

Boston Fed releases 2023 financials, spotlights notable work during the year

Bank publishes annual audited financial statements



Steve Osemwenkhae/Federal Reserve Bank of Boston

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The Federal Reserve Bank of Boston is pleased to release audited financial statements for 2023, in addition to sharing highlights from key initiatives that showcase the breadth of the Bank's work to achieve its mission of serving the public by promoting a strong, resilient, and inclusive economy and financial system for New England and the nation.

This year's financial statements show that the Boston Fed, along with most Reserve Banks in the Federal Reserve System, made no remittances to the U.S. Treasury and accumulated deferred assets. The Federal Reserve Act requires the Reserve Banks to remit excess earnings to the U.S. Treasury after providing for operating costs, payments of dividends, and an amount necessary to maintain surplus. During a period when earnings are not sufficient to provide for those costs—largely due to interest expense, given the current stance of monetary

policy—a deferred asset is recorded. The deferred asset is the amount of net excess earnings the Boston Fed will need to realize before remittances to the U.S. Treasury can resume. A deferred asset has no implications for the Federal Reserve's conduct of monetary policy or its ability to meet its financial obligations.

Monetary policy and economic research

The Boston Fed conducts impactful research and analysis on a wide range of economic and financial topics and related policies. This research helps inform the Bank president's work as a Federal Open Market Committee participant, and builds understanding that supports the overall health of the economy. Ultimately, this work supports the Federal Reserve's achievement of its dual mandate from Congress: formulating monetary policy that achieves growth consistent with stable prices and maximum employment. Highlights from the year include:

- Macroeconomic research (</publications/current-policy-perspectives/2023/have-us-households-depleted-all-the-excess-savings-they-accumulated-during-the-pandemic.aspx>) on topics that inform debate on current economic and monetary policy concerns, as well as regionally-focused work (</publications/new-england-public-policy-center-regional-briefs/2023/recent-migration-and-visa-trends-in-new-england-and-implications-for-the-labor-market.aspx>) that informs public policymaking in New England
- Welcoming the Bank's new Research director, Egon Zakrajšek (</news-and-events/news/2023/10/egon-zakrajsek-boston-fed-research-department-new-director.aspx>), who brings nearly 25 years of experience in the Federal Reserve System plus background in international central banking
- Convening economists, academics, and other experts for the Bank's 67th Economic Conference (</news-and-events/news/2023/11/boston-fed-67th-economic-research-conference-analyzes-barriers-to-full-employment.aspx>), which explored barriers to full employment
- Introducing a new, interactive data tool (</news-and-events/news/2023/11/how-can-you-stay-informed-about-the-economy-new-boston-fed-data-tool.aspx>) that makes it easy for anyone to track and understand current New England and national economic indicators

Payments innovation

The Boston Fed leads research efforts and collaborates with industry stakeholders to ensure the country's behind-the-scenes payments infrastructure meets the public's needs today and in the future. The Boston Fed contributes to the Federal Reserve System's work toward a more efficient, secure, reliable, and accessible U.S. payments system. Highlights from the year include:

- The launch of the FedNow® Service, (<https://www.frbservices.org/financial-services/fednow>) a new instant payments infrastructure managed by Federal Reserve Financial Services, which continues to add participants including some of the largest national banks, local and regional community banks, and credit unions
- Highlighting the recent increase of check fraud (</news-and-events/news/2023/08/check-fraud-rampant-mike-timoney-column-fraud-awareness-key-to-slowing-surge.aspx>), which was predicted to hit \$24 billion in losses in 2023 – nearly double what it was five years ago
- Examining how the pandemic impacted the use of cash (</news-and-events/news/2023/11/cash-crash-pandemic-increasing-credit-card-use-diary-of-consumer-payment-choice.aspx>) as a form of payment



Regional and community outreach

The Boston Fed promotes economic opportunity in New England's communities through initiatives designed to spark collaboration across the private, public, nonprofit, and philanthropic sectors. Motivated by our vision of a vibrant economy that works for all, we help identify gaps in economic opportunity and participation for people and places in pursuit of our mandate (stable prices and maximum employment). We also research macroeconomic trends impacting economies in New England states to help policymakers make informed decisions. Highlights from the year include:

- Bank President and CEO Susan M. Collins meeting with business, civic, and community development leaders across New England to gather local perspectives (</news-and-events/news/2023/07/susan-m-collins-one-year-review.aspx>) on economic conditions and hear directly about opportunities and challenges in the region's economy
- Conducting research highlighting systemic and structural causes (</news-and-events/news/2023/05/new-paper-asks-how-can-efforts-to-close-the-racial-wealth-gap-become-more-effective.aspx>) of wealth gaps, as well as how much inheritances (</news-and-events/news/2023/03/boston-fed-study-inheritances-contribute-modestly-wealth-gap-white-and-black-families.aspx>) contribute to wealth disparities
- The Working Places initiative (</workingplaces.aspx>)—now in 30 communities across five states—which helps teams of local leaders coalesce around a shared goal for improving the local economy to benefit low-to-moderate income people, such as through youth engagement (</workingplaces/news/2023/can-efforts-to-increase-belonging-help-maine-communities-attract-and-retain-young-people.aspx>) or removing barriers to entrepreneurship (</workingplaces/news/2023/boston-fed-lele-team-launches-grant-program-to-support-entrepreneurs-of-color.aspx>)

Supervision, regulation, and credit

The Boston Fed helps to maintain the safety and soundness of the nation's financial system by supervising certain financial institutions across New England. We work with other federal and state regulators to ensure these institutions operate effectively and provide fair and equitable consumer services. Highlights from the year include:

- Hosting the 2023 Federal Reserve Stress Testing Conference (</news-and-events/events/federal-reserve-stress-testing-research-conference/2023.aspx>), which featured a keynote address from Federal Reserve Board of Governors Vice Chair for Supervision Michael S. Barr
- Publishing research to identify potential financial stability (</news-and-events/news/2023/09/what-is-financial-stability-ken-kenechukwu-anadu-boston-fed.aspx>) risks, on topics including asset fire sales at non-bank financial institutions (</news-and-events/news/2023/05/banks-vulnerable-fire-sales-assets-nonbanks-boston-fed-mattia-landoni-lina-lu.aspx>) and the impacts of cryptocurrency shocks (</news-and-events/news/2023/10/what-happens-when-a-cryptocurrency-shock-hits-researchers-look-at-how-stablecoin-investors-react.aspx>) on private stablecoins
- Convening the Bank's 22nd Annual Regional and Community Bankers conference (<https://www.bostonfed.org/news-and-events/speeches/2023/remarks-at-the-22nd-annual-regional-and-community-bankers-conference.aspx>) to promote the strength of financial institutions in New England

Financial Statements

Federal Reserve Bank of Boston Financial Statements

(<https://www.federalreserve.gov/aboutthefed/files/bostonfinstmt2023.pdf>)

Federal Reserve Banks Combined Financial Statements

(<https://www.federalreserve.gov/aboutthefed/files/combinedfinstmt2023.pdf>)

The Federal Reserve Board engaged KPMG to audit the 2023 combined and individual financial statements of the Reserve Banks and the financial statements of the three limited liability companies (LLCs) that are associated with the Board of Governors' actions to address the coronavirus pandemic, of which two LLCs are consolidated in the statements of the Federal Reserve Bank of New York and one LLC is consolidated in the statements of the Federal Reserve Bank of Boston.¹

In 2023, KPMG also conducted audits of internal controls over financial reporting for each of the Reserve Banks. Fees for KPMG services totaled \$9.2 million, of which approximately \$0.7 million were for the audits of the LLCs.² To ensure auditor independence, the Board of Governors requires that KPMG be independent in all matters relating to the audits. Specifically, KPMG may not perform services for the Reserve Banks or affiliated entities that would place it in a position of auditing its own work, making management decisions on behalf of the Reserve Banks, or in any other way impairing its audit independence. In 2023, the Bank did not engage KPMG for any non-audit services.

Endnotes



1. In addition, KPMG audited the Retirement Plan for Employees of the Federal Reserve System (System Plan) and the Thrift Plan for Employees of the Federal Reserve System (Thrift Plan). The System Plan and the Thrift Plan provide retirement benefits to employees of the Board, the Federal Reserve Banks, and the Consumer Financial Protection Bureau.

2. Each LLC will reimburse the Board of Governors for the fees related to the audit of its financial statements from the entity's available assets.

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[Bank Supervision and Central Banking: Understanding Credit During a Time of Financial Turmoil \(/news-and-events/speeches/bank-supervision-and-central-banking-understanding-credit-during-a-time-of-financial-turmoil.aspx\)](#)

[Should the Fed Regularly Evaluate Its Monetary Policy Framework? \(/publications/research-department-working-paper/2018/should-the-fed-regularly-evaluate-its-monetary-policy-framework.aspx\)](#)

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