

**Explanation for Commodity Credit Corporation
FY 2013 September Ending Stocks**

(Published Date: November 8, 2013)

- USDA has adjusted the reported SMD ending stocks to account for the 316,145 strv (296,500 tons in actual weight) that sugar processors forfeited to CCC at the end of FY 2013. All sugar processors, plus CCC, must report data to USDA/FSA that is consistent with their internal accounting. Since processors can't claim the forfeited sugar as a company asset at the end of September and remain compliant for audit purposes, they do not include the forfeited sugar in September's ending inventory. CCC doesn't consider the forfeited sugar a CCC asset until it is clear that the loan will not be repaid with cash, which occurs on October 1. Thus, the accounting practices of our reporters result in FY 2013 ending stocks being under-reported by 316,145 strv. The SMD has resolved this discrepancy by adding lines at the bottom of Table 1 to reconcile our reported data and market reality.