income release, DMC program payments of about $89 million were disbursed based on August 2022 margins of milk price above feed cost.

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[6] Includes USDA pandemic assistance for producers, non-USDA pandemic assistance, and Other supplemental and ad hoc disaster assistance.

[7] USDA pandemic assistance for producers includes those payments made directly to producers impacted by COVID-19, including the Coronavirus Food Assistance Program (CFAP), Spot Market Hog Pandemic Program (SMHPP), Pandemic Livestock Indemnity Program (PLIP), and Pandemic Market Volatility Assistance Program (PMVAP).

Total Exports Expected to Increase in 2022

In FY 2022, U.S. agricultural exports to all destinations are projected at a record $196.0 billion, up over 13 percent from 2021 and establishing a new record if realized. U.S. grain and feed exports are forecast at a record $47.8 billion while oilseed and product exports are forecast at a record $45.3 billion. U.S. cotton exports are forecast at a record-tying $8.8 billion, primarily a reflection of higher prices. FY 2022 estimates for exports of animals/animal products, are expected to increase by over 15 percent to $42.6 billion as compared to 2021. U.S. ethanol exports are forecast to be up $1.8 billion to a record $4.2 billion.

Strong export performance helped the recovery of commodity prices in 2021 following the twin shocks of the trade war with China and the economic disruption of the COVID-19 pandemic. Aided by the Russia-Ukraine conflict, the strong export performance has continued in 2022, sustaining higher commodity prices and leading to record farm income levels.

2022 Performance Highlights Summary

The CCC mission and strategic goals are achieved through the successful implementation of key programs.

The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs offer income support to agricultural producers when there is a substantial drop in revenue or prices for covered commodities. Producers may make an election to select the type of coverage, PLC or ARC, in 2019, 2021, 2022, and 2023 and update program payment yields one time in 2020 for crop years 2020-2023. In FY 2022, the ARC and PLC programs met 98.5 percent of their farm enrollment targets.

In FY 2022, the Conservation Reserve Program (CRP) met its target for wetlands enrollment but is at 87.8 percent of the target for riparian buffers enrollment. CRP attributes the declining enrollment year-over-year to producers deciding to increase production to meet demands of the global food supply chain. Furthermore, the reduction of rental rates in the 2018 Farm Bill was not conducive to entice producers to enroll land in CRP. Outreach for enrollment in FY 2023 will continue; however, due to farm bill changes and current farm economy, it is difficult to forecast enrollment and progress for FY 2023.

In FY 2022, the CCC Export Credit Guarantee Program supported $3.3 billion in exports of U.S. agricultural commodities. During 2022, rising global interest rates, high commodity and energy prices, supply chain issues, and the war in Ukraine all worked to create increased demand for guarantees on commercial export finance, particularly in the developing countries to which the program is targeted. In FY 2022, GSM-102 program registrations increased by 60 percent over the previous year, the highest level since 2012. FY 2022 saw the program maintain its negative budget subsidy rate, meaning that income was projected to be sufficient to cover the program's operating costs and any losses.

For FY 2022, total FFPr awards totaled $223.35 million and 267,800 metric tons (MT) in commodities. These awards included seven new 5-year awards with an estimated total value of $177 million, of which approximately $129.18 million supports the purchase and donation of 216,000 MT of U.S. commodities, $37.72 million in associated freight costs to ship those commodities, and $10.10 million to support project administration. In addition, FFPr released two FY 2022 supplemental Notice of Funding Opportunities aimed at strengthening existing projects. These projects provided a total of $46.35 million in additional funding and 51,800 MT of additional commodities.

Financial Highlights

CCC provides financial information to stakeholders to facilitate decision-making in the execution of CCC's mission to stabilize, support, and protect farm income and prices. CCC's consolidated financial statements have been prepared from CCC's accounting records as of September 30, 2022, in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP) promulgated by the FASAB. CCC has a parent-child relationship with USAID. The child fund activities are part of the CCC consolidated financial statements.

Assets

The Consolidated Balance Sheet reflected Total Assets of $5.06 billion as of September 30, 2022, a decrease of $1.08 billion (18 percent) below the previous year's Total Assets of $6.14 billion. This decrease is primarily driven by the $0.95 billion decrease in Fund Balance with Treasury (FBWT). On September 30, 2022, CCC recorded non-expenditure transfers to outside agencies. Due to the timing of the transactions, the financing (executed borrowings from Treasury) for these transfers was not processed until the next business day, October 3, 2022, effective in FY 2023.

Table 1: Summary of Assets

	In Millions			
As of September 30	2022	2021	Variance	Variance %
Fund Balance with Treasury	$ 2,785	$ 3,734	$ (949)	-25%
Accounts Receivable, Net	67	74	(7)	-9%
Commodity Loans, Net	239	393	(154)	-39%
Direct Loans and Loan Guarantees, Net	1,787	1,780	7	0%
Other	180	161	19	12%
Total Assets	$ 5,058	$ 6,142	$ (1,084)	-18%

Liabilities

The Consolidated Balance Sheet reflected Total Liabilities of $21.76 billion as of September 30, 2022, an increase of $1.36 billion (7 percent) from the previous year's Total Liabilities of $20.40 billion. The financing (executed borrowings from Treasury) for the non-expenditure transfers discussed under the Assets section above was not processed until the next business day, October 3, 2022, effective in FY 2023. As a result, CCC has recognized a liability (Due to the General Fund) related to the financing event that did not occur until FY 2023. The $1.84 billion decrease in Accrued Liabilities is related to lower and fewer anticipated payments in the ARC and PLC programs. Consumption of many crops such as cotton, oilseeds and total grains has increased, driving up prices and reducing the need for ARC or PLC payments.

Table 2: Summary of Liabilities

	In Millions			
As of September 30	2022	2021	Variance	Variance %
Debt to the Treasury	$ 15,642	$ 15,371	$ 271	2%
Due to the General Fund	3,197	-	$ 3,197	100%
Resources Payable to Treasury	300	428	(128)	-30%
Accounts Payable	132	286	(154)	-54%
Grants Payable	179	195	(16)	-8%
Accrued Liabilities	2,160	4,001	(1,841)	-46%
Other	153	121	32	26%
Total Liabilities	$ 21,763	$ 20,402	$ 1,361	7%

Net Position

CCC's Net Position, as of September 30, 2022 and 2021, was ($16.70) billion and ($14.26) billion, respectively. Net Position includes Capital Stock, Unexpended Appropriations, and Cumulative Results of Operations.

Net Cost of Operations

Net Cost of Operations is categorized based on CCC's strategic goals. Net Cost of Operations was $8.34 billion and $10.38 billion for the years ended September 30, 2022 and 2021, respectively. Total Net Cost of Operations decreased by $2.04 billion (20 percent) from the prior year.

Table 3: Summary of Net Cost of Operations by Strategic Goal

	In Millions			
For the Years Ended September 30	2022	2021	Variance	Variance %
Provide a Financial Safety Net for Farmers and Ranchers	$ 3,252	$ 5,199	$ (1,947)	-37%
Increase Stewardship of Natural Resources While Enhancing the Environment	2,424	2,172	252	12%
Ensure Commodities are Procured and Distributed Effectively and Efficiently	139	702	(563)	-80%
Increase U.S. Food and Agricultural Exports	2,527	2,311	216	9%
Total Net Cost of Operations	$ 8,342	$ 10,384	$ (2,042)	-20%

- Provide a Financial Safety Net for Farmers and Ranchers
  The primary CCC programs that support this strategic goal are ARC, PLC, and the various DAPs. The decrease of $1.95 billion is related to overall higher commodity prices reducing payments to participants of ARC and PLC.

- Increase Stewardship of Natural Resources While Enhancing the Environment
  Total Net Cost of Operations is primarily driven by activity in CCC's various Conservation Reserve Programs, which increased in relation to the prior year.

- Ensure Commodities are Procured and Distributed Effectively and Efficiently
  The decrease in Total Net Cost of Operations is primarily driven by a lower quantity of purchases in the Food Purchase and Distribution program (FPD) and lower commodity purchases in FFPr.

- Increase U.S. Food and Agricultural Exports
  Total Net Cost of Operations is primarily driven by the P.L. 480 Title II program, which increased in relation to the prior year.

New Obligations and Upward Adjustments

New Obligations and Upward Adjustments were $15.42 billion and $16.49 billion for the years ended September 30, 2022 and 2021, respectively. Total Obligations Incurred decreased by $1.07 billion (7 percent) from the prior year.

Agency Net Outlays

Net Outlays were $8.88 billion and $12.40 billion for the years ended September 30, 2022 and 2021, respectively. Total Agency Net Outlays decreased by $3.52 billion (28 percent) from the prior year. This decrease is driven by fewer and lower payments in the ARC and PLC programs. Consumption of many crops such as cotton, oilseeds and total grains has increased, driving up prices and reducing the need for ARC or PLC payments**.**

Table 4: Summary of Agency Net Outlays

	In Millions			
For the Years Ended September 30	2022	2021	Variance	Variance %
Net Outlays:				
Outlays, Net	$ 8,927	$ 12,464	$ (3,537)	-28%
Distributed Offsetting Receipts	(53)	(64)	11	-17%
Total Agency Net Outlays	$ 8,874	$ 12,400	$ (3,526)	-28%

Analysis of Systems, Controls, and Legal Compliance

FMFIA and FFMIA Assurance Statement:

Executive Vice President's Assurance Statement

CCC Management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. CCC conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, CCC can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2022.

CCC has also assessed the compliance of CCC's financial management systems with federal financial management systems requirements in accordance with FMFIA Section 4; FFMIA Section 803(a); and OMB Circular No. A-123, Appendix D. They require federal agencies to implement and maintain financial management systems that comply with federal financial management system requirements, applicable federal accounting standards, and the U.S. Standard General Ledger at the transaction level. As a result of the assessments conducted, we are reporting noncompliance with FFMIA regarding U.S. Standard General Ledger at the Transaction Level.

For fiscal year 2022, CCC continues to report noncompliance with the Payment Integrity Information Act (PIIA) of 2019 and the Digital Accountability and Transparency Act (DATA) of 2014. In addition, CCC has two potential Antideficiency Act violations and one confirmed ADA violation.

CCC remains committed to operating its programs and operations in an effective and efficient manner and its financial management systems in compliance with Federal requirements, and therefore is executing plans to improve areas of noncompliance.

Zach Ducheneaux
Executive Vice President,
Commodity Credit Corporation
November 7, 2022

Federal Managers' Financial Integrity Act

Overview

The Federal Managers' Financial Integrity Act (FMFIA) requires ongoing evaluations of internal controls and financial management systems. These evaluations lead to an annual statement of assurance that:

- Obligations and costs comply with applicable laws and regulations;
- Federal assets are safeguarded against fraud, waste, abuse and mismanagement;
- Transactions are accounted for and properly recorded; and
- Financial management systems conform to standards, principles, and other requirements to ensure that federal managers have timely, relevant, and consistent financial information for decision-making purposes.

CCC management evaluated its internal controls in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.

CCC operates a comprehensive internal control program. This program ensures compliance with the requirements of FMFIA and other laws, and OMB Circular A-123, and its Appendices A through D. CCC and all managers conducting CCC business or acting on behalf of the CCC must ensure that their programs operate efficiently and effectively and comply with relevant laws. They must also ensure that financial management systems conform to applicable laws, standards, principles, and related requirements. In conjunction with the USDA's Office of the Inspector General (OIG) and the Government Accountability Office (GAO), CCC's management works decisively to determine the root causes of its deficiencies so that it can direct resources to focus on their remediation.

CCC remains committed to reducing and eliminating the risks associated with its deficiencies. It also strives to efficiently and effectively operate its programs in compliance with FMFIA and other applicable laws and regulations.

Fiscal Year 2022 Results

Based on the results of the evaluations, CCC can provide reasonable assurance that internal controls over financial reporting are in place and operating effectively.

CCC ended FY 2022 with no material weaknesses. The prior material weakness related to accounting for budgetary transactions was resolved during FY 2022.

The Executive Vice President's Statement of Assurance provides reasonable assurance that CCC's system of internal control complies with FMFIA objectives.

Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act of 1996 (FFMIA) is designed to improve financial and program managers' accountability, provide better information for decision-making, and improve the efficiency and effectiveness of Federal programs. FFMIA requires that financial management systems provide reliable, consistent disclosure of financial data in accordance with generally accepted accounting principles and standards. These systems must also comply with (1) Federal Financial Management System (FFMS) requirements, (2) applicable Federal accounting standards, and (3) the U.S. Standard General Ledger (USSGL) at the transaction level.

During FY 2022, CCC evaluated its financial management systems to assess substantial compliance with FFMIA. CCC management made the determination that CCC demonstrated substantial compliance with Section 1, Federal financial management system requirements and Section 2, applicable Federal accounting standards; however, CCC is not substantially compliant with Section 3, the USSGL at the transaction level.

Antideficiency Act

During FY 2022, CCC management continued to analyze and investigate in coordination with the USDA OGC, USDA Office of the Chief Financial Officer, and OMB various potential instances of non-compliance with the ADA. Such instances either (1) occurred and were identified in prior years; (2) occurred in a prior year but were identified in the current year; or (3) occurred and were identified in the current year. The following summarizes those potential violations.

One new violation of the ADA was identified and confirmed by CCC in FY 2022. Two potential violations of the ADA had no changes to their status during FY 2022. CCC continues to evaluate the facts and circumstances of the potential ADA, in consultation with FSA-OGC, OIG-Office of Counsel, and GAO.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. 3515 (b), *Financial Statements of Agencies*. The statements are prepared from records of the entity in accordance with Federal 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.

Part II: Performance Section (Unaudited)

CCC Strategic Goals

Given that most of CCC services are carried out by the employees of FSA, AMS, NRCS, FAS, FPAC Business Center, and USAID, the mission of CCC aligns towards the strategic goals of the Department as well as to the strategic goals of FSA, AMS, NRCS and FAS. Each of these strategic goals, in turn, has objectives that support the results that each agency wants to achieve. The performance measures allow CCC to tangibly measure how well it achieved these objectives without creating a duplicate reporting burden. The chart below summarizes the relationship between the current USDA strategic goals and each agency's strategic goals, and CCC program areas.

Chart 6: Summary of Strategic Goals

Conservation Program Area

MISSION ELEMENT

Conserving soil, air, and water resources and protecting and improving wildlife habitats

Program Overview

CRP encourages producers to plant long-term resource-conserving perennial vegetative covers to improve water and air quality, control soil erosion, sequester carbon, and enhance wildlife habitat on land formerly used for agricultural production. In return, the program provides participants with annual rental payments, cost-sharing implementation costs, and technical assistance. Contract terms run between 10 and 15 years. Acreage enrollment caps are established by the 2018 Farm Bill. CRP is designed to assist landowners, agricultural producers, and ranchers restore and enhance wetland and riparian areas.

With CRP Grasslands, landowners and operators can protect grassland, including rangeland and pastureland, and certain other lands, while maintaining the areas as grazing lands. The program emphasizes support for grazing operations, plant and animal biodiversity and grassland and land containing shrubs and forbs under the greatest threat of conversion. Participants receive annual payments and cost-share assistance.

The 2018 Farm Bill added an initiative, Clean Lakes Estuaries and Rivers (CLEAR), that names water quality continuous signup practices and added a new practice, prairie strips. The Farm Bill has a goal that 40 percent of continuous practices should be CLEAR practices. CLEAR enrollment includes agricultural land devoted to riparian buffer and wetland practices that are accepted on a continuous basis.

In FY 2022, the CRP enrolled 1.37 million acres in riparian and grass buffers, and enrolled or re-enrolled 2.39 million acres of wetlands for restoration. CRP acres help reduce nitrogen, phosphorus, and sediment pollution by more than 85 percent annually on enrolled lands. Buffers intercept runoff from adjacent land during crop production. CRP also helps increase carbon sequestered in enrolled soils and vegetation. Overall, CRP efforts contribute to increased wildlife populations, and have added more than two million ducks to the Prairie Pothole Region annually, protecting Sage Grouse populations in Eastern Washington and Lesser Prairie Chicken populations in the southern Great Plains, and increasing ring-necked pheasant and other grassland bird populations across the nation.

CRP plays a critical role in mitigating and sequestering greenhouse gases. In FY 2021 a Climate Smart Incentive was introduced in both General CRP and Continuous CRP that aims to increase carbon sequestration and reduce greenhouse gas emissions through increased enrollment in CRP. Climate-smart CRP practices included establishment of trees and permanent grasses, development of wildlife habitat, and wetland restoration. An estimated 19.5 million metric tons of CO2 equivalent was sequestered in FY 2021.

Carbon sequestration benefits and greenhouse gas emissions on CRP-enrolled land are being assessed through the Monitoring, Assessment, and Evaluation (MAE) project. CRP practices will be evaluated on trees, wetlands and perennial grass contracts. The projects information will be used to inform climate models, such as CarbOn Management Evaluation Tool (COMET) and Daily Century (DayCENT) on CRP benefits.

CRP also increased payment rates from ten percent to twenty percent for practices benefiting water quality, such as grassed waterways, riparian buffers, and filter strips.

Table 5: Summary of Performance Measure for Riparian and Grass Buffers Acreage

Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		
					Target	Actual	Result
CRP: acres of riparian and grass buffers (cumulative and in million acres)	1.53	1.43	1.363	1.42	1.56	1.37	NI
Threshold range: Exceeds: Surpasses target – Met: within 90% or equal of target – Needs Improvement: Less than 90% of target							
Data Assessment of Performance Measure							

Data source: The data source for this measure is the National CRP Contract Data Files.

Completeness of Data: Data reported are based on data available as of September 30, 2022. The targets and actual data are cumulative (acres under contract at the end of a FY). The measure reports national acres under contract with the following buffer practices: Grass Filter Strips, Riparian Buffers, Wildlife Habitat Buffers on Marginal Pasturelands, and Buffers established under the State Acres for Wildlife Enhancement. There are no known data limitations.

Reliability of Data: USDA considers the data to be reliable.

Quality of Data: Overall, the quality of the data is good.

Table 6: Summary of Performance Measure for Restored Wetland Acreage

Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		
					Target	Actual	Result
CRP: restored wetland acreage (million acres)	2.29	2.33	2.35	2.36	2.64	2.39	Met
Threshold range: Exceeds: Surpasses target – Met: within 90% or equal of target – Needs Improvement: Less than 90% of target							
Data Assessment of Performance Measure							

Data source: The data source for this measure is the National CRP Contract Data Files.

Completeness of Data: Data reported are based on data available as of September 30, 2022. The targets and actual data are cumulative (acres under contract at the end of a FY). The measure reports national acres under contract with the following wetland practices: Wetland Restoration, Marginal Pastureland Buffers, Bottomland Trees, Shallow Water Areas for Wildlife, Duck Nesting Habitat, and Farmable Wetlands Programs. There are no known data limitations. Acres reported include associated upland buffers.

Reliability of Data: USDA considers the data to be reliable.

Quality of Data: Overall, the quality of the data is good.

Challenges for the Future

The biggest challenges in both the near and long-term are factors largely outside the control of CCC. Acreage enrollment in buffer and wetland restoration practices may be affected due to large numbers of expiring acres, statutory changes in the 2018 Farm Bill regarding the maximum acreage enrollment, producer and land eligibility standards, and statutory limits applied to the rental rates. Another challenge is fluctuating crop prices, which have an inverse relationship with enrollment and acreage withdrawal from the program before contract expiration. Market fluctuations have the potential to affect whether CCC meets its buffer and wetland restoration targets. CRP continues outreach for enrollment, however, due to farm bill changes and current farm economy it is difficult to forecast enrollment and progress.

Income Support and Disaster Assistance Program Area

MISSION ELEMENT

Stabilizing, supporting, and protecting farm income and prices

Program Overview

CCC provides billions of dollars in income support and disaster assistance payments each year to agricultural commodity producers. These payments provide income support to producers on farms with base acres. CCC payments for these programs are driven by commodity market prices, payment eligibility rules established in public policy, and natural disasters. CCC payments are best explained in the context of a commodity crop year which does not directly correspond to the federal FY and financial statement reporting.

The ARC and PLC programs offer income support to agricultural producers when there is a substantial drop in revenue or prices for covered commodities. Producers may make an election to select the type of coverage, PLC or ARC, in 2019, 2021, 2022, and 2023 and update program payment yields one time in 2020 for crop years 2020-2023.

Table 7: Summary of Performance Measure for ARC/PLC program

Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		
					Target	Actual	Result
Number of Farms enrolled in ARC/PLC (in millions)	1.67	1.77[1]	1.76	1.77	2.3	1.79	Met
Threshold range: Exceeds: Surpasses target – Met: within 90% or equal of target – Needs Improvement: Less than 90% of target							
Data Assessment of Performance Measure							
Data source: ARC/PLC contract sign-up application **Completeness of Data:** Data reported are based on data available as of September 30, 2022. **Reliability of Data:** USDA considers the data to be reliable. **Quality of Data:** Overall, the quality of the data is good.							

1 Enrollment for Crop Year 2019 did not begin until September 2019 and ended March 2020

Challenges for the Future

Safety net programs that began with the 2014 Farm Bill and continued with marginal changes under the 2018 Farm Bill, have substantial outlay potential. Potential outlays depend on the extent and duration of market swings, producer decisions on base reallocation and yield updates, and whether there is participation in the ARC or PLC programs. The ability to change the election yearly could impact the payment estimation for the next year.

Commodity Operations and Food Aid Program Area

MISSION ELEMENT

Maintaining balanced and adequate supplies of agricultural commodities and aiding in their orderly distribution

Program Overview

AMS manages the food assistance purchases that support domestic programs such as the Food and Nutrition Service's National School Lunch Program, as well as international food aid through USAID and the United Nations' World Food Program.

FAS administers the Food for Progress Program, which helps developing countries and emerging democracies modernize and strengthen their agricultural sectors. U.S. agricultural commodities donated to recipient countries are sold on the local market and the proceeds are used to support agricultural, economic or infrastructure development programs. Past Food for Progress projects have trained farmers in animal and plant health; improved farming methods; developed road and utility systems; established producer cooperatives; provided microcredit; and developed agricultural value chains.

Food for Progress has 41 active projects in 38 countries valued at more than $1.1 billion. In FY 2021 all new funding for new projects was granted to the Government of Sudan. Four Merit and nine Standing Supplemental awards were made to existing projects, with the merit awards given to a project each in Sri Lanka, and Dominican Republic, and two projects in Guatemala. These awards include additional commodity, freight and administrative funds. Together these projects are estimated to reach a total of over 215,000 direct beneficiaries.

Challenges for the Future

CCC involvement for all commodities is increasing due to trade issues. These issues are also affecting the movement of commodities and market prices. Transportation complexities in the commodity industry are also continuing to increase. Management will need to be proactive in balancing work force needs with budgetary constraints while meeting the demand of the commodity industry and CCC.

As a result of the COVID-19 pandemic, some Food for Progress implementing partners found themselves incurring additional implementation costs not originally envisioned, principally related to safety measures and the protection of staff. In addition, the economic uncertainty in the markets brought on by the COVID-19 pandemic could impact monetization sales and project implementation. In these times of greater need, especially in the developing world, the program has an opportunity to provide an even greater impact in FY 2023.

Market Development Program Area

MISSION ELEMENT

Developing new domestic and foreign markets and marketing facilities for agricultural commodities

Program Overview

CCC supports U.S. industry efforts to build, maintain, and expand overseas markets for U.S. agricultural, fish, and forest products. On behalf of CCC, FAS manages several export development programs including FMD, Market Access Program (MAP), Technical Assistance for Specialty Crops Program, Quality Samples Program, and Emerging Markets Program. In 2018, the Agricultural Trade Promotion (ATP) program was established as one of three programs to help U.S. agricultural, fish, and forest product producers and exporters mitigate the adverse effects of other countries' tariff and non-tariff barriers and develop new markets.

These programs provide matching funds to U.S. non-profit organizations to conduct a wide range of activities including market research, consumer promotion, trade servicing, capacity building, and market access support. Working with the State Regional Trade Groups and other industry organizations, CCC programs also provide funding to encourage Small to Medium-Sized Enterprises (SME) to become active in international markets. FAS staff in over 100 countries around the world support industry efforts by providing market intelligence and introducing U.S. exporters to potential foreign customers. FAS trade services staff, FAS overseas offices, and U.S. industry non-profit associations all provide services that help U.S. companies successfully access potential buyers in a wide range of international trade shows.

CCC market development programs are used to broaden the base of U.S. exporters, which facilitates economic growth and job creation. A central focus of this effort is to provide additional assistance to SMEs, which are major drivers of new job creation. Trade show participation is a key component of SME program participation and a cornerstone of cooperators' MAP and FMD investments.

Over 70 non-profit associations participate in CCC market development programs. They are promoting U.S. products around the world and have an economic effect on virtually every state. Despite the difficult world trade environment, cooperators are continuing to conduct innovative, virtual, and other on-line activities. A few examples of their successes demonstrate the wide range of participants, activities, and target markets:

- Since 2016, the U.S. Grains Council used MAP and ATP to promote U.S. ethanol exports in South Korea, focusing primarily on educating Korean buyers about the availability and pricing of U.S. ethanol and introducing buyers to U.S. suppliers. USGC programming included Korean buyer teams visiting the United States, participating in the Global Ethanol Summit and Asia-Pacific Ethanol Summit, and USGG hosting Korean buyers in ethanol procurement courses, and facilitating business-to-business meetings. In addition, USGC has promoted the importance of Korean ports as a transshipment market for U.S. ethanol to other key Asian markets--the Philippines, Vietnam, and Indonesia, arranging meetings with local buyers to significantly expand ethanol transshipment exports through the Ulsan Port. As a result, U.S. ethanol export to South Korea nearly tripled, reaching 137.4 million gallons valued at $520 million in the marketing year (MY) 2020/21, compared to 47.3 million gallons in 2016.

- In 2021, more than 1,000 aquaculture industry professionals from over 70 countries gathered in Merida, Mexico to attend the U.S. Soybean Export Council (USSEC)-sponsored World Aquaculture annual conference, organized by the World Aquaculture Society. Over the years, as a result of many educational MAP and FMD-funded activities, U.S. soy has become a key driver of the rapidly growing Latin American aquaculture industry. U.S. soybean meal shipments to Colombia and Ecuador in MY Oct-Sep 2021/22, through June 2, are 26 percent and 14 percent higher versus a year ago, respectively. USSEC’s effective use of USDA market development programs have positioned U.S.-produced soy as a primary source for increased global aquaculture demand.

- Since 2020, the Cranberry Marketing Committee conducted ATP-funded health-focused public relations activities in China and India, including social media campaigns, health seminars, and television segments. The health benefits of cranberries are a major driver of product purchases in these markets. As a result of these initiatives, 65 percent of surveyed consumers in China and 73 percent in India are aware of at least one cranberry health benefit—up from 60 percent and 32 percent in 2019, respectively. These results demonstrate that, thanks in part to CMC's ATP-funded health messaging, cranberry health and nutrition information is resonating with consumers in these key markets and helping to grow demand. During the period Sep-Aug 2018/19 to 2020/21, U.S. cranberry exports to China increased from $26 million to $37 million, and exports to India grew from $2.4 million in 2018/19 to $3.3 million in 2020/21.

- Mexico is emerging as the top U.S. export market for pork, thanks to the U.S. Meat Export Federation (USMEF) MAP and ATP-funded activities that are helping to grow demand with retailers, processors, and consumers. U.S. exports were valued at about $1 billion in 2020, reached $1.5 billion in 2021 and January-June 2022 exports are running 15 percent ahead of the previous year, despite total U.S. pork exports down from last year's record level by about 22 percent. USMEF's nationwide promotions with traditional and digital advertising, and culinary workshops, effectively communicate U.S. pork quality, reliability, food safety, and versatility. USMEF also supported the launch of new Mexican processor products in the market with a series of tasting demonstrations at supermarkets, marketing campaigns with influencers on social media, and consumer workshops.

Table 8: Summary of Performance Measure for Market Development

Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		
					Target	Actual	Result
Value of agricultural exports resulting from participation in foreign food and agricultural trade shows (million $)	$2,041 [1]	$2,219	$1,119 [2]	$93 [3]	$1,750	$2,480[4]	Exceeded
Threshold range: +/-$150 million							
Data Assessment of Performance Measure							

Data source: Data are collected by surveying U.S. company participants at the end of each trade show. Voluntary survey responses represent about 60 to 90 percent of total company participants at a show. In large, multiproduct shows, about a third to a half of the respondents are companies that are participating with one of the market development organizations. In more product-specific shows, about two-thirds of the respondents are linked to market development funded participants. Data reported are 12-month projected sales.

Completeness of Data: Data are through September 30, 2022.

Reliability of Data: Data are considered reliable.

Quality of Data: Data are self-reported but are considered a good indicator of aggregate company sales, based on independent testing of the data.

[1] FY 2018 remained higher than expected due to the continued strength of the Seafood expo Global Show.

[2] FY 2020 targets will not be met due to the COVID-19 pandemic. All tradeshows after February 2020 were canceled or postponed, including Seafood Expo Global.

[3] FY 2021 targets will not be met due to the COVID-19 pandemic. Most tradeshows were canceled or postponed to 2022.

[4] As in-person events began to start again in FY22, there was pent up demand for these events which led to robust sales. Also note that many events in Asia were postponed on limited to domestic participants.

Challenges for the Future

"USDA/ERS "Outlook for U.S. Agricultural Trade" (AES-121) dated August 30, 2022, stated that "the global economic outlook for 2022 and 2023 is growing more uncertain due to the continued materialization of downside risks. Previous growth projections are moderated due to ongoing trade disruptions, above-target inflation rates, and rising energy prices. World real gross domestic product (GDP) is projected to increase by 3.2 percent in 2022, a downward revision from the prior forecast of 3.6 percent. Global GDP is projected to increase by 2.9 percent in 2023. The Russian invasion of Ukraine is ongoing and continues to impose far-reaching economic disruptions. The disruptions have thus far led to elevated energy prices that continue to disproportionately affect the European market. Supply chain complications have slowly abated, but spot shipping rates remain elevated compared with their pre-pandemic levels. Central banks around the world, including the Federal Reserve, have begun monetary tightening cycles to combat rising inflation rates. The tightening of monetary policy counters inflation but also typically presents short-term barriers to economic growth."

Export Credit Program Area

MISSION ELEMENT

Creating U.S. agricultural export opportunities and enhancing global food security

Program Overview

The primary objective of the CCC GSM-102 Program is to increase sales of U.S. agricultural commodities to international markets by facilitating the extension of export credits to countries, mainly developing countries, that have sufficient financial strength to generate foreign exchange available for scheduled payments. This program encourages U.S. lenders and exporters to extend credit terms on sales of agricultural commodities and products to overseas customers. The GSM-102 Program supports the involvement of foreign public and private sector banks and importers in commercial trade transactions with the United States. The program statute allows for repayment terms up to two years, but actual repayment terms are currently limited to 18 months or less.

In FY 2022, the CCC Export Credit Guarantee Program supported $3.3 billion in exports of U.S. agricultural commodities. During 2022, rising global interest rates, high commodity and energy prices, supply chain issues, and the war in Ukraine all worked to create increased demand for guarantees on commercial export finance, particularly in the developing countries to which the program is targeted. In FY 2022, GSM-102 program use increased by 60 percent over the previous year and are at the highest level since 2012. The economic return ratio for FY 2022 is estimated at $382 per dollar invested, which exceeds the targeted economic return ratio of $200 per dollar invested.[8] The exports facilitated by the program in FY 2022 helped support approximately 20,500 U.S. jobs throughout the economy.

The GSM-102 Program continues to be critical in supporting sales of U.S. commodities to many markets.[9] Accomplishments for FY 2022 include:

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[8] The Economic Return Ratio is calculated using gross default estimates and does not take into consideration expected recoveries on claims paid. In July 2022, FAS modified its methodology for calculating the ERR; therefore, the FY2022 ERR figure should not be compared to the previous years' data.

[9] Overall GSM sales are based on FY 2022 data. Country-specific GSM-102 sales data as a percentage of overall U.S. exports during FY 2022 are based on U.S. trade data through August 31, 2022.

- The GSM-102 program supported $1.25 billion in U.S. yellow corn sales in FY 2022. U.S. yellow corn sales under the program to Costa Rica, Tunisia, and Morocco accounted for 47, 30, and 12 percent, respectively, of all U.S. yellow corn exports to these countries in FY 2022. The GSM-102 program supported $10 million in U.S. yellow corn sales to Tunisia, marking the first time in at least 20 years that the program supported exports of U.S. corn to Tunisia. The GSM-102 program helps U.S. exports to compete with other major yellow corn suppliers, such as Argentina and Brazil in these markets.

- Soybeans are the second largest commodity supported by the GSM-102 program, with $739 million in sales in FY 2022. U.S. soybean sales under the program to Panama, Algeria, and Mexico accounted for 59, 27, and 11 percent, respectively, of all U.S. soybean exports to these countries in FY 2022.

- Soybean meal is the third largest commodity supported by the GSM-102 program with $696 million of U.S. soybean meal sales in FY 2022. U.S. soybean meal sales under the program to Chile, Jamaica, Morocco accounted for 79, 21, and 17 percent of all U.S. soybean meal exports to these countries in FY 2022. The GSM-102 program supported $2.2 million in U.S. soybean meal sales to Chile, marking the first time in at least 20 years that the program supported exports of U.S. soybean meal to Chile.

- The GSM-102 program supported $451 million in U.S. wheat sales in FY 2022. U.S. wheat sales under the program to Peru, South Korea, and Nigeria accounted for 25, 24, and 8 percent respectively, of all U.S. wheat exports to these countries in FY 2022. With the help of the GSM-102 program, the United States can compete in South Korea's wheat market against major suppliers, Australia and Canada.

- During FY 2022, the GSM-102 program supported $56,000 in U.S. apple sales to Venezuela, marking the first time ever that the program supported exports of U.S. apples to Venezuela.

- During FY 2022, USDA conducted forty-three outreach initiatives, reaching 500 stakeholders, to increase program usage and ensure program benefits reach a broad array of U.S. agricultural producers. These included briefings to exporters of U.S. agricultural products, domestic banks, overseas buyers, and foreign financial institutions. As a result, USDA brought twenty new exporters into the program. USDA also added six new foreign financial institutions (two in Bangladesh, two in Armenia, one in Chile, and one in Nepal) and one U.S. bank to the program, which should provide more options to U.S. exporters who need to reduce their risk of non-payment when shipping U.S. agricultural commodities to emerging markets.

Effective FY 2022, USDA announced modifications to the Facility Guarantee Program (FGP) terms for transactions with repayment terms (tenor) of less than two years. These changes will reduce the burden on participants wishing to utilize the program for short-term transactions – particularly transactions that involve sales of equipment. These revised terms reflect the fact that short-term transactions supported by FGP typically necessitate a shorter, less complicated application review process.

Table 9: Summary of Performance Measure for GSM

Performance Measure	FY 2018	FY 2019	FY 2020	FY2021	FY 2022		
					Target	Actual	Result
Estimated trade value resulting from USDA GSM export credit guarantee program (dollars in billions)	$2.02	$2.02	$2.22	$2.13	$2.00	$3.40	Exceeds
Threshold range: +/- 0.25 billion							
Data Assessment of Performance Measure							
Data source: The data source for this measure is the GSM System. The GSM System records all export sales registered, guarantees issued and shipments and makes adjustments to these amounts due to reserves or shipments not completed.							
Completeness of Data: Data reported represent results for the fiscal year based on data available as of September 30, 2022.							
Reliability of Data: USDA considers this data to be reliable.							
Quality of Data: The GSM System is a system designed solely to support the GSM export credit guarantee programs. The GSM System is updated every night and all changes are tested before being incorporated into the system. Data is reviewed on a daily basis.							

Table 10: Summary of Performance Measure for Economic Return Ratio

Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 [1]		
					Target	Actual	Result
Economic Return Ratio	$(104/1)	$(103/1)	$(103/1)	$(101/1)	$(200/1)	$(382/1)	Exceeds
Threshold range: +/- $5.00/1							
Data Assessment of Performance Measure							

Data source: The data source for this measure is the GSM System. The GSM System records all export sales registered, guarantees issued and shipments and makes adjustments to these amounts due to reserves or shipments not completed.

Completeness of Data: Data reported based on results for the fiscal year as of September 30, 2022.

Reliability of Data: USDA considers this data to be reliable.

Quality of Data: The GSM System is a system designed solely to support the GSM export credit guarantee programs. The GSM System is updated every night and all changes are tested before they are incorporated into the system. Data is reviewed on a daily basis.

[1] FAS modified its methodology for calculating the Economic Return Ratio in FY 2022; therefore, FY 2022 figures are not directly comparable to figures in previous years.

Challenges for the Future

FY 2023 presents both challenges and opportunities for the GSM-102 Program. Program usage typically runs countercyclical to global financial stability. Uncertainties in the global economic environment, especially relating to developing markets (the primary focus of the GSM program), and changes in local interest rates and bank liquidity will create program demand shifts as commercial financing availability changes. Increased program utilization during a global economic downturn such as COVID-19 may be accompanied by an increased risk of default. U.S. banks may reduce participation in the program as global financial risk increases, causing an overall reduction in program use.

USDA will continue to work to bring additional U.S. and foreign financial institutions into the program to expand options for U.S. exporters. Six new foreign banks and one U.S. bank were added to the GSM-102 program during FY 2022. USDA will also continue to make additional U.S. exporters aware of GSM-102 program benefits.

Part III: Financial Section

Message from the Chief Financial Officer

As Chief Financial Officer of the Commodity Credit Corporation (CCC), I am pleased to present CCC's fiscal year 2022 consolidated financial statements, related notes, and other information. CCC remains committed to improving its financial management processes, transparency, and accountability.

CCC's financial condition is linked to the global marketplace and is subject to the volatility caused by extreme weather conditions, natural disasters, evolving conservation practices, and the coronavirus pandemic. CCC's programs, which are predominantly administered by the Farm Service Agency (FSA), aim to carry out CCC's mission to provide high quality services to the Nation's agricultural community and to proactively anticipate worldwide agricultural needs.

The year 2022 has continued to be professionally challenging for CCC. CCC continues to demonstrate how we can respond and adapt to major changes and continue to support programs amid a Global Pandemic. In addition to fulfilling historical requirements and newly mandated programs, the organization continued to make incremental improvements in financial management.

CCC earned an unmodified audit opinion on fiscal year 2022 consolidated financial statements for the fifth consecutive year. CCC has worked diligently throughout the year to address, correct, and mitigate issues raised by its auditor. CCC remains committed to accountability and transparency and will continue to make progress in resolving areas of noncompliance associated with FFMIA. We will continue to devote a considerable number of resources to resolving these issues and are looking forward to improved processes during fiscal year 2023.

CCC's consolidated financial statements, included herein, report the financial position, results of operations, and status of budgetary resources for fiscal years 2022 and 2021. These statements comply, where relevant, with the requirements prescribed by OMB for the form and content of Federal financial statements (Circular A-136) and are in accordance with generally accepted accounting principles for Federal entities. Financial management performance measures also accompany the financial results. These performance measures demonstrate areas of efficiencies, accomplishments, and highlight areas for improvement.

I want to thank the financial management professionals who support CCC for their continued dedication and hard work this past year. It is through their effective and efficient efforts that CCC delivered the most accurate, transparent and useful information possible as we continue to work together in our quest for excellence in financial management.

Sincerely,

Margo E Erny
Chief Financial Officer
Commodity Credit Corporation

Introduction to the Consolidated Financial Statements, Required Supplementary Information, and Other Information

The Consolidated Financial Statements have been prepared to report the financial position and results of CCC operations. The statements have been prepared from the books and records of CCC in accordance with U.S. GAAP as promulgated by FASAB. In addition, the consolidated financial statements are in accordance with OMB and Department of the Treasury directives to monitor and control the status and use of budgetary resources.

CCC's consolidated financial statements and related Notes for FYs 2022 and 2021 consist of the following:

The Consolidated Balance Sheets present those resources owned or managed by CCC as of September 30, 2022 and 2021 that are available to provide future economic benefits (assets); amounts owed by CCC that will require payments from those resources or future resources (liabilities); and residual amounts retained by CCC, comprising the difference between future economic benefits and future payments (net position). The net position consists of $100 million of Capital Stock, Unexpended Appropriations, and Cumulative Results of Operations.

The Consolidated Statements of Net Cost present the net cost of CCC operations, which are comprised of the gross costs incurred by CCC less any exchange revenue earned from CCC activities for the FYs ended September 30, 2022 and 2021.

The Consolidated Statements of Changes in Net Position present the change in CCC's net position resulting from the net cost of CCC operations, budgetary financing sources other than exchange revenues, capital stock, and other financing sources for the FYs ended September 30, 2022 and 2021.

The Combined Statements of Budgetary Resources present budgetary resources available to CCC, the use or status of these resources at year-end, and net outlays of budgetary resources for the years ended September 30, 2022 and 2021. Subject to Appropriation Law, CCC has no authority to pay liabilities not covered by budgetary resources. Liquidation of such liabilities requires the use of CCC's borrowing authority or enactment of an appropriation. The budgetary accounting principles are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds.

The Notes to the Consolidated Financial Statements are an integral part of the financial statements. They provide explanatory information or additional detail to help readers understand, interpret, and use the data presented.

CCC's Required Supplementary Information (RSI), and Other Information (OI) for FYs 2022 and 2021 consist of the following:

RSI contains a Combining Schedule of Budgetary Resources by Major Fund for FYs 2022 and 2021 that provides additional information on amounts presented in the Combined Statements of Budgetary Resources.

OI contains the Summary of Financial Statement Audit, Payment Integrity, and Grant Program Summary, in accordance with OMB Circular A-136, *Financial Reporting Requirements*.

Commodity Credit Corporation

CONSOLIDATED BALANCE SHEETS

As of September 30, 2022 and 2021

(In Millions)

	2022	2021
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	$ 2,785	$ 3,734
Accounts Receivable, Net (Note 5)	3	3
Total Intragovernmental	2,788	3,737
Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 4)	38	29
Accounts Receivable, Net (Note 5)	64	71
Loans Receivable, Net		
Commodity Loans, Net (Note 6)	239	393
Direct Loans and Loan Guarantees, Net (Note 7)	1,787	1,780
Subtotal	2,026	2,173
Inventory and Related Property, Net (Note 8)	28	23
Advances and Prepayments (Note 9)	114	109
Total Other than Intragovernmental	2,270	2,405
Total Assets	$ 5,058	$ 6,142
Liabilities (Note 10):		
Intragovernmental:		
Accounts Payable	$ -	$ 5
Debt (Note 11)	15,642	15,371
Other Liabilities (Note 12):		
Due to the General Fund	3,197	-
Resources Payable to Treasury	300	428
Excess Subsidy Payable to Treasury	52	37
Other Liabilities	21	3
Subtotal	3,570	468
Total Intragovernmental	19,212	15,844
Other than Intragovernmental:		
Accounts Payable	132	281
Environmental and Disposal Liabilities (Note 13)	46	48
Loan Guarantee Liabilities (Note 7)	14	3
Advances from Others and Deferred Revenue	14	16
Other Liabilities (Note 12):		
Accrued Grant Liabilities	179	195
Accrued Liabilities	2,160	4,001
Other Liabilities	6	14
Subtotal	2,345	4,210
Total Other than Intragovernmental	2,551	4,558
Total Liabilities	$ 21,763	$ 20,402
Commitments and Contingencies (Note 14)		
Net Position:		
Capital Stock	$ 100	$ 100
Unexpended Appropriations - Funds from Other than Dedicated Collections	1,803	2,118
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(18,608)	(16,478)
Total Net Position	$ (16,705)	$ (14,260)
Total Liabilities and Net Position	$ 5,058	$ 6,142

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

Commodity Credit Corporation
CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2022 and 2021
(In Millions)

	2022	2021
Strategic Goals (Note 15):		
Provide a Financial Safety Net for Farmers and Ranchers:		
Direct Program Gross Cost	$ 2,721	$ 4,909
Imputed Cost	641	536
Total Gross Cost	3,362	5,445
Less: Earned Revenue	110	246
Net Goal Cost	$ 3,252	$ 5,199
Increase Stewardship of Natural Resources While Enhancing the Environment:		
Direct Program Gross Cost	$ 1,856	$ 1,761
Imputed Cost	574	419
Total Gross Cost	2,430	2,180
Less: Earned Revenue	6	8
Net Goal Cost	$ 2,424	$ 2,172
Ensure Commodities are Procured and Distributed Effectively and Efficiently:		
Direct Program Gross Cost	$ 117	$ 689
Imputed Cost	48	40
Total Gross Cost	165	729
Less: Earned Revenue	26	27
Net Goal Cost	$ 139	$ 702
Increase U.S. Food and Agricultural Exports:		
Direct Program Gross Cost	$ 2,565	$ 2,356
Imputed Cost	-	-
Total Gross Cost	2,565	2,356
Less: Earned Revenue	38	45
Net Goal Cost	$ 2,527	$ 2,311
Total Direct Program Gross Cost	$ 7,259	$ 9,715
Total Imputed Cost	1,263	995
Total Gross Cost	8,522	10,710
Less: Total Earned Revenue	180	326
Net Cost of Operations	$ 8,342	$ 10,384

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

Commodity Credit Corporation

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2022 and 2021
(In Millions)

	2022 Funds from Other than Dedicated Collections (Consolidated Totals)	2021 Funds from Other than Dedicated Collections (Consolidated Totals)
Capital Stock	$ 100	$ 100
Unexpended Appropriations:		
Beginning Balance	$ 2,118	$ 1,673
Appropriations Received	16,724	34,919
Other Adjustments	(417)	(404)
Appropriations Used	(16,622)	(34,070)
Net Change in Unexpended Appropriations	$ (315)	$ 445
Total Unexpended Appropriations	$ 1,803	$ 2,118
Cumulative Results of Operations:		
Beginning Balance	$ (16,478)	$ (33,949)
Appropriations Used	16,622	34,070
Non-exchange Revenue	10	5
Transfers in/out without Reimbursement	(11,610)	(7,150)
Imputed Financing	1,263	995
Other	(73)	(65)
Net Cost of Operations	(8,342)	(10,384)
Net Change in Cumulative Results of Operations	(2,130)	17,471
Total Cumulative Results of Operations	$ (18,608)	$ (16,478)
Net Position	$ (16,705)	$ (14,260)

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

Commodity Credit Corporation

COMBINED STATEMENTS OF BUDGETARY RESOURCES

For the Years Ended September 30, 2022 and 2021

(In Millions)

	2022		2021	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources:				
Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 16)	$ 1,085	$ 108	$ 792	$ 118
Appropriations (discretionary and mandatory)	2,319	-	2,686	-
Borrowing Authority (discretionary and mandatory)	11,977	425	13,207	537
Spending authority from offsetting collections (discretionary and mandatory)	10	147	77	116
Total Budgetary Resources	$ 15,391	$ 680	$ 16,762	$ 771
Status of Budgetary Resources:				
New obligations and upward adjustments (total)	$ 14,961	$ 458	$ 15,912	$ 581
Unobligated balance, end of year:				
Apportioned, unexpired accounts	327	29	447	19
Unapportioned, unexpired accounts	101	193	402	171
Unexpired unobligated balance, end of year	428	222	849	190
Expired unobligated balance, end of year	2	-	1	-
Unobligated balance, end of year (total)	430	222	850	190
Total Budgetary Resources	$ 15,391	$ 680	$ 16,762	$ 771
Outlays, Net and Disbursements, Net:				
Outlays, net (total) (discretionary and mandatory)	$ 8,927		$ 12,464	
Distributed offsetting receipts (-)	(53)		(64)	
Agency Outlays, net (discretionary and mandatory)	$ 8,874		$ 12,400	
Disbursements, net (total) (mandatory)		$ 80		$ 93

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

Notes to the Consolidated Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Commodity Credit Corporation (CCC) is a federal corporation operating within and through USDA. CCC's statutory authority for its operations is found in the CCC Charter Act, 15 U.S.C. 714, and et seq. Included within the consolidated financial statements are all funds/programs for which CCC has control and/or administrative assignment in accordance with SFFAS No. 47, *Reporting Entity*.

Basis of Presentation

CCC's consolidated financial statements report the financial position and results of operations of CCC. These statements have been prepared from the accounting records of CCC as of September 30, 2022 and September 30, 2021 in accordance with U.S. GAAP promulgated by FASAB. These statements have been prepared for CCC, which is a component of the U.S. Government, a sovereign entity.

The statements are in addition to the external financial reports used to monitor and control budgetary resources, which are also prepared from CCC's general ledger. All dollar amounts are presented using U.S. currency and in millions unless otherwise noted.

Basis of Accounting

The accounting structure of Federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds.

All material intra-agency activity has been eliminated for presentation on a consolidated basis, except for the Statements of Budgetary Resources, which are presented on a combined basis in accordance with OMB Circular A-136, *Financial Reporting Requirements*.

Note 1 – Summary of Significant Accounting Policies, Continued

Fund Balance with Treasury

CCC disbursements are made by checks or electronic funds transfers that are deducted from CCC's account at the Department of the Treasury.

The Department of the Treasury requires that the FBWT amounts reported via Governmentwide Treasury Account Symbol Adjusted Trial Balance System be reconciled to the Department of the Treasury's records. To comply with these requirements, cash timing differences due to deposits in-transit or outstanding checks are reported as "in-transit". The cash balance includes such timing differences as a result of varying processing times and cut-off dates between CCC, Department of the Treasury, and other USDA entities. Refer to Note 3 – Fund Balance with Treasury for additional information.

Cash and Other Monetary Assets

CCC does not maintain cash in commercial bank accounts or at any FSA location. Cash received but not yet reflected in the Department of the Treasury balances is considered as undeposited collections. Refer to Note 4 – Cash and Other Monetary Assets.

Accounts Receivable

Accounts receivable arise from claims to cash or other assets against other entities, either based on legal provisions, such as program overpayments, or for goods or services provided.

Accounts receivable are adjusted by a valuation allowance based on historical collection, write-off information, and other analysis which reduces the receivables to their estimated net realizable value. Refer to Note 5 – Accounts Receivable, Net for additional information.

Commodity Loans

Commodity loans include both recourse and nonrecourse loans to producers of designated agricultural commodities. Such loans are statutorily exempt from the accounting and reporting requirements of the Federal Credit Reform Act of 1990 (FCRA), in accordance with FASAB SFFAS No. 3: *Accounting for Inventory and Related Property*.

Interest is accrued on the unpaid principal balance of commodity loans and is included in the reported net commodity loans receivable balances.

Note 1 - Summary of Significant Accounting Policies, Continued

Commodity loans are reported net of an allowance for doubtful accounts, which reduces the loans to their estimated net realizable value. The allowance is based on the estimated loss on ultimate disposition when it is more likely than not that the loans will not be fully collected. When CCC disposes of forfeited commodities, depending on the type of disposition, any loss on the disposition is realized as either a cost of sales or a donation. Refer to Note 6 – Commodity Loans, Net for additional information.

Direct Loans and Loan Guarantees

FCRA applies to direct loans and loan guarantees made on or after October 1, 1991 (Post-1991). CCC programs subject to credit reform requirements consist of:

- Direct loans extended under P.L. 480 Title I, Economic Assistance and Food Security;
- Restructured direct loans within the Debt Reduction Fund;
- Direct loans in the Export Credit Guarantee program in the form of rescheduled agreements;
- Direct loans, including microloans, made to producers to build or upgrade farm, sugar storage and handling facilities, and for other purposes;
- Export Credit Guarantees extending credit to encourage financing of commercial exports of U.S. agricultural commodities.

Definitions:

- Direct loans are a disbursement of funds by the Government to non-federal borrowers under contracts that require the repayment of such funds within a certain time with or without interest. It includes the purchase of, or participation in, a loan made by another lender and financing arrangements that defer payment for more than 90 days.
- Loan guarantees represent assurance that the payment of all or part of the principal or interest on any debt obligation of a non-federal borrower to a non-federal lender will be received by the non-federal lender. A defaulted loan guarantee occurs if the borrower fails to make a payment pursuant to the terms of the obligation.
- FCRA established credit program and financing accounts for loan guarantees and direct loans obligated after September 30, 1991 (Post-1991). It also established liquidating accounts for activity relating to any loan guarantees committed or direct loans obligated before October 1, 1991 (Pre-1992).

Note 1 - Summary of Significant Accounting Policies, Continued

- The credit program account is the budget account into which an appropriation to cover the cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account.
- The financing account is the non-budget account or accounts associated with each credit program account that holds balances, receives the subsidy cost payment from the credit program account, and also includes all other cash flows to and from CCC resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991.
- The liquidating account is the budget account that includes all cash flows to and from CCC resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991. The liquidating accounts are shown in the federal budget on a cash basis.

Accounting and Presentation

CCC records and reports direct loans and loan guarantees initiated after September 30, 1991 on a present value basis in accordance with FCRA and SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*, SFFAS No. 18, *Amendments to Accounting for Direct Loans and Loan Guarantees*, and SFFAS No. 19, *Technical Amendments to Accounting for Direct Loans and Loan Guarantees.* The difference between the outstanding principal of these receivables and the present value of their net cash inflows is recognized as a subsidy cost allowance; the present value of estimated net cash outflows of the loan guarantees is recognized as a liability for loan guarantees. CCC has elected to value its loans initiated before October 1, 1991 (Pre-1992) using the present value method. The net present value of Direct Loans and Loan Guarantees, Net, as shown in the Balance Sheets, is not necessarily representative of the proceeds that might be expected if these loans were sold on the open market.

In estimating net present values, the discount rate is the average interest rate on marketable Department of the Treasury securities of similar maturity cash flows of the direct loan or loan guarantee for which the estimate is being made. When funds are obligated for a direct loan or loan guarantee, the estimated cost is based on the current economic assumptions and the terms of the loan contract for the program.

Interest is accrued monthly on direct loans and loan guarantee receivables as it is earned using simple interest calculations based upon a 365-day year. A repayment scheduled under a credit agreement with an installment payment in arrears more than 90 days is classified as non-performing. Refer to Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities for additional information.

Note 1 - Summary of Significant Accounting Policies, Continued

Inventory and Related Property

CCC's Inventory and Related Property consists entirely of commodities. Commodity inventory, referred to as goods held under price support and stabilization programs in SFFAS No. 3, *Accounting for Inventory and Related Property*, issued by the FASAB, represent commodities acquired by CCC for donation or price support purposes. Commodities are eventually sold or otherwise disposed of to help satisfy economic goals. Acquisition is generally made through commodity loan forfeitures, use of Commodity Certificate Exchange (CCE), or by purchase of commodities on the open market.

Commodity inventory is initially recorded at the cost or forfeiture value, and the commodity is revalued in the balance sheet at year-end at the lower of cost or the net realizable value in accordance with SFFAS No. 3. Refer to Note 8 – Inventory and Related Property, Net.

Liabilities

Depending on the type of transaction, CCC recognizes a liability in one of two ways. If an exchange transaction occurs (i.e., receipt of goods or services in return for a promise to provide money or other resources in the future), a liability is recognized in the period in which the exchange occurred. If a non-exchange transaction occurs (i.e., government programs where there is a one-way flow of resources or promises), a liability is recognized for any unpaid amounts due and payable as of the reporting date.

Liabilities not covered by budgetary resources include liabilities incurred for which revenues or other sources of funds necessary to pay the liabilities have not been made available through congressional appropriations, apportionments or current earnings of CCC. Liabilities not requiring budgetary resources are liabilities that have not in the past required and will not in the future require the use of budgetary resources. Refer to Note 10 – Liabilities Not Covered by Budgetary Resources for additional information.

Tax Status

CCC, as a Federal entity, is not subject to Federal, State, or local income taxes, and accordingly, no provision for income tax is necessary.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, and budgetary accounts during the reporting period. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies, Continued

Non-Exchange Revenue

CCC's Non-exchange revenue arises primarily from exercising the Government's power to demand payments from the public (e.g., fines and penalties).

Borrowing Authority Sequestration

Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission, and Execution of Budget*, provides an exception for budgetary resources sequestered in revolving accounts to remain as an unavailable balance in the original funding account rather than being returned to the General Fund of the Treasury. In accordance with this guidance, CCC retains the temporary reductions for programs, unavailable for obligations, within CCC's permanent indefinite borrowing authority. Amounts temporarily sequestered are then made available in the subsequent year if specifically authorized through an apportionment.

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.

Parent-Child Reporting

CCC is a party to allocation transfers with another Federal agency as a transferring (parent) entity. Allocation transfers are legal delegations of one department's (parent entity) authority to obligate budget authority and outlay funds to another department (child entity). A separate fund account (allocation account) is created by the Department of the Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers are credited to this account, and subsequent obligation and outlay activity by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity.

CCC, as the parent, allocates funds to USAID to fund P.L. 480 Title II and Bill Emerson Humanitarian Trust transportation and other administrative costs in connection with foreign donations of commodities. In accordance with U.S. GAAP, CCC reports USAID's financial activity for which it is the parent.

Note 2 – Non-entity Assets

Non-entity Assets are assets held by CCC, but not available to CCC. During the fourth quarter, CCC performs an analysis on its credit reform loan portfolios that can result in reestimates. Non-entity Assets related to pre-credit reform loans are adjusted monthly based on CCC's collection activity, and at FY-end based on an analysis of allowances for doubtful accounts. For consolidated financial statement presentation, CCC eliminates the payable to the non-entity fund and the non-entity Treasury general fund receivable from the financing funds. Prior to the elimination entries, CCC's Non-entity Assets as of September 30, 2022 and 2021, were as follows:

Table 11: Non-entity Assets

	(In Millions)	
	2022	2021
Intragovernmental:		
Accounts Receivable	$ 351	$ 465
Total Intragovernmental	$ 351	$ 465
Total Non-entity Assets	$ 351	$ 465
Total Entity Assets	5,111	6,157
Less: Intra-agency Eliminations	404	480
Total Assets	$ 5,058	$ 6,142

Note 3 – Fund Balance with Treasury & Due to the General Fund

FBWT as of September 30, 2022 and 2021, were as follows:

Table 12: Fund Balance with Treasury & Due to the General Fund

	2022 (In Millions)	2021 (In Millions)
Status of Fund Balance with Treasury:		
Unobligated Balance:		
Available	$ 356	$ 466
Unavailable	296	574
Obligated Balance not yet Disbursed	18,742	20,021
Subtotal	$ 19,394	$ 21,061
Less: Borrowing Authority not yet Converted to Fund Balance and Other	(19,806)	(17,328)
Non-Budgetary Fund Balance with Treasury		
Suspense Fund under FBWT	-	1
Subtotal	(412)	3,734
Liability - Due to the General Fund	3,197	-
Total Fund Balance with Treasury	$ 2,785	$ 3,734

The Unavailable balance represents unobligated resources not yet apportioned by OMB and unobligated appropriations from prior years that are no longer available for new obligations. Borrowing Authority not yet Converted to Fund Balance represents unobligated and obligated amounts recorded as of September 30, 2022 and 2021, which will be funded by future borrowings.

CCC has a permanent indefinite borrowing authority, as defined by OMB Circular A-11. Borrowing authority permits the CCC to incur obligations and authorizes it to borrow funds to liquidate the obligations.

On September 30, 2022, CCC recorded $4.0 billion in non-expenditure transfers to outside Federal agencies. Due to the timing of the transactions, the financing (executed borrowings from Treasury) for these transfers was not processed until the next business day, October 3, 2022, thus resulting in the financing activity being effective in FY 2023; this is reflected in the negative $412 in **Table 12**. As a result, CCC has recognized a liability (Due to the General Fund) related to the financing event that did not occur until FY 2023. This does not affect the balances reflected on the Central Accounting Reporting System Account Statement for CCC's Treasury Account Symbols.

Note 4 – Cash and Other Monetary Assets

As of September 30, 2022 and 2021, CCC had $38 million and $29 million in undeposited collections, respectively.

Note 5 – Accounts Receivable, Net

Accounts Receivable as of September 30, 2022 and 2021, were as follows:

Table 13: Accounts Receivable, Net

	(In Millions)	
	2022	2021
Total Intragovernmental Accounts Receivable	$ 3	$ 3
Other than Intragovernmental Accounts Receivable, Gross	$ 68	$ 76
Less: Allowance for Doubtful Accounts	(4)	(5)
Total Other than Intragovernmental Accounts Receivable, Net	$ 64	$ 71

Other Receivables consist primarily of amounts due as a result of program overpayments or dishonored checks.

Note 6 – Commodity Loans, Net

Commodity Loans, Net, by commodity, as of September 30, 2022 and 2021, were as follows:

Table 14: Commodity Loans, Net by Commodity

	(In Millions)	
	2022	2021
Peanuts	$ 61	$ 44
Cotton	47	86
Corn	46	102
Rice	40	67
Wheat	23	35
Soybeans	14	42
Other Commodities	4	11
Subtotal Commodity Loans	$ 235	$ 387
Inactive Commodity Loans in Collection	1	1
Accrued Interest Receivable	1	2
Loans Receivable - Unapplied Receipts	2	3
Total Commodity Loans, Gross	239	393
Less: Allowance for Losses	-	-
Total Commodity Loans, Net	$ 239	$ 393

Commodity loans, also known as MALs, include both recourse and non-recourse loans. Recourse loans must be repaid at principal plus interest by the maturity date. The recourse loan commodity cannot be delivered or forfeited in satisfaction of the outstanding loan. For nonrecourse loans, producers have the option to: (a) repay the principal plus interest; (b) repay the loan (for certain designated commodities) at the market rate if the market rate is less than the loan rate; (c) repay the loan (for certain designated commodities) with a CCE if the market rate is less than the loan rate; or (d) forfeit the commodity in satisfaction of the loan at maturity.

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities

CCC values both pre and post credit reform loans and loan guarantees on a net present value basis.

For pre-credit reform programs (Obligated pre-1992), an allowance for loan loss is determined by CCC's liquidating allowance model which incorporates market conditions, interest rates, and credit ratings.

For credit reform programs (Obligated post-1991), the present value of the subsidy costs (i.e., interest rate differentials, interest subsidies, delinquencies and defaults, fee offsets and other cash flows) associated with direct credits and loans and credit guarantees are recognized as a cost in the year the direct credit and loan or credit guarantee is disbursed. CCC utilizes the Credit Subsidy Calculator (CSC) to compute the subsidy reestimates annually. The CSC is an OMB tool for performing credit calculations, incorporating both financing account interest and cash flow amounts.

Based on management analysis and judgment, certain loans with significant periods of non-performance are written off for financial statement purposes. Statutorily, forgiveness (write-off) of loans is governed by the requirements of 22 U.S.C. 2430c for any actual write-offs. 22 U.S.C. 2430c states that only the President of the United States has the authority to approve the write-off of foreign loans. When loans are written off for financial statement purposes, the unpaid principal and interest of the loans, along with the associated amount for the allowance, are removed from the general ledger but remain in the subsidiary loan system for monitoring.

Credit Program Discussion and Descriptions

Direct Credit Programs – Food Aid (Obligated pre-1992 and post-1991)

Under the P.L. 480 Title I Program, CCC finances the sales of U.S. agricultural commodities to countries in need of food assistance on favorable credit terms (at low rates of interest for up to 30 years with grace periods of up to 7 years). P.L. 480 Title I provides for government-to-government (and some government-to-private entity) sales of U.S. agricultural commodities to developing countries on credit terms or for local currencies. Priority is given to countries with the greatest need for food that are undertaking economic development to improve food security and agricultural development, alleviate poverty, and promote broad based, equitable and sustainable

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

development. All credits under this program are in U.S. dollar denominations. Although legislative authority for the P.L. 480 Title I Program still exists, there have been no new loans extended under the program since FY 2006.

Direct Credit Programs – Debt Reduction (Obligated post-1991)

The Debt Reduction Fund is used to account for modified foreign debt. Debt is considered to have been modified if the original debt has been reduced or the interest rate of the agreement is changed. The Debt Reduction Fund is the financing fund for modification of defaulted foreign loans, both direct and guaranteed. Modifications moved to this fund must be approved by OMB and State Department.

Direct Credit Programs – Domestic (Obligated post-1991)

The Farm Storage Facility Loan (FSFL) Program was implemented to provide low cost financing for producers to build or upgrade on-farm commodity storage and handling facilities. The loans have a term of 3, 5, 7, 10, or 12 years with a requirement of annual repayment installments. Interest on these loans is accrued monthly from the date of disbursement. The borrower's rate is established to be equivalent to the rate of interest charged on the Department of the Treasury securities of comparable maturity.

Included within the FSFL program is the Farm Storage Microloan program, which is designed to help producers, including new, small, and mid-sized producers, grow their businesses and markets. Such loans are smaller in amount and are available for portable handling and storage equipment in addition to traditional on-farm storage facilities. The program offers more flexible access to credit and serves as an attractive loan alternative for smaller farming operations. The loans have a term of 3, 5 or 7 years with a requirement of annual repayment installments.

Sugar Storage Facility Loans (SSFL) were authorized by the 2008 Farm Bill specifically for processors of domestically produced sugarcane and sugar beets for the construction or upgrading of storage and handling facilities for raw and refined sugars. The loan term for SSFLs is 15 years.

Direct Credit Programs – Export (Obligated post-1991)

Under the CCC Export Credit Guarantees program, several cohorts have had defaults and claims that resulted in rescheduled loans which are now direct loans owed to CCC. The programmatic purpose does not differ from the original guaranteed loans.

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

Credit Guarantee Programs – Export (Obligated post-1991)

CCC GSM-102 program, Guaranteed Loans, provides guarantees to buyers in countries where credit is necessary to maintain or increase U.S. sales of agricultural products. The financing to buyers may not be otherwise available without the U.S. credit guarantees. CCC underwrites credit extended by the private banking sector under GSM-102 program and Facility Guarantee Program (FGP). CCC records a liability and an allowance expense to the extent that CCC will be unable to recover claim payments under the Credit Reform Export Credit Guarantee programs.

Under GSM-102 program, CCC underwrites credit extended by the private banking sector in the U.S. (or, less commonly, by the exporter) for terms of up to twenty-four months. CCC does not provide financing but guarantees payments due from foreign banks and obligors. Typically, 98 percent of principal and a portion of interest at an adjustable rate are guaranteed. In the event CCC pays a claim under the guarantee programs, CCC assumes the debt and recognizes a direct credit loan receivable (defaulted guarantee loans).

The FGP provides payment guarantees to finance commercial exports of U.S. manufactured goods and services that will be used to improve agriculture-related facilities. Payment terms may range from 1 to 10 years, with semi-annual installments on principal and interest. An initial payment representing at least 15 percent of the value of the sales transaction must be provided by the importer to the exporter. CCC may offer coverage of up to 100 percent of the net contract value, less the initial payment.

Additional Information

Loan Modifications and Rescheduling

A modification is any Government action different from the baseline assumptions that affects the subsidy cost such as a change in the terms of the loan contract. The cost of a modification is the difference between the present value of the cash flows before and after the modification. The Debt Reduction Fund is used to account for CCC's foreign modified debt. Debt is considered modified if the original debt has been reduced or the interest rate of the agreement changed.

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

In contrast, when debt is "rescheduled," only the date of payment is changed. Rescheduled debt is carried in the original fund until paid. Rescheduling agreements, whereby loan terms are changed, allow CCC to add uncollected interest to the principal balance of foreign credit and other receivables (capitalized interest). CCC records an allowance to reduce the receivable, including the capitalized interest, to the present value of future cash flows. Interest income is recognized only when, in management's judgment, debtors have demonstrated the ability to repay the debt in the normal course of business.

As a result of the COVID-19 pandemic, the Debt Service Suspension Initiative (DSSI) was offered to the poorest countries to mitigate social, health, and economic impacts of the crisis. Under the Memorandum of Understanding and bilateral agreements between beneficiary countries and participating creditors, eligible obligors could apply to have debt payments due between May 1, 2020 and December 31, 2020 deferred until June of 2022 and repaid over a three-year period. The rates and conditions of interest on the rescheduled debt preserve the net present value of the original debts. This supported deferment of $41.8 million of repayments for GSM-102 program and P.L. 480 loans due in calendar year 2020.

Given the continuing nature of the pandemic, the DSSI debt relief was extended into 2022. Payments due between January 1, 2021 and December 31, 2021 will be deferred until December of 2022 or June of 2023 and repaid over a five-year period at the original debts' interest rates. USDA/CCC anticipates rescheduling approximately $42.6 million of PL-480 and GSM-102 repayments that were due in calendar year 2021 from the same obligors who participated in the DSSI in 2020.

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

Events and Changes Having a Significant and Measurable Effect upon Subsidy Rates, Subsidy Expense, and Reestimates

There are no measurable events or pending legislation at this time that may affect subsidy rates and reestimates in the future. There was an econometric update to the P.L. 480 program cashflow model in FY 2022. GSM-102 and FSFL models remain the same as those used in the previous reestimate.

Loan Guarantee Liability

The liability for loan guarantees is the present value of expected net cash outflows due to the loan guarantees in the GSM-102 program which includes the estimated cash flows of payments by CCC to cover defaults and delinquencies, interest subsidies, payments to CCC including origination and other fees, penalties, and recoveries, including the effects of any expected actions by CCC.

Subsidy Rates

Subsidy rates are used to compute each year's subsidy expenses as disclosed below. The subsidy rates disclosed in Table 18: Subsidy Rates for Direct Loans by Program and Component and Table 24: Subsidy Rates for Loan Guarantees by Program and Component pertain only to the current year's cohorts. These rates cannot be applied to the direct loans and guarantee of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans and new loan guarantees reported in the current year could result from disbursements of loans from both the current year and prior years cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

Subsidy Reestimates

The only significant reestimate for CCC was in the Farm Storage Facility loan program, which had a technical upward reestimate of $11.5 million and a technical downward reestimate of $42.1 million. This downward reestimate was spread over several cohorts, but is concentrated in cohorts 2014 through 2019, which account for 66% of the total downward reestimate. Each of these cohorts had a significant decrease in the actual prepayments received in FY 2022 as compared to the projected amounts in the FY 2021 reestimate, as well as lower than projected prepayments in the outyears. This has the effect of stretching out the principal repayment stream and a correlated increase of interest collections projected in the FY 2021 reestimate. The upward reestimate of $11.5 million was attributable to the 2021 cohort, which had less cash received in FY 2022 than had been projected in the previous reestimate, and also less projected cash received in the out-years than was projected last year.

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

Table 15: Direct Loans and Defaulted Guaranteed Loans, Net

(In Millions)

	Loans Receivable, Gross	Interest Receivable	Present Value Allowance	Value Of Assets Related to Loans, Net
As of September 30, 2022				
Direct Loans:				
Obligated Pre-1992				
P.L. 480 Title 1	$ 208	$ 4	$ (73)	$ 139
Pre-1992 Total	$ 208	$ 4	$ (73)	$ 139
Obligated Post-1991				
P.L. 480 Title 1	$ 281	$ 6	$ (63)	$ 224
Debt Reduction Fund	87	3	(25)	65
Farm Storage Facility	1,091	11	28	1,130
Farm Storage Microloan	90	1	2	93
Sugar Storage Facility	2	-	-	2
Post-1991 Total	$ 1,551	$ 21	$ (58)	$ 1,514
Total Direct Loan Program Receivables	$ 1,759	$ 25	$ (131)	$ 1,653
Defaulted Guaranteed Loans:				
Post-1991				
Export Credit Guarantee Programs	$ 347	$ 10	$ (223)	$ 134
Total Defaulted Guaranteed Loans	$ 347	$ 10	$ (223)	$ 134
Total Direct Loans and Defaulted Guaranteed Loans, Net	$ 2,106	$ 35	$ (354)	$ 1,787
As of September 30, 2021				
Direct Loans:				
Obligated Pre-1992				
P.L. 480 Title 1	$ 254	$ 5	$ (53)	$ 206
Pre-1992 Total	$ 254	$ 5	$ (53)	$ 206
Obligated Post-1991				
P.L. 480 Title 1	$ 328	$ 6	$ (54)	$ 280
Debt Reduction Fund	92	2	(20)	74
Farm Storage Facility	955	10	(6)	959
Farm Storage Microloan	90	1	-	91
Sugar Storage Facility	2	-	-	2
Post-1991 Total	$ 1,467	$ 19	$ (80)	$ 1,406
Total Direct Loan Program Receivables	$ 1,721	$ 24	$ (133)	$ 1,612
Defaulted Guaranteed Loans:				
Post-1991				
Export Credit Guarantee Programs	$ 396	$ 18	$ (246)	$ 168
Total Defaulted Guaranteed Loans	$ 396	$ 18	$ (246)	$ 168
Total Direct Loans and Defaulted Guaranteed Loans, Net	$ 2,117	$ 42	$ (379)	$ 1,780

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

Table 16: Total Amount of Direct Loans Disbursed (Post-1991)

As of September 30	2022 (In Millions)	2021 (In Millions)
Direct Loan Programs		
Farm Storage Facility	$ 330	$ 305
Farm Storage Microloans	23	38
Total Direct Loans Disbursed	$ 353	$ 343

Table 17: Subsidy Expense for Direct Loans Programs by Component

As of September 30, 2022 (In Millions)

Direct Loan Programs	Interest Differential	Fees and Other Collections	Subtotal Subsidy	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Subsidy Expense
P.L. 480 Title 1	$ -	$ -	$ -	$ -	$ 15	$ 15	$ 15
Farm Storage Facility	(2)	(1)	(3)	(1)	(32)	(33)	(36)
Farm Storage Microloans	-	-	-	-	(2)	(2)	(2)
Defaulted Export Credit Guarantee	-	-	-	206	(184)	22	22
Total Direct Loan Subsidy Expense	$ (2)	$ (1)	$ (3)	$ 205	$ (203)	$ 2	$ (1)

As of September 30, 2021 (In Millions)

Direct Loan Programs	Interest Differential	Fees and Other Collections	Subtotal Subsidy	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Subsidy Expense
P.L. 480 Title 1	$ -	$ -	$ -	$ -	$ 9	$ 9	$ 9
Farm Storage Facility	-	(1)	$ (1)	(36)	16	(20)	(21)
Farm Storage Microloans	-	-	-	(4)	3	(1)	(1)
Defaulted Export Credit Guarantee	-	-	-	-	(6)	(6)	(6)
Total Direct Loan Subsidy Expense	$ -	$ (1)	$ (1)	$ (40)	$ 22	$ (18)	$ (19)

Table 18: Subsidy Rates for Direct Loans by Program and Component

As of September 30, 2022

Direct Loan Programs	Interest Differential	Fees and Other Collections	Other	Total
Farm Storage Facility	-1.13%	-0.27%	-0.05%	-1.45%
Farm Storage Microloans	-1.13%	-0.27%	-0.05%	-1.45%
Sugar Storage Facility	-4.14%	0.00%	0.03%	-4.11%

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

Table 19: Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans)

(In Millions)		
As of September 30	**2022**	**2021**
Beginning Balance of the Subsidy Cost Allowance	$ 326	$ 339
Add subtotal subsidy for direct loans disbursed during the year as shown in Table 19	(3)	(1)
Adjustments:		
Fees Received	-	1
Loans Written Off	(41)	(5)
Subsidy Allowance Amortization	11	11
Other	(15)	(1)
Total Subsidy Cost Allowance before Reestimates	278	344
Add or Subtract Total Reestimates as shown in Table 19	2	(18)
Ending Balance of the Subsidy Cost Allowance	$ 280	$ 326

Table 20: Guaranteed Loans Outstanding

(In Millions)				
As of September 30	**2022**		**2021**	
Loan Guarantee Programs	Outstanding Principal, Face Value	Outstanding Principal, Guaranteed	Outstanding Principal, Face Value	Outstanding Principal, Guaranteed
Export Credit Guarantee Programs	$ 3,210	$ 3,137	$ 1,981	$ 1,938
Total Guaranteed Loans Outstanding	$ 3,210	$ 3,137	$ 1,981	$ 1,938

Table 21: New Guaranteed Loans Disbursed

(In Millions)				
As of September 30	**2022**		**2021**	
Loan Guarantee Programs	Principal, Face Value Disbursed	Principal, Guaranteed Disbursed	Principal, Face Value Disbursed	Principal, Guaranteed Disbursed
Export Credit Guarantee Programs	$ 3,292	$ 3,217	$ 2,004	$ 1,960
Total Guaranteed Loans Disbursed	$ 3,292	$ 3,217	$ 2,004	$ 1,960

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

Table 22: Liability for Loan Guarantees (Post-1991 Guarantees)

As of September 30	2022 (In Millions)	2021 (In Millions)
Loan Guarantee Programs	Loan Guarantees Liabilities, Present Value	Loan Guarantees Liabilities, Present Value
Export Credit Guarantee Programs	$ 14	$ 3
Total Loan Guarantee Liabilities	$ 14	$ 3

Table 23: Subsidy Expense for Loan Guarantees by Program and Component

As of September 30, 2022	(In Millions)					
Loan Guarantee Programs	Fees and Other Collections	Other	Subtotal	Technical Reestimates	Total Reestimates	Total Subsidy Expense
Export Credit Guarantee Programs	$ 15	$ (3)	$ 12	$ (1)	$ (1)	$ 11
Total Loan Guarantees Subsidy Expense	$ 15	$ (3)	$ 12	$ (1)	$ (1)	$ 11

As of September 30, 2021	(In Millions)					
Loan Guarantee Programs	Fees and Other Collections	Other	Subtotal	Technical Reestimates	Total Reestimates	Total Subsidy Expense
Export Credit Guarantee Programs	$ 9	$ (5)	$ 4	$ (3)	$ (3)	$ 1
Total Loan Guarantees Subsidy Expense	$ 9	$ (5)	$ 4	$ (3)	$ (3)	$ 1

Table 24: Subsidy Rates for Loan Guarantees by Program and Component

As of September 30, 2022

Guaranteed Loan Programs	Defaults	Fees and Other Collections	Total
GSM-102	0.23%	-0.48%	-0.25%
Export Credit Guarantee Programs - Facilities	1.29%	-3.78%	-2.49%

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

Table 25: Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees)

As of September 30	2022 (In Millions)	2021 (In Millions)
Beginning balance of the loan guarantee liabilities	$ 3	$ 7
Add subsidy expense	12	10
Less negative subsidy payments	-	6
Add upward reestimate	(1)	-
Less downward reestimates	-	4
Other	-	(4)
Ending balance of the loan guarantee liabilities	$ 14	$ 3

Table 26: Administrative Expenses

As of September 30	2022 (In Millions)	2021 (In Millions)
Guaranteed Loan Programs	$ 5	$ 6
Total Administrative Expenses	$ 5	$ 6

Note 7 – Direct Loans and Loan Guarantees, Net and Loan Guarantee Liabilities, Continued

Table 27: Loans Receivable

As of September 30	(In Millions) 2022
Beginning balance of loans receivable, net	$ 1,780
Add Loan disbursements	353
Less Principal and interest payments received	403
Add interest accruals	19
Less loans written off	6
Less negative subsidy payments	(3)
Add upward reestimate	(28)
Less downward reestimates	(54)
Less subsidy allowance	(10)
Loan modifications	5
Ending balance of loans receivable, net	$ 1,787

Table 27: Loans Receivable is new for FY 2022 and is being presented on a single-year basis.

Note 8 – Inventory and Related Property, Net

CCC's Inventory and Related Property consists entirely of commodities. Inventory and related property, Net as of September 30, 2022 and 2021 (Values in Thousands) were as follows:

Table 28: Inventory and Related Property as of September 30, 2022

		Beginning Inventory October 1, 2021		Acquisitions		Collateral Acquired		Other Disposition, Addition, & Deduction		Donations		**Ending Inventory** September 30, 2022	
	Unit of Measure	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Dry Edible Beans	Cwt.	-	$ -	8	$ 434	-	$ -	-	$ -	(8)	$ (434)	-	$ -
Corn Soya Blend	Pounds	3,950	$ 3,796	83,323	$ 54,841	-	$ -	-	$ (27)	(86,466)	$ (57,558)	807	$ 1,052
Miscellaneous	Various	XXX	$ 1,330	XXX	$ 13,654	XXX	$ -	XXX	$ -	XXX	$ (10,655)	XXX	$ 4,329
Cotton	Bales	-	-	-	$ -	-	$ 73	-	$ (73)	-	$ -	-	-
Dry Whole Peas	Cwt.	163	$ 5,640	2,290	$ 90,550	-	$ -	-	$ 239	(2,339)	$ (91,311)	114	$ 5,118
Lentils Dry	Cwt.	55	2,711	322	16,629	-	-	-	-	(377)	(19,340)	-	-
Corn Meal	Pounds	-	$ -	108,059	$ 31,632	-	$ -	-	$ -	(108,059)	$ (31,632)	-	$ -
Grain Sorghum	Bushels	-	-	12,394	101,526	-	-	-	1,540	(11,432)	(93,514)	962	9,552
Peanuts	Pounds	-	$ -	-	$ -	10,248	$ 1,794	(5,899)	$ (1,243)	(4,349)	$ (551)	-	$ -
Milled Head Rice	Cwt.	70	$ 1,628	1,170	$ 31,580	-	$ -	-	$ -	(1,231)	$ (32,956)	9	$ 252
Soybean Meal	Pounds	-	$ -	122,789	$ 43,224		$ 1	-	$ (1)	(122,789)	$ (43,224)	-	$ -
Vegetable Oil	Pounds	7,472	$ 8,240	140,974	$ 141,410	-	$ -	-	$ (572)	(141,864)	$ (141,297)	6,582	$ 7,781
Wheat	Bushels	-	$ -	19,878	$ 337,973	-	$ -	-	$ -	(19,878)	$ (337,973)	-	-
Total Commodities		**XXX**	**$ 23,345**	**XXX**	**$ 863,453**	**XXX**	**$ 1,868**	**XXX**	**$ (137)**	**XXX**	**$ (860,445)**	**XXX**	**$ 28,084**
Commodity Inventories and Related Property													**$ 28,084**

Note 8 – Inventory and Related Property, Net, Continued

Table 29: Inventory and Related Property as of September 30, 2021

	Unit of Measure	Beginning Inventory October 1, 2020 Quantity	Beginning Inventory October 1, 2020 Value	Acquisitions Quantity	Acquisitions Value	Collateral Acquired Quantity	Collateral Acquired Value	Other Disposition, Addition, & Deduction Quantity	Other Disposition, Addition, & Deduction Value	Donations Quantity	Donations Value	Ending Inventory September 30, 2021 Quantity	Ending Inventory September 30, 2021 Value
Dry Edible Beans	Cwt.	-	$ -	20	$ 1,388	-	$ -	-	$ -	(20)	$ (1,388)	-	$ -
Corn Soya Blend	Pounds	-	$ -	107,999	$ 65,735	-	$ -	-	$ 27	(104,049)	$ (61,966)	3,950	$ 3,796
Miscellaneous	Various	XXX	$ 1,521	XXX	$ 26,442	XXX	$ -	XXX	$ 8,269	XXX	$ (34,902)	XXX	$ 1,330
Dairy Products	Pounds	-	$ -	24,293	$ 27,030	-	$ -	-	$ -	(24,293)	$ (27,030)	-	$ -
Cotton	Bales	(1)	15	-	-	525	133,288	(524)	(133,303)	-	-	-	-
Dry Whole Peas	Cwt.	71	$ 1,000	3,405	$ 85,271	-	$ -	-	$ (35)	(3,313)	$ (80,596)	163	$ 5,640
Lentils Dry	Cwt.	-	-	289	8,664	-	-	-	-	(234)	(5,953)	55	2,711
Corn Meal	Pounds	-	$ -	38,551	$ 8,942	-	$ -	-	$ -	(38,551)	$ (8,942)	-	$ -
Grain Sorghum	Bushels	144	1,299	9,890	76,707	-	-	-	(430)	(10,034)	(77,576)	-	-
Fruit and Nut Products	Pounds	-	$ -	130,364	$ 108,444	-	$ -	-	$ -	(130,364)	$ (108,444)	-	$ -
Peanuts	Pounds	-	$ -	-	$ -	135	$ 24	(135)	$ (24)	-	$ -	-	$ -
Meats	Pounds	-	$ -	75,383	$ 116,819	-	$ -	-	$ -	(75,383)	$ (116,819)	-	$ -
Milled Head Rice	Cwt.	33	$ 863	3,545	$ 90,801	-	$ -	-	$ -	(3,508)	$ (90,036)	70	$ 1,628
Soybean Meal	Pounds	-	$ -	213,678	$ 65,239	2	$ 9	(2)	$ (9)	(213,678)	$ (65,239)	-	$ -
Vegetable Oil	Pounds	22,919	$ 13,460	234,490	$ 153,598	-	$ -	-	$ (250)	(249,937)	$ (158,568)	7,472	$ 8,240
Wheat	Bushels	-	$ -	34,215	$ 428,495	-	$ -	-	$ -	(34,215)	$ (428,495)	-	-
Total Commodities		**XXX**	**$ 18,158**	**XXX**	**$ 1,263,575**	**XXX**	**$ 133,321**	**XXX**	**$ (125,755)**	**XXX**	**$ (1,265,954)**	**XXX**	**$ 23,345**
Commodity Inventories and Related Property													**$ 23,345**

Note 8 – Inventory and Related Property, Net, Continued

Inventory purchases are initially recorded at acquisition cost, including transportation, plus processing and packaging costs incurred after acquisition. Acquisition cost for loan forfeitures is the amount of the loan settlement, excluding interest. The commodity is revalued in the balance sheet at year-end at the lower of cost or the net realizable value in accordance with SFFAS No. 3.

Commodity inventory is not held in reserve for future sale. All commodity inventory on hand at year-end is anticipated to be donated or transferred during the next FY. CCC has no excess, obsolete or unserviceable inventory.

Note 9 – Advances and Prepayments

Advances and Prepayments as of September 30, 2022 and 2021, were as follows:

Table 30: Advances and Prepayments

	(In Millions)	
	2022	2021
Other than Intragovernmental:		
The Peanut DMA Advance	$ 93	$ 93
Other	21	16
Total Advances and Prepayments	$ 114	$ 109

The Peanut Designated Marketing Association (DMA) Advances

CCC advances funds to the DMA for each peanut marketing season for the purpose of providing peanut MALs and Loan Deficiency Payments. During the marketing season, as the need for drawdown funds diminish, excess funds are reimbursed to CCC. At the end of the marketing season, the DMA reimburses CCC for any remaining fund advances.

Note 10 – Liabilities Not Covered by Budgetary Resources

Liabilities not Covered by Budgetary Resources (Current) as of September 30, 2022 and 2021, were as follows:

Table 31: Total Liabilities

	(In Millions) 2022	2021
Other than Intragovernmental:		
Environmental and disposal liabilities (Note 13)	$ 40	$ 45
Total liabilities not covered by budgetary resources	$ 40	$ 45
Total liabilities covered by budgetary resources	18,504	20,325
Total liabilities not requiring budgetary resources	3,219	32
Total liabilities	$ 21,763	$ 20,402

Liabilities not Covered by Budgetary Resources

Unfunded liabilities are not covered by budgetary resources or offsetting collections. An OMB apportionment and/or collection of cash is needed to provide budgetary resources and allow payment of the liability in a future period.

Liabilities Covered by Budgetary Resources

Funded liabilities are payables and accruals for which CCC has not yet paid as of the end of the FY. As of September 30, 2022, the majority of the open liability for CCC was $15.6 billion in debt to the Treasury, $2.5 billion in program liabilities, and $300 million in resources payable to Treasury. As of September 30, 2021, the majority of the open liability for CCC was $15.4 billion in debt to the Treasury, $4.5 billion in program liabilities, and $428 million in resources payable to Treasury.

Liabilities not Requiring Budgetary Resources

Liabilities not requiring budgetary resources are liabilities that have not in the past required and will not in the future require the use of budgetary resources. This includes liabilities for clearing accounts, non-fiduciary deposit funds, custodial collections, liability due to the general fund, and deferred revenue.

The increase in total liabilities not requiring budgetary resources is due to the Liability Due to the General Fund explained in Note 12 – Other Liabilities.

Note 11 – Debt

Debt to the Treasury, categorized as interest bearing as of September 30, 2022 and 2021, were as follows:

Table 32: Debt to the Treasury, Categorized as Interest Bearing

(In Millions)

2022	Non-Credit Reform	Credit Reform	Total
Debt, beginning of Fiscal Year			
Principal: Interest Bearing	$ 13,425	$ 1,946	$ 15,371
Accrued Interest Payable	-	-	-
Total Debt Outstanding, Beginning of Fiscal Year	$ 13,425	$ 1,946	$ 15,371
New Debt			
Principal: Interest Bearing	$ 3,539,599	$ 427	$ 3,540,026
Accrued Interest Payable	165	52	217
Total New Debt	$ 3,539,764	$ 479	$ 3,540,243
Repayments			
Principal: Interest Bearing	$ (3,539,403)	$ (352)	$ (3,539,755)
Accrued Interest Payable	(165)	(52)	(217)
Total Repayments	$ (3,539,568)	$ (404)	$ (3,539,972)
Debt, as of September 30, 2022			
Principal	$ 13,621	$ 2,021	$ 15,642
Accrued Interest Payable	-	-	-
Total Debt Outstanding as of September 30, 2022	$ 13,621	$ 2,021	$ 15,642

2021	Non-Credit Reform	Credit Reform	Total
Debt, beginning of Fiscal Year			
Principal: Interest Bearing	$ 27,431	$ 1,786	$ 29,217
Accrued Interest Payable	-	-	-
Total Debt Outstanding, Beginning of Fiscal Year	$ 27,431	$ 1,786	$ 29,217
New Debt			
Principal: Interest Bearing	$ 2,973,206	$ 663	$ 2,973,869
Accrued Interest Payable	13	60	73
Total New Debt	$ 2,973,219	$ 723	$ 2,973,942
Repayments			
Principal: Interest Bearing	$ (2,987,212)	$ (503)	$ (2,987,715)
Accrued Interest Payable	(13)	(60)	(73)
Total Repayments	$ (2,987,225)	$ (563)	$ (2,987,788)
Debt, as of September 30, 2021			
Principal	$ 13,425	$ 1,946	$ 15,371
Accrued Interest Payable	-	-	-
Total Debt Outstanding as of September 30, 2021	$ 13,425	$ 1,946	$ 15,371

Note 11 – Debt, Continued

Non-Credit Reform

CCC borrows and repays on a daily basis, and may borrow, interest-free, up to the amount of the prior year unreimbursed realized losses until reimbursed. CCC may not hold debt of more than $30 billion at any time for its non-Credit Reform programs. Monthly interest rates on debt to the Treasury rose significantly from 0.125 percent to 3.125 percent during FY 2022 and held constant at 0.125 percent during FY 2021.

Non-credit reform borrowing is tied to the one-year Department of the Treasury borrowing rate which is in effect on the date that a borrowing occurs. The Department of the Treasury's one-year rate, which is subject to change from month to month, is certified monthly by the Department of the Treasury in their notification to CCC. The Department of the Treasury's one-year loan rate is based upon the average market yields of the preceding 30 days at the time the Department of the Treasury issues certification of the subsequent monthly rate.

Credit Reform

CCC borrows from the Department of the Treasury for the entire FY based on annual estimates of the difference between the amount appropriated (subsidy) and the amount to be disbursed to the borrower. The effective date for borrowings is October 1 using a mid-year convention. CCC may repay the loan agreement, in whole or in part, prior to maturity by paying the principal amount of the borrowings plus accrued interest up to the date of repayment. Interest is paid annually on these borrowings based on weighted average interest rates for the cohort to which the borrowings are associated.

The FY 2022 interest rates on long-term borrowings under the permanent indefinite borrowing authority for CCC's credit reform programs are calculated using the OMB CSC. For 2001 and subsequent cohorts, the single effective interest rate produced from the calculator, along with budget assumptions, is used to calculate interest expenses for CCC's credit reform programs.

Interest on borrowings from the Department of the Treasury is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the U.S. Government as of the preceding month.

CCC incurred approximately $2 million in interest expense on capital stock for both FY 2022 and 2021, which is separate from the interest expense on the Department of the Treasury borrowings.

Note 12 – Other Liabilities

Other Liabilities (Current) as of September 30, 2022 and 2021, were as follows:

Table 33: Other Liabilities

	(In Millions) 2022	2021
Intragovernmental:		
Liability Due to the General Fund	$ 3,197	$ -
Resources Payable to Treasury	300	428
Excess Subsidy Payable to Treasury	52	37
Other	21	3
Total Intragovernmental Other Liabilities	$ 3,570	$ 468
Other than Intragovernmental:		
Accrued Grant Liabilities	$ 179	$ 195
Accrued Liabilities		
Conservation Reserve Program	1,773	1,713
Price Loss Coverage Program	216	2,025
Agriculture Risk Coverage Program	97	90
Dairy Margin Coverage Program	46	105
Other Programs	28	68
Total Accrued Liabilities	2,160	4,001
Deposit and Trust Liabilities	6	14
Total Other than Intragovernmental Other Liabilities	$ 2,345	$ 4,210

On September 30, 2022, CCC recorded $4.0 billion in non-expenditure transfers to outside Federal agencies. Due to the timing of the transactions, the financing (executed borrowings from Treasury) for these transfers was not processed until the next business day, October 3, 2022, thus resulting in the financing activity being effective in FY 2023. As a result, CCC has recognized a liability (Due to the General Fund) related to the financing event that did not occur until FY 2023. This does not affect the balances reflected in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System for CCC's Treasury Account Symbols.

Resources Payable to the Department of the Treasury represents CCC's liquidating fund and debt reduction fund assets (cash and loans receivable, net of an allowance) less any liabilities that may be held as working capital. At the end of each FY, any unobligated cash balance is transferred to the Department of the Treasury.

Note 12 – Other Liabilities, Continued

The Excess Subsidy Payable to the Department of the Treasury is the downward reestimate owed to the Department of the Treasury from the financing fund. When direct and guaranteed loan financing funds collect more subsidy than necessary to fund future net cash outflows, the applicable financing account transfers the excess subsidy, with interest, to a Department of the Treasury General Fund Receipt Account.

The majority of CCC grants are funded through the parent-child relationship with USAID. In most instances, grantees incur expenditures before drawing down funds on a reimbursement basis. An accrued grant liability occurs when the grant expenses exceed outstanding payments to grantees. At year-end, CCC reports both actual payments made through September 30, 2022 and 2021, and an unreported grant expenditure estimate (accrual) based on historical spending patterns of the grantees.

The accrued liabilities for ARC and PLC consist of crop year 2021 program payments which began in October 2022 and continue throughout FY 2023, as price and yield data are finalized. The CRP accrued liability consists of annual rental payments estimated on approved contracts, expected to be paid in FY 2023.

Deposit and Trust Liabilities are amounts advanced to or deposited with CCC on behalf of other entities. The balance consists of unapplied and other miscellaneous collections that are temporarily held in suspense until appropriately identified and applied.

Note 13 – Environmental and Disposal Liabilities

From the late 1930’s until the mid-1970’s, CCC operated approximately 4,500 grain storage facilities in the U.S. as part of USDA’s price support program for American farmers. The facilities were privately owned and leased by CCC primarily in Midwestern States where grain production was high and access to commercial storage facilities was limited. Grain was stored for extended periods of time, making it periodically necessary to fumigate the grain in order to control destructive insects. The commonly used fumigant mixture contained carbon tetrachloride, which was a pesticide for stored grain until it was banned by the Environmental Protection Agency (EPA) in 1985 as a probable human carcinogen.

Note 13 – Environmental and Disposal Liabilities, Continued

In 1988 the first discovery of ground water contaminated with carbon tetrachloride in the vicinity of a CCC grain storage facility was made. CCC has been engaged, in coordination with the EPA Region 7 and the respective states, in an active program to identify affected sites and respond with appropriate action to safeguard public health and protect the environment. The U.S. EPA or respective State agency identified CCC as a potentially responsible party for the contamination at sites in Missouri, Kansas, Iowa, and Nebraska.

CCC recorded a total liability for investigation and/or remediation of affected sites of $45.5 million in FY 2022, of which $40.4 million was not covered by budgetary resources and recorded a total environmental liability of $48.0 million in FY 2021, of which $44.9 million was not covered by budgetary resources. CCC estimates the range of potential future losses due to response actions to be between $45.5 million and $676.1 million for FY 2022, and between $48.0 million and $458.4 million for FY 2021.

Note 14 – Commitments and Contingencies

A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A loss contingency is a liability when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable.

Legal Disputes and Claims

In the normal course of business, CCC becomes involved in various legal disputes and claims. CCC vigorously defends its position in such actions through USDA OGC and Department of Justice. As of September 30, 2022 no pending legal matters existed that were considered probable or reasonably possible, which require recognition (accrual) in the consolidated financial statements or require further disclosure. As of September 30, 2021, CCC had one pending litigation that was determined to be reasonably possible, which was resolved in FY 2022.

Note 15 – Disclosures Related to the Statement of Net Cost

The Consolidated Statements of Net Cost presents costs and associated earned revenues in alignment with CCC's strategic goals, stated below:

Provide a Financial Safety Net for Farmers and Ranchers

Under this strategic goal, program areas include Income Support and Disaster Assistance and Commodity Operations and Food Aid. CCC provides financial assistance to protect farmers and ranchers from fluctuations in market conditions and unexpected natural or man-made disasters. Assistance is provided through income support and DAPs. FSA administers these CCC programs, the largest of which fall under the DAP umbrella.

Increase Stewardship of Natural Resources While Enhancing the Environment

Conservation programs are included within this strategic goal. Supported by the *Food, Conservation, and Energy Act of 2008* (2008 Farm Bill), and extended by the 2018 Farm Bill, conservation programs offer farmers and ranchers a variety of financial and economic incentives to conserve natural resources on the nation's privately-owned farmlands.

These programs focus on reducing erosion, protecting streams and rivers, restoring and establishing fish and wildlife habitats, and improving air quality through several conservation incentive payments, technical assistance, and cost-share programs. FSA and NRCS administer CCC conservation programs.

Ensure Commodities are Procured and Distributed Effectively and Efficiently

Under this strategic goal, program areas primarily include Commodity Operations and Food Aid. AMS oversees the procurement, acquisition, storage, disposition, and distribution of commodities for Food Purchase and Distribution Program. This program helps achieve domestic farm program price support objectives, produce a uniform regulatory system for storing agricultural products, and ensure the timely provision of food products for domestic and international food assistance programs and market development programs. FAS administers the Food for Progress Program, which provides food aid to countries that are emerging democracies and are committed to introducing and expanding free enterprise in the agricultural sector. Food aid addresses participating countries' hunger and helps to build longer term economic development that boosts trade opportunities for the United States and other countries.

Note 15 – Disclosures Related to the Statement of Net Cost, Continued

Increase U.S. Food and Agricultural Exports

Under this strategic goal, program areas include Market Development and Export Credit. Expanding markets for agricultural products are critical to the long-term health and prosperity of the U.S. agricultural sector. With 95 percent of the world's population living outside the U.S., future growth in demand for food and agricultural products will occur primarily in overseas markets. CCC funds used in the market development programs play a critical role in helping to open new markets and in facilitating U.S. competitiveness, helping to secure a more prosperous future for American agriculture. Support for economic development and trade capacity building reinforces these efforts by helping developing countries to become economically stable and improve their prospects to participate in and benefit from expanding global trade in agricultural products. FAS administers CCC FMD programs.

CCC export credit guarantee and direct loan programs, administered by FAS in conjunction with FSA, provide payment guarantees for third-party commercial financing and direct financing of U.S. agricultural exports. These programs facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC credit facilities.

Earned Revenue

Revenue and expense are recognized based on SFFAS No. 7, *Accounting for Revenue and Other Financing Sources*. CCC follows SFFAS No. 7 for classifying, recognizing, and measuring inflows of resources. Earned revenues are exchange revenues, which arise when a Federal entity provides goods and services to the public or to another government entity for a price.

Inter-Entity Cost

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost 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 business-type activities, employee benefits, and claims to be settled by the Treasury Judgment Fund in accordance with SFFAS No. 55, *Amending Inter-Entity Cost Provisions*. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

Note 15 – Disclosures Related to the Statement of Net Cost, Continued

Table 34: Costs and Earned Revenue by Strategic Goal and Program for the year ended September 30, 2022 (In Millions)

	Income Support and Disaster Assistance	Conservation Programs	Commodity Operations and Food Aid	Market Development and Export Credit	Total
Provide a Financial Safety Net for Farmers and Ranchers					
Total Cost	$ 3,124	$ -	$ 238	$ -	$ 3,362
Total Earned Revenue	110	-	-	-	110
Increase Stewardship of Natural Resources While Enhancing the Environment					
Total Cost	-	2,430	-	-	2,430
Total Earned Revenue	-	6	-	-	6
Ensure Commodities are Procured and Distributed Effectively and Efficiently					
Total Cost	(37)	-	78	124	165
Total Earned Revenue	26	-	-	-	26
Increase U.S. Food and Agricultural Exports					
Total Cost	-	-	-	2,565	2,565
Total Earned Revenue	-	-	-	38	38
Total Gross Cost	**$ 3,087**	**$ 2,430**	**$ 316**	**$ 2,689**	**$ 8,522**
Less: Total Earned Revenue	**136**	**6**	**-**	**38**	**180**
Net Cost of Operations	**$ 2,951**	**$ 2,424**	**$ 316**	**$ 2,651**	**$ 8,342**

Note 15 – Disclosures Related to the Statement of Net Cost, Continued

Table 35: Costs and Earned Revenue by Strategic Goal and Program for the year ended September 30, 2021 (In Millions)

	Income Support and Disaster Assistance	Conservation Programs	Commodity Operations and Food Aid	Market Development and Export Credit	Total
Provide a Financial Safety Net for Farmers and Ranchers					
Total Cost	$ 5,386	$ -	$ 59	$ -	$ 5,445
Total Earned Revenue	246	-	-	-	246
Increase Stewardship of Natural Resources While Enhancing the Environment					
Total Cost	-	2,180	-	-	2,180
Total Earned Revenue	-	8	-	-	8
Ensure Commodities are Procured and Distributed Effectively and Efficiently					
Total Cost	31	-	310	388	729
Total Earned Revenue	27	-	-	-	27
Increase U.S. Food and Agricultural Exports					
Total Cost	-	-	-	2,356	2,356
Total Earned Revenue	-	-	-	45	45
Total Gross Cost	**$ 5,417**	**$ 2,180**	**$ 369**	**$ 2,744**	**$ 10,710**
Less: Total Earned Revenue	**273**	**8**	**-**	**45**	**326**
Net Cost of Operations	**$ 5,144**	**$ 2,172**	**$ 369**	**$ 2,699**	**$ 10,384**

Note 16 – Disclosures Related to the Statement of Budgetary Resources (SBR)

The SBR is a combined statement that provides information about how budgetary resources were made available, as well as their status at the end of the year.

Net Adjustments to Unobligated Balance, Brought Forward, October 1:

CCC's Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year unpaid obligations and other changes, such as cancelled authority. Unobligated Balance Brought Forward, October 1 as of September 30, 2022 and 2021, were as follows:

Table 36: Net Adjustments to Unobligated Balance, Brought Forward October 1

	(In Millions)			
	2022		2021	
	Budgetary	Non-Budgetary Credit reform Financing Accounts	Budgetary	Non-Budgetary Credit reform Financing Accounts
Unobligated Balance Brought Forward, October 1	$ 850	$ 190	$ 503	$ 224
Recoveries of Prior Year Unpaid Obligations	997	22	5,592	18
Other Changes in Unobligated Balance	(762)	(104)	(5,303)	(124)
Unobligated Balance from Prior Year Budget Authority, Net	$ 1,085	$ 108	$ 792	$ 118

CCC recorded a $17.4 million adjustment to Unobligated Balance Brought Forward, October 1 that will be reported on line 1020 of the SF-133, Report on Budget Execution and Budgetary Resources, as of September 30, 2022.

Terms of Borrowing Authority Used

Per the CCC Charter Act, 15 U.S.C. 714, CCC's borrowing authority is made up of both interest and non-interest-bearing notes. These notes are drawn upon on a daily basis when disbursements exceed deposits, as reported by the FRB, their branches, Department of the Treasury, and CCC's financing office. CCC is authorized to issue, and have outstanding at any one time, bonds, notes, debentures, and other similar financing instruments in an aggregate amount not to exceed $30 billion. CCC's indefinite borrowing authority has a term of one year. Refer to Note 11: Debt for additional information related to CCC's terms of borrowing and repayment.

Note 16 – Disclosures Related to the SBR, Continued

Available Borrowing Authority, End of Period

As of September 30, 2022 and 2021, CCC had available borrowing authority of $19.8 billion and $17.3 billion, respectively.

Undelivered Orders (UDO), End of Period

UDOs, either unpaid or paid, are purchase orders or contracts awarded for which goods or services have not yet been received. For the FYs ended September 30, 2022 and 2021 ending UDO balances were as follows:

Table 37: Undelivered Orders at the End of the Period

2022	(In Millions)		
	Intragovernmental	Other than Intragovernmental	Total Undelivered Orders
Paid	$ -	$ 114	$ 114
Unpaid	98	16,233	16,331
Total Undelivered Orders	$ 98	$ 16,347	$ 16,445

2021	(In Millions)		
	Intragovernmental	Other than Intragovernmental	Total Undelivered Orders
Paid	$ -	$ 109	$ 109
Unpaid	112	15,512	15,624
Total Undelivered Orders	$ 112	$ 15,621	$ 15,733

Permanent Indefinite Appropriations

CCC has permanent indefinite appropriations to cover upward reestimates in the credit reform program accounts and fund any shortages in the liquidating accounts. These appropriations become available pursuant to standing provisions of law without further actions by Congress after the transmittal of the budget for the year involved.

Reconciliation to Appropriations Received on the Consolidated SCNP

CCC has significant activity on the Appropriations line of the SBR that is not included in the Appropriations Received line of the SCNP.

Note 16 – Disclosures Related to the SBR, Continued

Table 38: Reconciliation to Appropriations Received on the Consolidated SCNP

As of September 30	2022 (In Millions)	2021 (In Millions)
Total appropriations on the Combined SBR	$ 2,319	$ 2,686
Adustments to SBR appropriations:		
Actual repayment of debt, CY authority	14,014	31,831
Adjustments to Indefinite No-Year Authority	366	402
Permanent reduction of new budgetary authority	25	-
Appropriations received on the Consolidated SCNP	$ 16,724	$ 34,919

Legal Arrangements Affecting the Use of Unobligated Balances

Any information about legal arrangements affecting the use of the unobligated balance of budget authority is specifically stated by program and FY in the appropriation language or in the alternative provisions section at the end of the appropriations act.

President's Budget Reconciliation

The SF-133 (Report on Budget Execution and Budgetary Resources) which is used by CCC to report and certify obligation balances is also used to populate some portions of the Program and Financing Schedules (P&F Schedules) within the *Budget of the United States Government*.

Since the P&F Schedules within the *Budget of the United States Government, Fiscal Year 2023*, were not available at the time CCC's Annual Management Report for FY 2022 was issued, the reconciliation between the President's Budget and the SBR for FY 2022 could not be performed. The FY 2022 SBR will be reconciled to the FY 2022 actuals on the P&F Schedules reported in the *Budget of the United States Government, Fiscal Year 2024*, once released. The *Budget of the United States Government, Fiscal Year 2024*, is expected to be published in February 2023 and will be available on the website of the OMB at that time.

The summarized table below shows the reconciliation of the FY 2021 SBR to the FY 2021 actuals on the P&F Schedules presented in the *Budget of the United States Government, Fiscal Year 2023*.

Note 16 – Disclosures Related to the SBR, Continued

Table 39: P&F Reconciliation

(in Millions)

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Outlays/ Disbursements, Net
Combined Statement of Budgetary Resources	$ 17,533	$ 16,493	$ (64)	$ 12,557
Reconciling Items:				
USAID Reporting Difference[a]	(10)	(4)	-	-
Excluded from P&F[b]	(2)	-	-	-
Not a CCC TAS in P&F[c]	(106)	(105)	-	(80)
Rounding	2	-	-	-
Budget of the United States Government	$ 17,417	$ 16,384	$ (64)	$ 12,477

Note:

a- The balance reflects a reporting difference between the SF-133 and SBR for the deobligation amount which was not reflected by USAID in their SF-133.

b- Expired budgetary authority is excluded from budgetary resources in the *President's Budget of the United States* .

c- 12X0115 and 12X0175 are not a CCC Treasury Account Symbol (TAS), but individual programs and their funding are internally apportioned to CCC and therefore included in CCC's SBR.

Note 17 – Incidental Custodial Collections

CCC's custodial activities involve the collection and transfer of funds received from the public on behalf of the Department of the Treasury, FSA, and other USDA agencies. These collections include interest, fees, and penalties due to the Department of the Treasury and other USDA agencies. These are not part of CCC budget authority. CCC's Incidental Custodial Collections for the FYs ended September 30, 2022 and 2021, were immaterial.

Note 18 – Reconciliation of Net Cost to Net Outlays

SFFAS No. 53, *Budget and Accrual Reconciliation*, amends requirements for a reconciliation between budgetary and financial accounting information established by SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*. The Reconciliation of Net Cost to Net Outlays explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period.

The analysis below illustrates the reconciliation by listing the key differences between net cost and net outlays:

- Commodity prices have increased in FY 2022 compared to FY 2021. This has contributed to the decrease in the commodity loans receivable balance from FY 2021 to FY 2022. See Note 6 – Commodity Loans, Net for more details.

- The reduction of Accrued Liabilities is primarily driven by the ARC and PLC programs. Nationwide consumption of many crops such as cotton, oilseeds and total grains has increased. This has driven prices up and has reduced the year-end ARC and PLC accruals. See Note 12 – Other Liabilities for more details.

- Imputed costs consist of the costs of labor and facilities usage incurred by other USDA agencies for work on CCC programs. See Note 15 – Disclosures Related to the Statement of Net Cost for further details.

Note 18 – Reconciliation of Net Cost to Net Outlays, Continued

Table 40: Reconciliation of Net Cost to Net Outlays for the year ended September 30, 2022

	(In Millions) Intragovernmental	Other than Intragovernmental	Total
NET OPERATING COST (SNC)	$ 1,575	$ 6,767	$ 8,342
Components of Net Cost That Are Not Part of Net Outlays:			
Cost of goods sold	$ -	$ (2)	$ (2)
Year end credit reform subsidy reestimates	67	-	67
Exchange Revenue not part of the SBR Outlays	-	1	1
Increase/(decrease) in assets:			
Accounts receivable	1	(8)	(7)
Loans receivable, net (Non-FCRA)	-	(221)	(221)
Other assets	-	14	14
(Increase)/decrease in liabilities:			
Accounts payable	(37)	146	109
Environmental and disposal liabilities	-	3	3
Accrued liabilities	(14)	1,842	1,828
Other liabilities	-	24	24
Financing sources:			
Imputed cost	(1,263)	-	(1,263)
Total Components of Net Operating Cost That Are Not Part of Budgetary Outlays	$ (1,246)	$ 1,799	$ 553
Components of the Budget Outlays That Are Not Part of Net Operating Cost:			
Acquisition of inventory	$ -	$ 6	$ 6
Transfers out (in) without reimbursement	25	-	25
Total Components of the Budget Outlays that are not part of Net Operating Cost	$ 25	$ 6	$ 31
Miscellaneous Items			
Custodial/Non-Exchange revenue	$ -	$ (9)	$ (9)
Non-Entity Activity	(53)	-	(53)
Other Temporary Timing Differences	10	-	10
Total Other Reconciling Items	$ (43)	$ (9)	$ (52)
TOTAL NET OUTLAYS	**$ 311**	**$ 8,563**	**$ 8,874**

Note 18 – Reconciliation of Net Cost to Net Outlays, Continued

Table 41: Reconciliation of Net Cost to Net Outlays for the year ended September 30, 2021

	(In Millions)		
	Intragovernmental	Other than Intragovernmental	Total
NET OPERATING COST (SNC)	$ 1,122	$ 9,262	$ 10,384
Components of Net Cost That Are Not Part of Net Outlays:			
Cost of goods sold	$ -	$ (133)	$ (133)
Year end credit reform subsidy reestimates	37	-	37
Exchange Revenue not part of the SBR Outlays	-	2	2
Increase/(decrease) in assets:			
Accounts receivable	(1)	(5)	(6)
Loans receivable, net (Non-FCRA	-	(697)	(697)
Other assets	-	(17)	(17)
(Increase)/decrease in liabilities:			
Accounts payable	12	(174)	(162)
Environmental and disposal liabilities	-	(1)	(1)
Accrued liabilities	-	3,861	3,861
Other liabilities	-	21	21
Financing sources:			
Imputed cost	(995)	-	(995)
Total Components of Net Operating Cost That Are Not Part of Budgetary Outlays	$ (947)	$ 2,857	$ 1,910
Components of the Budget Outlays That Are Not Part of Net Operating Cost:			
Acquisition of inventory	$ -	$ 138	$ 138
Transfers out (in) without reimbursement	25	-	25
Total Components of the Budget Outlays that are not part of Net Operating Cost	$ 25	$ 138	$ 163
Miscellaneous Items			
Custodial/Non-Exchange revenue	$ -	$ (5)	$ (5)
Non-Entity Activity	(63)	-	(63)
Other Temporary Timing Differences	-	11	11
Total Other Reconciling Items	$ (63)	$ 6	$ (57)
TOTAL NET OUTLAYS	**$ 137**	**$ 12,263**	**$ 12,400**

Note 19 – Coronavirus (COVID-19) Activity

In FY 2021, CCC received funding from the ARP Act to help mitigate the effects of COVID-19 for the United States and alleviate food-insecurity around the world. The impacts to CCC's consolidated financial statements as of September 30, 2022 and 2021 can be found in Table 42: Budgetary Status of COVID-19 Activity, and Table 43: Proprietary Status of COVID-19 Activity.

Note 19 – Coronavirus (COVID-19) Activity, Continued

Table 42: Budgetary Status of COVID-19 Activity

(In Millions)
As of September 30, 2022

Account Name	Treasury Account Symbol	Purpose	Unobligated Balances from Prior Year	Total Supplemental Current Year	Total Obligations	Amounts Remaining to be Obligated	Total Outlays
Food for Peace Title II Grants	121/22278 & (72)121/22278	ARP Act	$ 152	$ 3	$ 151	$ 4	$ 560
Assistance for Socially Disadvantaged Farmers and Ranchers (FSFL)	12X0172	ARP Act	$ -	$ -	$ -	$ -	$ -

(In Millions)
As of September 30, 2021

Account Name	Treasury Account Symbol	Purpose	Unobligated Balances from Prior Year	Total Supplemental Current Year	Total Obligations	Amounts Remaining to be Obligated	Total Outlays
Food for Peace Title II Grants	121/22278 & (72)121/22278	ARP Act	$ -	$ 800	$ 648	$ 152	$ 209
Assistance for Socially Disadvantaged Farmers and Ranchers (FSFL)	12X0172	ARP Act	$ -	$ 25	$ 25	$ -	$ -

Food for Peace Title II Grants: New funding was provided by the American Rescue Plan (P.L. 117-2) which appropriated $800 million for international food aid due to a 20 percent increase in the number of food-insecure people internationally cause by the COVID-19 pandemic.

Assistance for Socially Disadvantaged Farmers and Ranchers (FSFL): Section 1005 includes provisions for USDA to pay up to 120% of loan balances, as of January 1, 2021, for FSFL to any Socially Disadvantaged producer who has a qualifying loan. This provision was repealed with the enactment of the Inflation Reduction Act of 2022 Section 22008.

Note 19 – Coronavirus (COVID-19) Activity, Continued

Table 43: Proprietary Status of COVID-19 Activity

As of September 30th	2022			2021		
Account Name	Food for Peace Title II Grants	Assistance for Socially Disadvantaged Farmers and Ranchers (FSFL)	Total	Food for Peace Title II Grants	Assistance for Socially Disadvantaged Farmers and Ranchers (FSFL)	Total
Treasury Account Symbol	121/22278 & (72)121/22278	12X0172		121/22278 & (72)121/22278	12X0172	
Purpose	ARP Act	ARP Act		ARP Act	ARP Act	
	(In Millions)			(In Millions)		
Assets:						
Fund Balance with Treasury	$ 31	$ -	$ 31	$ 591	$ 25	$ 616
Inventory and Related Property, Net	8	-	8	14	-	14
Total Assets	$ 39	$ -	$ 39	$ 605	$ 25	$ 630
Liabilities:						
Accounts Payable	$ -	$ -	$ -	$ 50	$ -	$ 50
Other Liabilities	5	-	5	58	25	83
Total Liabilities	$ 5	$ -	$ 5	$ 108	$ 25	$ 133
Unexpended Appropriations	$ 26	$ -	$ 26	$ 483	$ -	$ 483
Cumulative Results of Operations	8	-	8	14	-	14
Total Liabilities and Net Position	$ 39	$ -	$ 39	$ 605	$ 25	$ 630
Gross Program Costs	$ 463	$ (25)	$ 438	$ 303	$ 25	$ 328
Less: Earned Revenues	-	-	-	-	-	-
Net Cost of Operations	$ 463	$ (25)	$ 438	$ 303	$ 25	$ 328
Unexpended Appropriations:						
Beginning Balance	$ 483	$ -	$ 483	$ -	$ -	$ -
Appropriations Received	-	-	-	800	50	850
Other Adjustments	-	(25)	(25)	-	(25)	(25)
Appropriations Used	(457)	25	(432)	(317)	(25)	(342)
Total Unexpended Appropriations Ending Balance	$ 26	$ -	$ 26	$ 483	$ -	$ 483
Cumulative Results of Operations:						
Beginning Balance	$ 14	$ -	$ 14	$ -	$ -	$ -
Other Adjustments	-	-	-	-	-	-
Appropriations Used	457	(25)	432	317	25	342
Net Cost of Operations	(463)	25	(438)	(303)	(25)	(328)
Cumulative Results of Operations - Ending Balance	$ 8	$ -	$ 8	$ 14	$ -	$ 14
Net Position End of Period	$ 34	$ -	$ 34	$ 497	$ -	$ 497

Any other effects COVID-19 may have had on CCC's operations, financial statements and related footnotes have been described in their respective sections of CCC's FY 2022 Annual Management Report.

Note 20 – Subsequent Events

CCC does not have any significant events or transactions that occurred after the date of the Balance Sheet but before the issuance of CCC's audited financial statements that have a material effect on the financial statements and, therefore, require adjustments to or disclosure in the statements.

Part IV: Required Supplementary Information (Unaudited)

Combining Statement of Budgetary Resources by Major Fund: Budgetary Accounts (Unaudited)
For the Fiscal Year Ended September 30, 2022
(In Millions)

Budgetary Resources:	Line #	CCC Fund (12X4336)	P.L. 480 Title II Grants (12X2278)	USAID - P.L. 480 Title II Grants ((72)12X2278)	P.L. 480 Grant Fund (121/22278)	P.L. 480 Direct Credit Liquidating Fund (12X2274)	Other	Total
Unobligated balance from prior year budget authority, net (Note 16)	1071	$ 583	$ 258	$ 81	$ 155	$ -	$ 8	$ 1,085
Appropriations (discretionary and mandatory)	1290	20	490	1,350	-	-	459	2,319
Borrowing Authority (discretionary and mandatory)	1490	11,977	-	-	-	-	-	11,977
Spending authority from offsetting collections (discretionary and mandatory)	1890	-	-	-	-	10	-	10
Total Budgetary Resources	1910	$ 12,580	$ 748	$ 1,431	$ 155	$ 10	$ 467	$ 15,391
Status of Budgetary Resources:								
New obligations and upward adjustments (total)	2190	$ 12,423	$ 591	$ 1,339	$ 151	$ -	$ 457	$ 14,961
Unobligated balance, end of year:								
Apportioned, unexpired account	2204	70	157	84	4	10	2	327
Unapportioned, unexpired accounts	2405	87	-	8	-	-	6	101
Unexpired unobligated balance, end of year	2412	157	157	92	4	10	8	428
Expired unobligated balance, end of year	2413	-	-	-	-	-	2	2
Total Unobligated balance, end of year	2490	157	157	92	4	10	10	430
Total Budgetary Resources	2500	$ 12,580	$ 748	$ 1,431	$ 155	$ 10	$ 467	$ 15,391
Outlays, Net:								
Outlays, net (total) (discretionary and mandatory)	4190	$ 6,624	$ 397	$ 1,327	$ 388	$ (61)	$ 252	$ 8,927
Distributed offsetting receipts	4200	-	-	-	-	-	(53)	(53)
Agency Outlays, net (discretionary and mandatory)	4210	$ 6,624	$ 397	$ 1,327	$ 388	$ (61)	$ 138	$ 8,874

Combining Statement of Budgetary Resources by Major Fund: Non-Budgetary Credit Program Financing Accounts (Unaudited) For the Fiscal Year Ended September 30, 2022 (In Millions)

	Line #	P.L. 480 Direct Loans (12X4049)	EAI Financing Fund (12X4143)	CCC Export Guarantees (12X4337)	Farm Storage Facility Direct Loan (12X4158)	Total
Budgetary Resources:						
Unobligated balance from prior year budget authority, net (Note 16)	1071	$ 1	$ 84	$ 13	$ 10	$ 108
Borrowing Authority (discretionary and mandatory)	1490	11	-	6	408	425
Spending authority from offsetting collections (discretionary and mandatory)	1890	32	28	31	56	147
Total Budgetary Resources	1910	$ 44	$ 112	$ 50	$ 474	$ 680
Status of Budgetary Resources:						
New obligations and upward adjustments (total)	2190	$ 18	$ 15	$ 35	$ 390	$ 458
Unobligated balance, end of year:						
Apportioned, unexpired account	2204	4	13	12	-	29
Unapportioned, unexpired accounts	2405	22	84	3	84	193
Unexpired unobligated balance, end of year	2412	$ 26	$ 97	$ 15	$ 84	$ 222
Total Unobligated balance, end of year	2490	26	97	15	84	222
Total Budgetary Resources	2500	$ 44	$ 112	$ 50	$ 474	$ 680
Disbursements, net (total) (mandatory)	4220	$ (50)	$ (14)	$ (17)	$ 161	$ 80

Combining Statement of Budgetary Resources by Major Fund: Budgetary Accounts (Unaudited)
For the Fiscal Year Ended September 30, 2021
(In Millions)

Budgetary Resources:	Line #	CCC Fund (12X4336)	P.L. 480 Title II Grants (12X2278)	USAID - P.L. 480 Title II Grants ((72)12X2278)	P.L. 480 Grant Fund (121/22278)	P.L. 480 Direct Credit Liquidating Fund (12X2274)	Other	Total
Unobligated balance from prior year budget authority, net (Note 17)	1071	$ 578	$ 123	$ 85	$ -	$ -	$ 6	$ 792
Appropriations (discretionary and mandatory)	1290	-	391	1,349	525	-	421	2,686
Borrowing Authority (discretionary and mandatory)	1490	13,207	-	-	-	-	-	13,207
Spending authority from offsetting collections (discretionary and mandatory)	1890	-	-	-	-	77	-	77
Total Budgetary Resources	1910	$ 13,785	$ 514	$ 1,434	$ 525	$ 77	$ 427	$ 16,762
Status of Budgetary Resources:								
New obligations and upward adjustments (total)	2190	$ 13,435	$ 392	$ 1,293	$ 375	$ -	$ 417	$ 15,912
Unobligated balance, end of year:								
Apportioned, unexpired account	2204	9	120	101	150	63	4	447
Unapportioned, unexpired accounts	2404	341	2	40	-	14	5	402
Unexpired unobligated balance, end of year	2412	350	122	141	150	77	9	849
Expired unobligated balance, end of year	2413	-	-	-	-	-	1	1
Total Unobligated balance, end of year	2490	350	122	141	150	77	10	850
Total Budgetary Resources	2500	$ 13,785	$ 514	$ 1,434	$ 525	$ 77	$ 427	$ 16,762
Outlays, Net:								
Outlays, net (total) (discretionary and mandatory)	4190	$ 10,518	$ 545	$ 1,265	$ 124	$ (196)	$ 208	$ 12,464
Distributed offsetting receipts	4200	-	-	-	-	-	(64)	(64)
Agency Outlays, net (discretionary and mandatory)	4210	$ 10,518	$ 545	$ 1,265	$ 124	$ (196)	$ (52)	$ 12,400

Combining Statement of Budgetary Resources by Major Fund: Non-Budgetary Credit Program Financing Accounts (Unaudited) For the Fiscal Year Ended September 30, 2021 (In Millions)

	Line #	P.L. 480 Direct Loans (12X4049)	EAI Financing Fund (12X4143)	CCC Export Guarantees (12X4337)	Farm Storage Facility Direct Loan (12X4158)	Other	Total
Budgetary Resources:							
Unobligated balance from prior year budget authority, net (Note 17)	1071	$ 1	$ 72	$ 10	$ 35	$ -	$ 118
Borrowing Authority (discretionary and mandatory)	1490	15	-	4	518	-	537
Spending authority from offsetting collections (discretionary and mandatory)	1890	33	12	30	41	-	116
Total Budgetary Resources	1910	$ 49	$ 84	$ 44	$ 594	$ -	$ 771
Status of Budgetary Resources:							
New obligations and upward adjustments (total)	2190	$ 23	$ -	$ 26	$ 532	$ -	$ 581
Unobligated balance, end of year:							
Apportioned, unexpired account	2204	4	11	4	-	-	19
Unapportioned, unexpired accounts	2404	22	73	14	62	-	171
Unexpired unobligated balance, end of year	2412	$ 26	$ 84	$ 18	$ 62	$ -	$ 190
Total Unobligated balance, end of year	2490	26	84	18	62	-	190
Total Budgetary Resources	2500	$ 49	$ 84	$ 44	$ 594	$ -	$ 771
Disbursements, net (total) (mandatory)	4220	$ (68)	$ (12)	$ (14)	$ 166	$ 21	$ 93

Part V: Other Information (Unaudited)

Summary of Financial Statement Audit

Below is a summary of the results of the FY 2022 independent audit of CCC's Financial Statements.

Audit Opinion	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending
Budgetary Transactions	1	0	1	0	0
Total Material Weaknesses	1	0	1	0	0

Summary of Management Assurances

The table below is a summary of management assurances related to the effectiveness of internal control over CCC's financial reporting and operations, and its conformance with financial management system requirements under Sections 2 and 4 of FMFIA. The last portion of the table is a summary of CCC's compliance with FFMIA.

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Reasonable Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Accounting for Budgetary Transactions	1		1			0
Total Material Weaknesses	1	0	1	0	0	0

Effectiveness of Internal Control over Operations (FMFIA §2)						
Statement of Assurance	Reasonable Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0					0
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Federal Financial Management System Requirements (FMFIA §4)						
Statement of Assurance	Federal Systems conform					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0					0
Total non-compliances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Agency	Auditor
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
3. USSGL at Transaction level	Lack of compliance noted	Lack of compliance noted

Payment Integrity

The Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010, the Improper Payments Elimination and Recovery Improvement Act of 2012, and the Payment Integrity Information Act of 2019, requires agencies to review programs susceptible to significant improper payments, report estimated improper payments and establish corrective actions to reduce improper payments. OMB provides guidance on measuring, reducing, recovering, and reporting improper payments through OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement* and OMB Circular A-136.

Additional information can be found in Section III of the USDA FY 2022 Agency Financial Report. The following link contains more detailed information on improper payments and other information regarding improper payments not included in this report: https://paymentaccuracy.gov/.

FY 2022 operational guidance for all improper payment initiatives is anticipated to be received in the first quarter of FY 2023.

Table 44: Summary of Improper Payment Results

Programs	Total Outlays (Millions)		Improper Payments (Millions)		Improper Payments (Percentage)		Overpayments (Millions)	Underpayments (Millions)
	2021	2022	2021	2022	2021	2022	2022	2022
ARC/PLC	$ 2,635.34	$ 6,290.84	$ 62.94	$ 378.78	2.39%	6.02%	$ 74.24	$ -
LFP	$ 158.97	$ 554.05	$ 12.72	$ 51.50	8.00%	9.30%	$ 15.85	$ 0.11
MFP[1]	$ 47.66	N/A[3]	$ 7.40	N/A[3]	15.53%	N/A[3]	N/A[3]	N/A[3]
NAP	$ 79.34	$ 177.85	$ 134.40	$ 16.84	12.30%	9.47%	$ 6.40	$ 0.03
TMP[2]	$ 735.23	$ 39.16	$ 84.07	$ 7.57	11.43%	19.33%	$ 2.27	$ -

[1] - Consists of program year 2018 Market Facilitation Program

[2] - Consists of program year 2019 Market Facilitation Program

[3] - MFP is no longer considered a high risk program effective with the FY 2022 PIIA reporting cycle.

Grant Programs

Pursuant to OMB Circular A-136, *Financial Reporting Requirements*, the table below is a summary of CCC's total number of federal grant and cooperative agreement awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed more than two years with zero balances and undisbursed balances.

Table 45: Grants Summary

CATEGORY	2-3 Years	3-5 Years	More than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	4	1	12
Number of Grants/Cooperative Agreements with Undisbursed Balances	5	6	3
Total Amount of Undisbursed Balances	$1,402,849.01	$6,053,835.86	$641,074.39

The majority of the grants reflected in the table above are related to USAID's administration of P.L. 480, Title II, funds provided by CCC under the parent/child relationship with USAID. USAID reports that they are taking aggressive action to finalize, de-obligate and close-out these old grants. Challenges faced by USAID in the closeout of these old grants are related to receipt of final vouchers from recipients, administrative challenges related to finalizing rates, budget line item adjustment, and pending audits for the period of the award.

Appendix: Glossary of Acronyms (Unaudited)

Glossary of Acronyms (Unaudited)

ACRONYM	TITLE
ADA	Antideficiency Act
AMS	Agricultural Marketing Service
ARC	Agriculture Risk Coverage
ARP	American Rescue Plan
ATP	Agricultural Trade Promotion
CARES	Coronavirus Aid, Relief, and Economic Security
CCC	Commodity Credit Corporation
CCE	Commodity Certificate Exchange
CFAP 1	Coronavirus Food Assistance Program 1
CFAP 2	Coronavirus Food Assistance Program 2
CFO	Chief Financial Officer
CLEAR	Clean Lakes Estuaries and Rivers
COVID-19	Coronavirus Disease of 2019
CRP	Conservation Reserve Program
CSC	Credit Subsidy Calculator
DAP	Disaster Assistance Programs
DMA	Designated Marketing Association
DSSI	Debt Service Suspension Initiative
EPA	Environmental Protection Agency

ACRONYM	TITLE
ERS	Economic Research Service
FAS	Foreign Agricultural Service
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FCRA	Federal Credit Reform Act of 1990
FFMIA	Federal Financial Management Improvement Act
FFP	Food for Peace
FFPr	Food For Progress
FGP	Facility Guarantee Program
FMD	Foreign Market Development Program
FMFIA	Federal Managers' Financial Integrity Act
FMMI	Financial Management Modernization Initiative
FPD	Food Purchase and Distribution Program
FRB	Federal Reserve Bank
FSA	Farm Service Agency
FSFL	Farm Storage Facility Loan Program
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office

Glossary of Acronyms (Unaudited)

ACRONYM	TITLE
GSM-102	Export Credit Guarantee
MAL	Marketing Assistance Loan Program
MAP	Market Access Program
MFP	Market Facilitation Program
NRCS	Natural Resources Conservation Service
OGC	Office of the General Counsel
OI	Other Information
OIG	Office of the Inspector General
OMB	Office of Management and Budget
P&F Schedule	Program and Financing Schedule
P.L. 480	Agricultural Trade Development and Assistance Act of 1954

ACRONYM	TITLE
PLC	Price Loss Coverage
RSI	Required Supplementary Information
SBR	Statement of Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standards
SME	Small to Medium-Sized Enterprise
SSFL	Sugar Storage Facility Loans
TFCCA	Tropical Forest and Coral Reef Conservation Act
UDO	Undelivered Order
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USSGL	United States Standard General Ledger

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