



OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

Audit of the U.S. African Development Foundation's Fiscal Years 2019 and 2018 Financial Statements

AUDIT REPORT 0-ADF-20-009-C
November 19, 2019

1300 Pennsylvania Avenue NW • Washington, DC 20523
<https://oig.usaid.gov> • 202-712-1150

The Office of Inspector General provides independent oversight that promotes the efficiency, effectiveness, and integrity of foreign assistance provided through the entities under OIG's jurisdiction: the U.S. Agency for International Development, Millennium Challenge Corporation, U.S. African Development Foundation, Inter-American Foundation, and Overseas Private Investment Corporation.

Report waste, fraud, and abuse

USAID OIG Hotline

Email: ig.hotline@usaid.gov

Complaint form: <https://oig.usaid.gov/complainant-select>

Phone: 202-712-1023 or 800-230-6539

Mail: USAID OIG Hotline, P.O. Box 657, Washington, DC 20044-0657



MEMORANDUM

DATE: November 19, 2019

TO: U.S. African Development Foundation, President and CEO, C.D. Glin

FROM: Deputy Assistant Inspector General for Audit, Alvin A. Brown /s/

SUBJECT: Audit of the U.S. African Development Foundation's Fiscal Years 2019 and 2018 Financial Statements (0-ADF-20-009-C)

Enclosed is the final audit report on the U.S. African Development Foundation's (USADF) financial statements as of September 30, 2019, and 2018. The Bureau of Fiscal Services, Department of the Treasury, contracted with the independent certified public accounting firm of Brown & Company, CPAs and Management Consultants PLLC (Brown) to conduct the audit; and the Office of Inspector General (OIG) provided oversight. The contract required Brown to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin No. 19-03, "Audit Requirements for Federal Financial Statements."

In carrying out its oversight responsibilities, OIG reviewed Brown's report and related audit documentation and inquired of its representatives. Our review, which was different from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on USADF's financial statements. Brown is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which the audit firm did not comply, in all material respects, with applicable standards.

The audit objectives were to: (1) express an opinion on whether USADF's financial statements as of September 30, 2019, and 2018, were presented fairly, in all material respects; (2) evaluate internal control; and (3) determine whether USADF complied with applicable laws and regulations. To answer the audit objectives, Brown assessed risk, considered internal control, and designed audit procedures relevant to USADF's presentation of its 2019 and 2018 financial statements.

Brown concluded that USADF's financial statements for the fiscal years ending September 30, 2019, and 2018, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. The audit firm did not identify any material weaknesses or

significant deficiencies in USADF's internal control over financial reporting. In addition, the audit firm found no instances of noncompliance with applicable laws and regulations.

We appreciate the assistance extended to our staff and Brown's employees during the engagement.

U.S. AFRICAN DEVELOPMENT FOUNDATION

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018**



**Prepared By
Brown & Company CPAs and Management Consultants, PLLC
November 13, 2019**

OFFICE OF INSPECTOR GENERAL

U.S. AFRICAN DEVELOPMENT FOUNDATION



FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS.....	1
STATEMENT ON FINANCIAL POSITION	5
STATEMENTS OF OPERATIONS AND CHANGES IN NET POSITION.....	6
STATEMENTS OF CASH FLOW	7
NOTES TO THE FINANCIAL STATEMENTS.....	8



INDEPENDENT AUDITOR’S REPORT

U.S. African Development Foundation
Washington, D.C.

In our audits of the fiscal years 2019 and 2018 financial statements of the U.S. African Development Foundation (USADF), we found

- USADF’s financial statements as of and for the fiscal years ended September 30, 2019, and 2018, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2019 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes other information included with the financial statements; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

In accordance with the provisions of Government Corporation Control Act (GCCA) (Pub. L. No. 79-248, codified at 31 U.S.C. chapter 91), we have audited USADF’s financial statements. USADF’s financial statements comprise the statement of financial position as of September 30, 2019, and 2018; the related statements of operations and changes in net position, and statement of cash flows for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with U.S. generally accepted government auditing standards and the provisions of OMB Bulletin No.19-03, *Audit Requirements for Federal Financial Statements*. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management’s Responsibility

USADF’s management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing and presenting other information included in documents containing the audited financial statements and auditor’s report, and ensuring the consistency of that information with the audited financial statements; and (3) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, USADF's financial statements present fairly, in all material respects, USADF's financial position as of September 30, 2019 and 2018, and the related statements of operations and changes in net position, and statement of cash flows for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Other Information

USADF's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on USADF's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of USADF's financial statements, we considered USADF's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to USADF's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

USADF's management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of USADF's financial statements as of and for the year ended September 30, 2019, in accordance with U.S. generally accepted government auditing standards, we considered the USADF's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USADF's internal control over financial reporting. Accordingly, we do not express an opinion on USADF's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

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

Results of Our Consideration of Internal Control over Financial Reporting

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

Intended Purpose of Report on Internal Control over Financial Reporting

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

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

In connection with our audits of USADF's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

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

Auditor's Responsibility

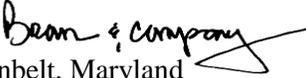
Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to USADF that have a direct effect on the determination of material amounts and disclosures in USADF's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USADF.

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

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2019 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to USADF. Accordingly, we do not express such an opinion.

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

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


Greenbelt, Maryland
November 13, 2019

U.S. AFRICAN DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 AND 2018
(In Dollars)

	2019	2018
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 42,626,010	\$ 31,516,456
Total Intragovernmental	42,626,010	31,516,456
Cash, and Other Monetary Assets (Note 3)	4,118,755	3,608,494
Accounts Receivable, Net (Note 4)	6,456	250
Property, Equipment, and Software, Net (Note 5)	323,635	536,356
Other (Note 6)	843,428	1,349,168
Total Assets	\$ 47,918,284	\$ 37,010,724
Liabilities:		
Intragovernmental		
Other (Note 8)	\$ 10,319,814	\$ 40,059
Total Intragovernmental	10,319,814	40,059
Accounts Payable	48,878	38,379
Other (Note 8)	635,848	630,827
Total Liabilities (Note 7)	\$ 11,004,540	\$ 709,265
Net Position:		
Unexpended Appropriations	\$ 31,388,820	\$ 31,823,049
Cumulative Results of Operations	5,524,924	4,478,410
Total Net Position	\$ 36,913,744	\$ 36,301,459
Total Liabilities and Net Position	\$ 47,918,284	\$ 37,010,724

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

U.S. AFRICAN DEVELOPMENT FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)

	2019	2018
Revenue:		
Appropriations Used	\$ 27,956,635	\$ 30,731,327
Other Revenue	1,973,362	-
Imputed Financing (Note 11)	298,929	294,596
Revenue to be Transferred	(1)	-
Collections for Others	1	-
Donations	3,023,348	1,287,467
Total Revenue	\$ 33,252,274	\$ 32,313,390
Expenses:		
Grant Program	\$ 32,205,760	\$ 32,942,557
Total Expenses	\$ 32,205,760	\$ 32,942,557
Net Revenue (Loss)	\$ 1,046,514	\$ (629,167)
Net Position:		
Net of Revenue (Loss)	\$ 1,046,514	\$ (629,167)
Increase/(Decrease) in Unexpended Appropriations, Net	(434,229)	(2,667,258)
Increase/(Decrease) in Net Position, Net	612,285	(3,296,425)
Net Position, Beginning Balance	36,301,459	39,597,884
Net Position, Ending Balance	\$ 36,913,744	\$ 36,301,459

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

U.S. AFRICAN DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)

	2019	2018
Cash Flows From Operating Activities:		
Net Revenue (Loss)	\$ 1,046,514	\$ (629,167)
Adjustments Affecting Cash Flow:		
Decrease/(Increase) in Cash and Other Monetary Assets	(510,261)	295,653
Decrease/(Increase) in Property, Equipment, and Software	212,721	23,528
Decrease/(Increase) in Other Assets	505,740	(275,762)
Decrease/(Increase) in Accounts Receivable	(6,206)	(250)
Increase/(Decrease) in Accounts Payable and Other Liabilities	10,295,275	(223,437)
Total Adjustments	10,497,269	(180,268)
Net Cash Provided/(Used) by Operating Activities	\$ 11,543,783	\$ (809,435)
Cash Flows From Financing Activities:		
Appropriations Received, Net	\$ 2,043,365	\$ (731,327)
Rescissions and Cancellations	(2,477,594)	(1,935,931)
Net Cash Provided by Financing Activities	\$ (434,229)	\$ (2,667,258)
Net Increase/(Decrease) in Fund Balance with Treasury	\$ 11,109,554	\$ (3,476,693)
Fund Balance with Treasury, Beginning	31,516,456	34,993,149
Fund Balance with Treasury, Ending (Note 2)	\$ 42,626,010	\$ 31,516,456

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



U.S. AFRICAN DEVELOPMENT FOUNDATION NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The United States African Development Foundation ("USADF" or "the Foundation") is a government-owned corporation established by Congress under the African Development Foundation Act in 1980 and began operations in 1984. The Foundation has a unique mission among U.S. foreign assistance programs, by-passing layers of inefficiencies and working directly with the neediest communities in Africa. The Foundation uses a participatory approach to actively engage marginalized local community groups or enterprises in the design and implementation of development projects. This approach ensures these programs are distinctively African initiated and led, resulting in outcomes that best address the real needs of the community. Together, the focus on underserved populations and participatory development ensure greater equity and ownership in the development process. Project success and long term impact is further enhanced through USADF efforts to establish a network of partner organizations, local non-governmental organizations, that provide project design, implementation and management support to USADF grant recipients. The Foundation reporting entity is comprised of Trust Funds, General Funds, and General Miscellaneous Receipts.

The Foundation maintains a Trust Fund with the U.S. Treasury in accordance with its gift authority. Trust Funds are credited with receipts that are generated by terms of a trust agreement or statute.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. The Foundation provides grants and program support to community groups and small enterprises that benefit under served and marginalized groups in Africa.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the Foundation. The Statement of Financial Position presents the assets, liabilities, and net position of the agency. The Statement of Operations and Changes in Net Position presents the agency's operating results and displays the changes in the agency's equity accounts. The Statement of Cash Flows presents how changes in the agency's financial position and results affected its cash (Fund Balance with Treasury) and presents analysis of operating and financing activities.

The statements are a requirement of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of the Foundation in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards approved by the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, *Financial Reporting Requirements* as amended and the Foundation's accounting policies which are summarized in this note. These statements are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the Foundation's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of Federal funds.

D. Fund Balance with Treasury and Cash

Fund Balance with Treasury is the aggregate amount of the Foundation's funds with Treasury in expenditure, receipt, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases. The U.S. Treasury processes cash receipts and disbursements of appropriated funds. Funds held with/outside the Treasury are available to pay agency liabilities. Funds held outside U.S. Treasury are maintained in accounts in each country with which the Foundation has a Strategic Partnership Agreement. Strategic Partner Governments deposit donations into these in-country accounts. In general, grants are funded equally with appropriated funds and donated funds (funds held outside U.S. Treasury). USADF controls all disbursements from these accounts. See Note 3 for a list of banks where the funds are maintained and where grant funds are processed.

E. Foreign Currencies

The Foundation awards grants to private organizations in Africa. Most of the grants are denominated in local currencies to facilitate accounting by the recipient organizations. Depending on the nature of the transaction, foreign currencies are translated into dollars at the actual exchange rate received by the Foundation when the transaction is made. The value of obligations incurred by the Foundation in foreign currencies varies from time to time depending on the current exchange rate. The Foundation adjusts the value of both funds held outside of treasury and obligations during the year to reflect the prevailing exchange rates. Downward adjustments to prior year obligations based on favorable foreign currency exchange rates will be made available for obligation. Upward adjustment to prior year obligations based on unfavorable foreign currency exchange rate with the U.S. dollar will be made from funds made available for upward adjustments. Obligations in the appropriated multi-year funds will not be adjusted based on the foreign exchange rate until they are paid out.

F. Grant Accounting

The Foundation disburses funds to grantees to cover their projected expenses over a three-month period. Grantees report to the Foundation quarterly on the actual utilization of these funds. For purposes of these financial statements, the Foundation treats disbursements to grantees as advances. The total grant advance is twenty-one percent of the amount disbursed to the grantee during the

quarter. In order to ensure timeliness in reporting grantee expenditures, the Foundation will use estimates to calculate the last quarter's grantee expenditures, based on historical expenditure trends over a five year period, and disbursement activity funding in that quarter. The advance will be reversed in the following quarter's financial statements. Once a grant has closed (expired or cancelled) any excess disbursement is reclassified as an Accounts Receivable.

G. Accounts Receivable

Accounts receivable can consist of amounts owed to the Foundation by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor’s ability to pay.

H. Property, Equipment, and Software

Property, equipment, and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. USADF's capitalization threshold is \$25,000 for individual purchases. Vehicle purchases will automatically be capitalized regardless of the cost. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (years)</u>
Leasehold Improvements	5
Office Furniture	5
Computer Equipment	5
Office Equipment	5
Vehicles (Equipment)	5
Software	5

I. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are exceptions, such as some reimbursable agreements, subscriptions and payments to contractors and employees. Advances may be given to USADF employees for official travel. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received. Grant advances are discussed under Section “F. Grant Accounting.”

J. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by the USADF as a result of transactions or events that have already occurred. The USADF reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities With the Public represents funds owed to any entity or person that is not a Federal agency, including private sector firms and Federal

employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, Federal Employees' Compensation Act (FECA), and unemployment insurance.

K. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Non-vested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 100%.

L. Accrued and Actuarial Workers' Compensation

The FECA administered by the U.S. Department of Labor (DOL) addresses all claims brought by the USADF employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the USADF terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

M. Retirement Plans

USADF employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of USADF's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the Federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and USADF matches any employee contribution up to an additional four percent of pay. For FERS participants, USADF also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, USADF remits the employer's share of the required contribution.

USADF recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the USADF for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The USADF recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The USADF does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

N. Other Post-Employment Benefits

The USADF employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided the USADF with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The USADF recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the USADF through the recognition of an imputed financing source.

O. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and in the note disclosures. Actual results could differ from those estimates.

P. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. The USADF recognized imputed costs and financing sources in fiscal years 2019 and 2018 to the extent directed by accounting standards.

Q. Reclassification

Certain fiscal year 2018 balances may have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

R. Classified Activities

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

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2019 and 2018, were as follows:

	2019	2018
Fund Balances:		
Trust Funds	\$ 1,279,271	\$ 485,383
Reimbursable Fund	10,276,638	-
Appropriated Funds	31,070,101	31,031,073
Total Fund Balance with Treasury	42,626,010	31,516,456
Funds Held Outside of Treasury	4,118,755	3,608,494
Total	\$ 46,744,765	\$ 35,124,950

	2019	2018
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 10,804,880	\$ 1,550,201
Unavailable	2,973,730	3,058,992
Obligated Balance Not Yet Disbursed	32,966,155	30,515,757
Total	\$ 46,744,765	\$ 35,124,950

No discrepancies exist between the Fund Balance reflected on the Statement of Financial Position and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 3. CASH AND OTHER MONETARY ASSETS

The USADF's funds held outside the Treasury consist of local currency donations made by African governments and certain private sector entities for program purposes in each respective country.

Cash and other monetary assets balances as of September 30, 2019 and 2018, totaled \$4,118,755 and \$3,608,494, respectively. The comparative balances are summarized below:

	2019	2018
EcoBank Benin	\$ 747,238	\$ 900,138
EcoBank Guinea	19,164	19,164
EcoBank Kenya	236,934	186,827
EcoBank Malawi	327,914	346,300
EcoBank Mali	197,211	322,618
EcoBank Nigeria	68,335	68,650
Zenith Bank Nigeria	48,217	41,984
Sterling Bank Nigeria	412,960	-
I&M Bank Limited Rwanda	285	464
EcoBank Senegal	35,214	39,135
Stanbic Bank of Uganda	2,025,283	1,683,214
Total Funds Held Outside Treasury	\$ 4,118,755	\$ 3,608,494

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2019 and 2018, were as follows:

	2019	2018
With the Public		
Accounts Receivable	\$ 6,456	\$ 250
Total Accounts Receivable	\$ 6,456	\$ 250

NOTE 5. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2019:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Furniture & Equipment	\$ 998,510	\$ 870,770	\$ 127,740
Software	819,784	765,132	54,652
Software-in-Development	141,243	-	141,243
Total	\$ 1,959,537	\$ 1,635,902	\$ 323,635

Schedule of Property, Equipment, and Software as of September 30, 2018:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Furniture & Equipment	\$ 1,076,442	\$ 872,786	\$ 203,656
Software	819,784	601,175	218,609
Software-in-Development	114,091	-	114,091
Total	\$ 2,010,317	\$ 1,473,961	\$ 536,356

NOTE 6. OTHER ASSETS

Other assets account balances as of September 30, 2019 and 2018 were as follows:

	2019	2018
With the Public		
Grant Advances	\$ 795,408	\$ 1,238,849
Country Program Coordinator Advances	30,695	101,280
Travel Advances	9,325	9,039
Other Advances and Prepayments	8,000	-
Total Other Assets	\$ 843,428	\$ 1,349,168

NOTE 7. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the USADF as of September 30, 2019 and 2018 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2019	2018
Intragovernmental – Unemployment Insurance	\$ -	\$ 4,180
Unfunded Leave	334,555	334,922
Total Liabilities Not Covered by Budgetary Resources	\$ 334,555	\$ 339,102
Total Liabilities Covered by Budgetary Resources	10,669,984	370,163
Total Liabilities Not Requiring Budgetary Resources	1	-
Total Liabilities	\$ 11,004,540	\$ 709,265

The Unemployment Insurance liability represents the unfunded liability for unemployment benefits paid on USADF's behalf and payable to the DOL.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 8. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2019 were as follows:

	Current	Non Current	Total
Intragovernmental			
Advance and Prepayment Liability	\$ 10,276,638	\$ -	\$ 10,276,638
Payroll Taxes Payable	43,175	-	43,175
Custodial Liability	1	-	1
Total Intragovernmental Other Liabilities	\$ 10,319,814	\$ -	\$ 10,319,814

With the Public			
Payroll Taxes Payable	\$ 6,630	\$ -	\$ 6,630
Accrued Funded Payroll and Leave	294,663	-	294,663
Unfunded Leave	334,555	-	334,555
Total Public Other Liabilities	\$ 635,848	\$ -	\$ 635,848

Other liabilities account balances as of September 30, 2018 were as follows:

	Current	Non Current	Total
Intragovernmental			
Unemployment Insurance Liability	\$ 4,180	\$ -	\$ 4,180
Payroll Taxes Payable	35,879	-	35,879
Total Intragovernmental Other Liabilities	\$ 40,059	\$ -	\$ 40,059

With the Public			
Payroll Taxes Payable	\$ 6,083	\$ -	\$ 6,083
Accrued Funded Payroll and Leave	241,247	-	241,247
Unfunded Leave	334,922	-	334,922
Other Liabilities	48,575	-	48,575
Total Public Other Liabilities	\$ 630,827	\$ -	\$ 630,827

NOTE 9. LEASES

Operating Leases

The USADF occupies office space in Washington, DC under a lease agreement that is accounted for as an operating lease. A third amendment to the lease agreement was made in July 2015, commencing May 1, 2015 and expiring April 30, 2028, renewing and extending the term of the lease for ten years. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. Below is a schedule of future payments for the term of the lease.

Fiscal Year	Building
2020	\$ 853,853
2021	881,261
2022	903,293
2023	925,875
2024	949,022
Thereafter	3,596,573
Total Future Payments	\$ 8,109,877

The operating lease amount does not include estimated payments for leases with annual renewal options. USADF enters into year-to-year leases in the countries with established Country Representative Offices.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The USADF records commitments and contingent liabilities for legal cases in which payment has been deemed probable and for which the amount of potential liability has been estimated. There were no contingent liabilities as of September 30, 2019. According to the USADF's legal counsel, the likelihood of unfavorable outcomes for any legal actions and claims is remote. In the opinion of the USADF's management, the ultimate resolution of any proceedings, actions, and claims will not materially affect the financial position or results of operations of the USADF.

NOTE 11. INTER-ENTITY COSTS

The USADF recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs relate to employee benefits and claims to be settled by the Treasury Judgement Fund. USADF recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2019 and 2018, respectively, inter-entity costs were as follows:

	2019	2018
Office of Personnel Management	\$ 298,929	\$ 294,596
Total Imputed Financing Sources	\$ 298,929	\$ 294,596

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2019, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 843,427	\$ 843,427
Unpaid Undelivered Orders	218,353	32,354,455	32,572,808
Total Undelivered Orders	\$ 218,353	\$ 33,197,882	\$ 33,416,235

As of September 30, 2018, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 1,349,168	\$ 1,349,168
Unpaid Undelivered Orders	351,268	29,794,324	30,145,592
Total Undelivered Orders	\$ 351,268	\$ 31,143,492	\$ 31,494,760

NOTE 13. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

The President’s Budget that will include fiscal year 2019 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2020 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2020 Budget of the United States Government, with the "Actual" column completed for 2018, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In millions

FY2018	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 38	\$ 33	\$ 1	\$ 32
Spending Authority from Offsetting Collections	(1)	-	-	-
Unobligated Balance Not Available	(3)	-	-	-
Difference - Due to Rounding	1	-	-	1
Budget of the U.S. Government	\$ 35	\$ 33	\$ 1	\$ 33

NOTE 14. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

BUDGET AND ACCRUAL RECONCILIATION FOR THE YEAR ENDED SEPTEMBER 30, 2019 (In Dollars)

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 801,487	\$ 29,430,911	\$ 30,232,398
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation	-	(239,873)	(239,873)
Increase/(decrease) in assets:			
Accounts receivable	-	6,206	6,206
Other assets	-	(505,740)	(505,740)
(Increase)/decrease in liabilities not affecting Budget Outlays:			
Accounts payable	(10,276,638)	(10,499)	(10,287,137)
Salaries and benefits	(7,297)	(53,963)	(61,260)
Other liabilities	4,180	48,942	53,122
Other financing sources:			
Federal employee retirement benefit costs	(298,929)	-	(298,929)
Total Components of Net Operating Cost Not Part of the Budget Outlays	\$ (10,578,684)	\$ (754,927)	\$ (11,333,611)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of capital assets	-	27,153	27,153
Other - Donations	-	(3,023,348)	(3,023,348)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$ -	\$ (2,996,195)	\$ (2,996,195)
Net Outlays (Calculated Total)	\$ (9,777,197)	\$ 25,679,789	\$ 15,902,592
Related Amounts on the Statement of Budgetary Resources			
Outlays, net, (total) (SBR 4190)			18,025,940
Distributed offsetting receipts (SBR 4200)			(2,123,348)
Outlays, Net (SBR 4210)			\$ 15,902,592