

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

Audit of USADF's Financial Statements for Fiscal Years 2021 and 2020

Audit Report 0-ADF-22-007-C
November 13, 2021





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

MEMORANDUM

DATE: November 13, 2021

TO: USADF, Acting President and Chief Executive Officer, Elisabeth Feleke

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

SUBJECT: Audit of USADF's Financial Statements for Fiscal Years 2021 and 2020 (0-ADF-22-007-C)

Enclosed is the final report on the audit of the U.S. African Development Foundation's (USADF's) financial statements for fiscal years 2021 and 2020. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of Williams, Adley & Company-DC LLP (Williams Adley) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin 21-04, "Audit Requirements for Federal Financial Statements."

In carrying out its oversight responsibilities, OIG reviewed the audit firm'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. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which Williams Adley did not comply, in all material respects, with applicable standards.

The audit objectives were to: (1) express an opinion on whether the financial statements as of September 30, 2021 and 2020, were presented fairly, in all material respects; (2) evaluate USADF's internal control over financial reporting; and (3) determine whether USADF complied with applicable laws, regulations, contracts, and grant agreements. To answer the audit objectives, the audit firm assessed risk, considered internal controls, and designed audit procedures relevant to USADF's fair presentation of its 2021 and 2020 financial statements.

The audit firm concluded that USADF's financial statements for fiscal years ended September 30, 2021 and 2020, are presented fairly, in all material respects, and in conformity with accounting principles generally accepted in the United States of America. The audit firm did not identify any material weaknesses or significant deficiencies in its internal control over financial reporting. The audit firm also found no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements.

We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.



Independent Auditor's Report

Mr. Alvin Brown
Deputy Assistant Inspector General for Audit
Office of the Inspector General
U.S. Agency for International Development

Ms. Elisabeth (Liz) Feleke
Acting President and Chief Executive Officer
U.S. African Development Foundation

In our audits of the fiscal years 2021 and 2020 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, 2021 and 2020, 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;¹ and
- no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the fiscal years 2021 and 2020 financial statements, which includes another matter paragraph on the other information²; included with the financial statements; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

In accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Government Corporation Control Act (GCCA) (Pub. L. No. 79-248, codified at 31 U.S.C. Chapter 91); and Office of

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

²Other information consists of Section I of the Contents Table of the Annual Management Report (AMR), and the Management's Annual Assurance Statement, and the letter from the Chief Financial Officer in Section II of the AMR.

Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*, we have audited USADF's financial statements. USADF's financial statements comprise the statements of financial position as of September 30, 2021 and 2020; the related statements of operations and changes in net position, and cash flows for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the U.S.; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 21-04. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility

USADF 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 audit. U.S. generally accepted auditing standards, U.S. generally accepted government auditing standards, and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to other information included with the financial statements.

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 audit 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, 2021 and 2020, and its operations and changes in net position, and cash flows for the fiscal years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

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

Management's Responsibility

USADF 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, 2021, 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 the USADF's internal control over financial reporting. Accordingly, we do not express an opinion on the USADF's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies³ 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,

³A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 the 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 the 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 audit 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 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 2021 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.

Williams, Arley & Company DC, LLP

Washington, D.C.
November 9, 2021

Financial Statements

**U.S. AFRICAN DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 AND 2020
(In Dollars)**

	2021	2020
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 38,152,621	\$ 39,579,879
Total Intragovernmental	38,152,621	39,579,879
With the Public		
Cash and Other Monetary Assets (Note 3)	9,077,821	7,599,131
Accounts Receivable, Net (Note 4)	6,386	5,774
General Property, Plant, and Equipment, Net (Note 5)	415,386	544,770
Advances and Prepayments	2,118,299	1,269,922
Total With the Public	11,617,892	9,419,597
Total Assets	\$ 49,770,513	\$ 48,999,476
Liabilities:		
Intragovernmental		
Accounts Payable	\$ 199,633	\$ -
Advances from Others and Deferred Revenue	5,923,491	8,265,794
Other Liabilities (Note 7)	46,361	47,837
Total Intragovernmental	6,169,485	8,313,631
With the Public		
Accounts Payable	512,539	67,633
Federal Employee Benefits Payable	315,122	326,511
Other Liabilities (Note 7)	429,790	524,207
Total With the Public	1,257,451	918,351
Total Liabilities	\$ 7,426,936	\$ 9,231,982
Net Position:		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 30,018,590	\$ 30,218,144
Total Unexpended Appropriations	30,018,590	30,218,144
Cumulative Results of Operations - Funds from Other than Dedicated Collections	12,324,987	9,549,350
Total Cumulative Results of Operations	12,324,987	9,549,350
Total Net Position	42,343,577	39,767,494
Total Liabilities and Net Position	\$ 49,770,513	\$ 48,999,476

U.S. AFRICAN DEVELOPMENT FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(In Dollars)

	2021	2020
Revenue		
Appropriations Used	\$ 31,694,980	\$ 32,278,225
Other Revenue	3,642,303	2,010,844
Imputed Financing (Note 10)	253,019	258,896
Donations	5,900,264	5,844,153
Total Revenue	\$ 41,490,566	\$ 40,392,118
*		
Expenses		
Grant Program	\$ 38,714,929	\$ 36,367,692
Total Expenses	\$ 38,714,929	\$ 36,367,692
Net Revenue	\$ 2,775,637	\$ 4,024,426
Net Position		
Net of Revenue	\$ 2,775,637	\$ 4,024,426
Increase/(Decrease) in Unexpended Appropriations, Net	(199,554)	(1,170,676)
Increase/(Decrease) in Net Position, Net	2,576,083	2,853,750
Net Position, Beginning Balance	39,767,494	36,913,744
Net Position, Ending Balance	\$ 42,343,577	\$ 39,767,494

U.S. AFRICAN DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(In Dollars)

	2021	2020
Cash Flows From Operating Activities:		
Net Revenue (Loss)	\$ 2,775,637	\$ 4,024,426
Adjustments Affecting Cash Flow:		
Decrease/(Increase) in Cash and Other Monetary Assets	(1,478,690)	(3,480,377)
Decrease/(Increase) in Depreciation	129,384	101,977
Decrease/(Increase) in Advances and Prepayments	(848,377)	(426,494)
Decrease/(Increase) in Accounts Receivable	(612)	683
Increase/(Decrease) in Accounts Payable and Other Liabilities	(1,805,046)	(1,772,558)
Total Adjustments	(4,003,342)	(5,576,769)
Net Cash Provided/(Used) by Operating Activities	\$ (1,227,705)	\$ (1,552,343)
Cash Flows From Investing Activities:		
Decrease/(Increase) in Property, Equipment, and Software	\$ -	\$ (323,112)
Net Cash Provided/(Used) by Investing Activities	\$ -	\$ (323,112)
Cash Flows From Financing Activities:		
Appropriations Received, Net	\$ 1,305,021	\$ 721,775
Rescissions and Cancellations	(1,504,575)	(1,892,451)
Net Cash Provided by Financing Activities	\$ (199,554)	\$ (1,170,676)
Net Increase/(Decrease) in Fund Balance with Treasury	\$ (1,427,259)	\$ (3,046,131)
Fund Balance with Treasury, Beginning	39,579,879	42,626,010
Fund Balance with Treasury, Ending	\$ 38,152,621	\$ 39,579,879

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 processes. 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, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of Foundation in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (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

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. Fund Balances with Treasury are available to pay agency liabilities.

E. Funds Held Outside of Treasury

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. Funds held outside the Treasury are available to pay agency liabilities. 22 U.S. Code § 290h-4(a)(9) authorizes USADF to accept gifts or donations of services or of property (real, personal, or mixed), tangible or intangible, in furtherance of the purposes of the mission of the Foundation. Donations referenced on Statement of Operations and Changes in Net Position include both Funds Held Outside the Treasury (FHOT) and Fund Balance with Treasury (FBWT). Donated funds are restricted for grant purposes. Donations totaling \$5.9 million are composed of the following: African Governments \$3,735,601; Helmsley Estate, NBAF Foundation, Herbalife, Citibank, Technoserve Inc. and private donations \$2,146,992; adjustments to foreign accounts due to currency fluctuations \$17,670.

F. 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.

G. 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 nine point two (29.2%) percent of the amount disbursed to the grantee during the quarter. To ensure timeliness in reporting grantee expenditures, the Foundation will use estimates to calculate the last quarter's grantee expenditures. In compliance with alternative methodology allowed by FASAB Technical Release 12 Accrual Estimates for Grant Programs, the estimates are calculated based on cash on hand (COH) from last quarter divided by the summation of COH from the quarter prior plus disbursements from the last 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.

Advance and Prepayment Liability at September 30, 2021 includes balances from three Inter-agency agreement: one with Millennium Challenge Corporation (MCC) for \$4,767,619, and two with USAID for \$992,871 and \$163,000. The agreement with MCC is to implement the MCC Climate Resistance Agriculture (CRA) Small Grant Facility in Niger. The agreements with USAID are to implement the upgrade energy program within the Power Africa initiative, and youth entrepreneurship promotion in Africa.

H. Accounts Receivable

Accounts receivable consists 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.

I. 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

J. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as 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.

K. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by the USADF's as a result of transactions or events that have already occurred. 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 represent 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.

L. 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. Nonvested 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%.

M. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (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.

N. 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 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.

O. 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 (FEGLIP) 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.

P. 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. Actual results could differ from those estimates.

Q. 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 2021 and 2020 to the extent directed by accounting standards.

R. Reclassification

Certain fiscal year 2020 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation. The Budget and Accrual Reconciliation note has been reclassified in 2021 and is different from 2020. The Other Assets & Other Liabilities notes have also been reclassified, moving the advance amounts to their own line item.

S. 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.

T. Rounding of Calculations

Totals may vary slightly due to rounding in calculations.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2021, and 2020, were as follows:

	2021	2020
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 3,359,770	\$ 6,196,504
Unavailable	1,945,059	2,148,703
Obligated Balance Not Yet Disbursed	32,847,792	31,234,672
Total	\$ 38,152,621	\$ 39,579,879

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, 2021, and 2020, consisted of totaled \$9,077,821 and \$7,599,131, respectively. The comparative balances are summarized below:

	2021	2020
EcoBank Benin	\$2,159,418	\$ 981,048
EcoBank Cote D'ivoire	1,797,890	1,814,420
EcoBank Guinea	19,105	19,162
EcoBank Kenya	398,784	236,277
EcoBank Malawi	256,621	464,952
EcoBank Mali	82,085	126,785
EcoBank Nigeria	802,972	442,507
Zenith Bank Nigeria	73,123	103,604
Sterling Bank Nigeria	370,459	393,036
I&M Bank Limited Rwanda	173	191
EcoBank Senegal	935,967	944,779
Stanbic Bank of Uganda	2,181,224	2,072,370
Total Funds Held Outside Treasury	\$9,077,821	\$7,599,131

NOTE 4. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2021, and 2020, were as follows:

	2021	2020
With the Public		
Accounts Receivable	\$ 6,386	\$ 5,774
Total Accounts Receivable	\$ 6,386	\$ 5,774

Accounts receivable is made up of employee receivables. Historical experience has indicated that most of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2021, and 2020.

NOTE 5. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Schedule of General Property, Plant and Equipment, Net as of September 30, 2021:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Furniture & Equipment	\$ 966,037	\$ 889,863	\$ 76,174
Software	1,243,799	904,587	339,212
Total	\$ 2,209,836	\$ 1,794,450	\$ 415,386

Schedule of General Property, Plant and Equipment, Net as of September 30, 2020:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Furniture & Equipment	\$ 966,037	\$ 845,281	\$ 120,756
Software	1,243,799	819,785	424,014
Total	\$ 2,209,836	\$ 1,665,066	\$ 544,770

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for USADF as of September 30, 2021, and 2020, 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.

	2021	2020
Unfunded Leave	\$ 308,051	\$ 319,044
Total Liabilities Not Covered by Budgetary Resources	\$ 308,051	\$ 319,044
Total Liabilities Covered by Budgetary Resources	7,118,885	8,912,938
Total Liabilities	\$ 7,426,936	\$ 9,231,982

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 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2021, were as follows:

	Current	Non Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 12,053	\$ -	\$ 12,053
Employer Contributions and Payroll Taxes Payable	34,308	-	34,308
Total Intragovernmental Other Liabilities	\$ 46,361	\$ -	\$ 46,361
With the Public			
Accrued Funded Payroll and Leave	\$ 318,030	\$ -	\$ 318,030
Other Liabilities w/Related Budgetary Obligations	111,760	-	111,760
Total Public Other Liabilities	\$ 429,790	\$ -	\$ 429,790
Total Other Liabilities	\$ 476,151	\$ -	\$ 476,151

Other liabilities account balances as of September 30, 2020, were as follows:

	Current	Non Current	Total
Intragovernmental			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 12,602	\$ -	\$ 12,602
Employer Contributions and Payroll Taxes Payable	35,235	-	35,235
Total Intragovernmental Other Liabilities	\$ 47,837	\$ -	\$ 47,837
With the Public			
Accrued Funded Payroll and Leave	\$ 345,124	\$ -	\$ 345,124
Other Liabilities w/Related Budgetary Obligations	179,083	-	179,083
Total Public Other Liabilities	\$ 524,207	\$ -	\$ 524,207
Total Other Liabilities	\$ 572,044	\$ -	\$ 572,044

NOTE 8. 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. The total operating lease expense for fiscal years 2021 and 2020 were \$877,443 and \$781,037, respectively. Below is a schedule of future payments for the term of the lease.

Fiscal Year	Asset Category		Totals	
		Building		Non-Federal
2022	\$	903,293	\$	903,293
2023		925,875		925,875
2024		949,022		949,022
2025		972,747		972,747
2026		997,066		997,066
Thereafter		1,626,760		1,626,760
Total Future Lease Payments	\$	6,374,763	\$	6,374,763

NOTE 9. 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, 2021. 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 10. INTER-ENTITY COSTS

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 and revenues 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, 2021, and 2020, respectively, inter-entity costs were as follows:

	2021	2020
Office of Personnel Management	\$ 253,019	\$ 258,896
Total Imputed Financing Sources	\$ 253,019	\$ 258,896

NOTE 11. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2021, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 2,118,299	\$ 2,118,299
Unpaid Undelivered Orders	92,454	37,471,515	37,563,969
Total Undelivered Orders	\$ 92,454	\$ 39,589,814	\$ 39,682,268

As of September 30, 2020, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 1,269,922	\$ 1,269,922
Unpaid Undelivered Orders	110,942	35,191,759	35,302,701
Total Undelivered Orders	\$ 110,942	\$ 36,461,681	\$ 36,572,623

NOTE 12. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

The President's Budget that will include fiscal year 2021 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2022 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2022 Budget of the United States Government, with the "Actual" column completed for 2020, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 54	\$ 42	\$ 5	\$ 36
Spending Authority from Offsetting Collections	(1)	-	-	-
Unobligated Balance Not Available	(2)	-	-	-
Difference - Due to Rounding	1	-	-	-
Budget of the U.S. Government	\$ 52	\$ 42	\$ 5	\$ 36

NOTE 13. 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.

**RECONCILIATION OF NET COST TO NET OUTLAYS
BUDGET AND ACCRUAL RECONCILIATION
FOR THE YEARS ENDED SEPTEMBER 30, 2021
(In Dollars)**

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ (567,513)	\$ 35,640,139	\$ 35,072,626
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(129,384)	(129,384)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	-	613	613
Other Assets	-	848,377	848,377
(Increase)/Decrease in Liabilities:			
Accounts Payable	(199,633)	(444,906)	(644,539)
Federal Employee and Veteran Benefits Payable	-	11,390	11,390
Other Liabilities	2,343,779	94,415	2,438,194
Financing Sources:			
Imputed Cost	(253,019)	-	(253,019)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ 1,891,127	\$ 380,505	\$ 2,271,632
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Financing Sources:			
Donated Revenue	-	(5,900,264)	(5,900,264)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$ -	\$ (5,900,264)	\$ (5,900,264)
Misc Items			
Distributed Offsetting Receipts (SBR 4200)	-	-	(5,900,264)
Appropriated Receipts for Trust/Special Funds	-	5,900,264	5,900,264
Total Other Reconciling Items	\$ -	\$ 5,900,264	\$ -
Total Net Outlays (Calculated Total)	\$ 1,323,614	\$ 36,020,644	\$ 31,443,994
Budgetary Agency Outlays, Net (SBR 4210)			
Budgetary Agency Outlays, Net			\$ 31,443,994

**RECONCILIATION OF NET COST TO NET OUTLAYS
BUDGET AND ACCRUAL RECONCILIATION
FOR THE YEARS ENDED SEPTEMBER 30, 2020
(In Dollars)**

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 932,778	\$ 33,424,070	\$ 34,356,848
Components of Net Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment Depreciation Expense	-	(101,976)	(101,976)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	-	(683)	(683)
Other Assets	-	426,494	426,494
(Increase)/Decrease in Liabilities:			
Accounts Payable	-	(18,755)	(18,755)
Federal Employee and Veteran Benefits Payable	-	14,674	14,674
Other Liabilities	2,006,182	(229,543)	1,776,639
Financing Sources:			
Imputed Cost	(258,896)	-	(258,896)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ 1,747,286	\$ 90,211	\$ 1,837,497
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	-	323,111	323,111
Financing Sources:			
Donated Revenue	-	(5,844,153)	(5,844,153)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	\$ -	\$ (5,521,042)	\$ (5,521,042)
Misc Items			
Distributed Offsetting Receipts (SBR 4200)	(5,169,127)	-	(5,169,127)
Custodial/Non-Exchange Revenue	17	(17)	-
Appropriated Receipts for Trust/Special Funds	-	5,169,127	5,169,127
Total Other Reconciling Items	\$ (5,169,110)	\$ 5,169,110	\$ -
Total Net Outlays (Calculated Total)	\$ (2,489,046)	\$ 33,162,349	\$ 30,673,303
Budgetary Agency Outlays, Net (SBR 4210)			\$ 30,673,303
Budgetary Agency Outlays, Net			\$ 30,673,303