

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

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

Audit Report 0-IAF-22-008-C  
November 15, 2021





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

### MEMORANDUM

**DATE:** November 15, 2021

**TO:** Inter-American Foundation, Interim President and Chief Executive Officer, Lesley Duncan

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

**SUBJECT:** Audit of IAF's Financial Statements for Fiscal Years 2021 and 2020 (0-IAF-22-008-C)

Enclosed is the final report on the audit of the Inter-American Foundation's (IAF'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 No. 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 the IAF'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 IAF's internal controls over financial reporting; and (3) determine whether IAF complied with applicable laws, regulations, contracts, and grant agreements. To answer the audit objective, the audit firm assessed risk, considered internal controls, and designed audit procedures relevant to IAF's fair presentation of its fiscal years 2021 and 2020 financial statements.

The audit firm concluded that IAF's financial statements for the fiscal years ending September 30, 2021 and 2020, 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 IAF's internal control over financial reporting. In addition, Williams Adley 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. Lesley Duncan  
Interim President and Chief Executive Officer  
Inter-American Foundation

In our audits of the fiscal years 2021 and 2020 financial statements of the Inter-American Foundation (IAF), we found:

- IAF'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;<sup>1</sup> 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 financial statements, which includes an emphasis of matter paragraph and an other matter paragraph on the other information<sup>2</sup>; 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 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 the Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial*

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<sup>1</sup>A 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.

<sup>2</sup>Other information consists of the Executive Overview and the Annual Assurance Statement.

*Statements*, we have audited IAF's financial statements. IAF's financial statements comprise the statement 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

IAF 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, IAF's financial statements present fairly, in all material respects, IAF'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.

### Emphasis of Matter

As discussed in Note 17 to the financial statements, IAF has an ongoing management review which has or may identify an ADA violation(s) related to an oscillating negative cash balance for an interagency reimbursable account. Our opinion is not modified with respect to this matter.

### Other Matter

#### Other Information

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

#### Management's Responsibility

IAF 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 IAF'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 IAF'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 IAF's internal control over financial reporting. Accordingly, we do not express an opinion on the IAF's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies<sup>3</sup> 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.

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<sup>3</sup>A 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.

## 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 the IAF'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 IAF's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the IAF'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 IAF'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

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

### Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to IAF that have a direct effect on the determination of material amounts and disclosures in IAF'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 IAF.

### 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 instance 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 IAF. Accordingly, we do not express such an opinion.

During our 2021 audit, we identified a deficiency in IAF's internal control over compliance that we do not consider to be a material. Nonetheless, this deficiency warrants IAF management's attention. We have communicated this matter to IAF management in a separate letter.

### 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 09, 2021



## FINANCIAL STATEMENTS

**INTER-AMERICAN FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2021 AND 2020  
(In Dollars)**

	2021	2020
<b>Assets:</b>		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 59,154,542	\$ 58,486,198
<b>Total Intragovernmental</b>	<b>59,154,542</b>	<b>58,486,198</b>
With the Public		
Accounts Receivable, Net (Note 3)	177	-
Advances to Grantees (Note 4)	4,541,698	2,431,262
Investments, Net (Note 5)	1,413,706	1,564,792
<b>Total With the Public</b>	<b>5,955,581</b>	<b>3,996,054</b>
<b>Total Assets</b>	<b>\$ 65,110,123</b>	<b>\$ 62,482,252</b>
<b>Liabilities:</b>		
Intragovernmental		
Accounts Payable	\$ 137,026	\$ 54,976
Other Liabilities (Note 7)	93,978	76,869
<b>Total Intragovernmental</b>	<b>231,004</b>	<b>131,845</b>
With the Public		
Accounts Payable	673,101	433,686
Federal Employee and Veteran Benefits Payable	537,543	667,258
Other Liabilities (Note 7)	328,135	366,659
<b>Total With the Public</b>	<b>1,538,779</b>	<b>1,467,603</b>
<b>Total Liabilities (Note 6)</b>	<b>\$ 1,769,783</b>	<b>\$ 1,599,448</b>
<b>Net Position:</b>		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 50,611,645	\$ 48,093,280
<b>Total Unexpended Appropriations</b>	<b>50,611,645</b>	<b>48,093,280</b>
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)	11,879,385	11,994,579
Cumulative Results of Operations - Funds from Other than Dedicated Collections	849,310	794,945
<b>Total Cumulative Results of Operations</b>	<b>12,728,695</b>	<b>12,789,524</b>
<b>Total Net Position</b>	<b>63,340,340</b>	<b>60,882,804</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 65,110,123</b>	<b>\$ 62,482,252</b>

**INTER-AMERICAN FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**  
(In Dollars)

	2021	2020
<b>Revenue</b>		
Appropriations Used	\$ 35,341,510	\$ 31,937,758
Other Revenue	354,212	-
Imputed Financing (Note 11)	411,159	350,376
Revenue from Other	49	-
Donations (Note 13)	135,675	176,204
<b>Total Revenue</b>	<b>\$ 36,242,605</b>	<b>\$ 32,464,338</b>
<b>Expenses</b>		
Grant Program	\$ 36,303,434	\$ 31,147,766
<b>Total Expenses</b>	<b>\$ 36,303,434</b>	<b>\$ 31,147,766</b>
<b>Net Revenue (Loss)</b>	<b>\$ (60,829)</b>	<b>\$ 1,316,572</b>
<b>Net Position</b>		
Net of Revenue (Loss)	\$ (60,829)	\$ 1,316,572
Increase in Unexpended Appropriations, Net	2,518,365	15,476,718
Increase in Net Position, Net	2,457,536	16,793,290
Net Position, Beginning Balance	60,882,804	44,089,514
<b>Net Position, Ending Balance</b>	<b>\$ 63,340,340</b>	<b>\$ 60,882,804</b>

**INTER-AMERICAN FOUNDATION**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**  
(In Dollars)

	2021	2020
<b>Cash Flows From Operating Activities:</b>		
Net Revenue (Loss)	\$ (60,829)	\$ 1,316,572
Adjustments Affecting Cash Flow:		
Decrease/(Increase) in Other Assets	(2,110,436)	(1,176,824)
Unrealized (Gain)/Loss in Investments	165,152	-
Decrease/(Increase) in Accounts Receivable	(177)	196
Increase/(Decrease) in Accounts Payable and Other Liabilities	170,335	(28,628)
Total Adjustments	(1,775,126)	(1,205,256)
Net Cash Provided/(Used) by Operating Activities	\$ (1,835,955)	\$ 111,316
<b>Cash Flows From Investing Activities:</b>		
Purchase of Shares	\$ (14,066)	\$ (1,564,792)
Net Cash Provided/(Used) by Investing Activities	\$ (14,066)	\$ (1,564,792)
<b>Cash Flows From Financing Activities:</b>		
Appropriations Received, Net	\$ 2,658,490	\$ 5,562,242
Appropriations Transferred In/Out	-	10,000,000
Rescissions and Cancellations	(140,125)	(85,524)
Net Cash Provided by Financing Activities	\$ 2,518,365	\$ 15,476,718
<b>Net Increase/(Decrease) in Fund Balance with Treasury</b>	<b>\$ 668,344</b>	<b>\$ 14,023,242</b>
<b>Fund Balance with Treasury, Beginning</b>	<b>58,486,198</b>	<b>44,462,956</b>
<b>Fund Balance with Treasury, Ending (Note 2)</b>	<b>\$ 59,154,542</b>	<b>\$ 58,486,198</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The Inter-American Foundation (IAF), a U.S. government corporation, was established pursuant to part IV of the Foreign Assistance Act of 1969 (22 U.S.C. 290f (a)). The IAF provides grants and other technical assistance to support the initiatives of non-governmental and community-based organizations in Latin America and the Caribbean to implement their economic development and poverty reduction projects.

The management of the IAF is vested in a nine-person Board of Directors appointed by the President of the United States. Six Board members are drawn from the private sector and three from officers or employees of agencies of the U.S. Government concerned with Inter-American activities. The Board appoints the IAF's president who acts as the Chief Executive Officer.

Congress enacts appropriations to permit the IAF to incur obligations for authorized purposes. In Fiscal Years 2021 and 2020, the IAF was accountable for the Social Progress Trust Fund (SPTF), Gift Fund, and General Fund appropriations. The IAF recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund.

#### B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the IAF. 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 the IAF 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 IAF 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 IAF'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.

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### **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. Revenues & Other Financing Sources**

The IAF's development program is funded by appropriations from the budget of the United States, an agreement with the Inter-American Development Bank (IDB) covering the SPTF, and donations from the private sector. No-year appropriations remain available until expended, while multi-year appropriations are available for the period prescribed by the applicable statute. Appropriations are used, within statutory limits, for programmatic, operating, and capital expenditures for essential personal property. Appropriations are recognized as a financing source when expended. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations.

Congress enacts annual, multi-year, and no-year appropriations to be used, within statutory limits, for operating, capital, and grant expenditures. Additional amounts are obtained from service fees and reimbursements from other government entities and the public.

The IAF recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on its behalf by the Office of Personnel Management (OPM).

### **E. Fund Balance with Treasury**

Fund Balance with Treasury (FBWT) is an asset of a reporting entity and a liability of the General Fund. FBWT is the aggregate amount of the IAF's appropriated funds, gift funds, and SPTF collections that are available to pay agency liabilities and finance authorized purchases, commitments, and SPTF grants.

The IAF does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of the Treasury. When the reporting entity seeks to use FBWT to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Treasury disburses funds for IAF on demand. Foreign currency payments are made by the Treasury and are reported by the IAF in the U.S. dollar equivalents.

### **F. Investments**

Investments is the aggregate value of IAF's investments valued at the time of the Financial Statements.

The IAF authorizing statute gives the IAF the authority to invest in securities in organizations that advance the IAF's mission and to retain dividends and proceeds from such securities to be used for other authorized IAF obligations 22 U.S.C. §290f(c) and (e).

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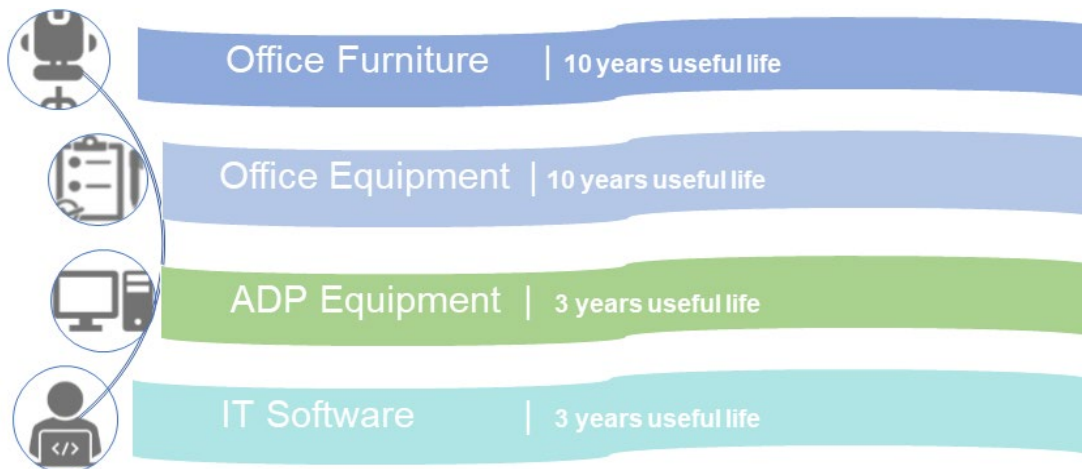
They are classified as investment securities and carried at cost, including adjustments in valuation in accordance with the type of security and terms of the investment.

### G. Accounts Receivable

Accounts receivable may consist of amounts owed to the IAF 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. The IAF's capitalization threshold is \$50,000 for individual purchases and \$500,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. 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:



### I. 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. 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.

## **J. Liabilities**

Liabilities represent the amount of funds likely to be paid by the IAF as a result of transactions or events that have already occurred. The IAF 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, deferred rent, and actuarial Federal Employees' Compensation Act (FECA). Deferred rent is the difference at year-end between the sum of monthly cash disbursements paid to date for rent and the sum of the average monthly rent calculated based on the term of the lease.

## **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. 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 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.

## **L. 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 IAF 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 IAF 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.

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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**

The IAF employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the IAF 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 the IAF matches any employee contribution up to an additional four percent of pay. For FERS participants, the IAF 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, the IAF remits the employer's share of the required contribution.

The IAF 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 IAF for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The IAF recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The IAF 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 OPM, as the administrator.

## **N. Other Post-Employment Benefits**

IAF 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. OPM has provided the IAF with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The IAF 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 IAF through the recognition of an imputed financing source.

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## **O. Grant Disbursements and Administrative Expenses**

Grant disbursements include payments in advance of performance under contractual obligations. Evidence of performance is determined by review of periodic expenditure reports. IAF expenditures for grants over \$50,000 are independently verified using the IAF's audit guidelines. IAF administrative expenses are funded solely by appropriated funds.

In compliance with alternative methodology allowed by FASAB Technical Release 12 Accrual Estimates for Grant Programs, the estimates are calculated by multiplying the grants disbursed during the quarter by a calculated percentage based on month of disbursement. The estimates for the three-month period are then aggregated to be accounted for as grant advances in the Balance Sheet.

## **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. 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.

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## NOTE 2. FUND BALANCE WITH TREASURY

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

	2021	2020
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 2,998,123	\$ 9,590,535
Unavailable	9,895,529	9,793,694
Obligated Balance Not Yet Disbursed	46,260,890	39,101,969
<b>Total</b>	<b>\$ 59,154,542</b>	<b>58,486,198</b>

No discrepancies exist between the Fund Balance reflected on the Statement of Financial Position 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, the expired portion of 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 (See also Note 11).

### NOTE 3. ACCOUNTS RECEIVABLE, NET

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

	2021	2020
With the Public		
Accounts Receivable	\$ 177	\$ -
<b>Total Public Accounts Receivable</b>	<b>\$ 177</b>	<b>\$ -</b>
<b>Total Accounts Receivable</b>	<b>\$ 177</b>	<b>\$ -</b>

The accounts receivable is primarily made up of employee receivables in 2021.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2021 and 2020.

### NOTE 4. ADVANCES TO GRANTEES

Other assets account balances as of September 30, 2021 and 2020 were as follows:

	2021	2020
With the Public		
Grants Advances	4,541,698	\$ 2,431,262
<b>Total Other Assets</b>	<b>\$ 4,541,698</b>	<b>\$ 2,431,262</b>

### NOTE 5. INVESTMENTS

Investments balances as of September 30, 2021 consist of the following:

	Cost/ Acquisition Value	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market/ Fair Value
Other Securities and Investments:					
Original Shares	1,564,791	-	1,564,791	(165,035)	1,399,756
Reinvested Dividends	14,067	-	14,067	(118)	13,950
<b>Total Other Securities and Investments</b>	<b>\$ 1,578,858</b>	<b>\$ -</b>	<b>\$ 1,578,858</b>	<b>\$ (165,153)</b>	<b>\$ 1,413,706</b>

Investments balances as of September 30, 2020 consist of the following:

	Cost/ Acquisition Value	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market/ Fair Value
Other Securities and Investments:					
Original Shares	1,564,791	-	1,564,791		1,564,791
<b>Total Other Securities and Investments</b>	<b>\$ 1,564,791</b>	<b>\$ -</b>	<b>\$ 1,564,791</b>	<b>\$ -</b>	<b>\$ 1,564,791</b>

IAF investments are recorded as of the date of acquisition to be adjusted annually on the last calendar day of the fiscal year as a function of number of shares and value per share, and if held in a foreign currency, the current USD (\$) exchange rate as determined by the most current Treasury Reporting Rates of Exchange. Should the number of shares change at any point during the year, at the end of that quarter, the agency will recalculate and record the new investment value.

The IAF's current investment portfolio consists of non-Federal securities owned by the IAF and held in a foreign currency consistent with the terms of the IAF's subscription agreement with the investee.

#### NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the IAF 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
Intragovernmental - FECA	\$ -	\$ 893
Unfunded Leave	519,472	539,612
Actuarial FECA	4,046	115,989
Deferred Lease Liabilities	37,785	113,353
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>\$ 561,303</b>	<b>\$ 769,847</b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>1,208,480</b>	<b>829,601</b>
<b>Total Liabilities</b>	<b>\$ 1,769,783</b>	<b>\$ 1,599,448</b>

The FECA liability represents the unfunded liability for actual workers compensation claims and unemployment benefits paid on the IAF's behalf and payable to the DOL. The IAF also records an actuarial liability for future workers compensation claims based on the liability

to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

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.

The deferred lease liability amount represents the difference at year end between the sum of monthly cash disbursements paid to date for base rent and the sum of the average monthly rent calculated based on the term of the lease. This resulted from a new lease agreement entered into that had rent abatement provisions.

## NOTE 7. OTHER LIABILITIES

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

	Current	Non Current	Total
<b>Intragovernmental</b>			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 21,670	\$ -	\$ 21,670
Employer Contributions and Payroll Taxes Payable	72,308	-	72,308
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 93,978</b>	<b>\$ -</b>	<b>\$ 93,978</b>
<b>With the Public</b>			
Accrued Funded Payroll and Leave	\$ 290,350	\$ -	\$ 290,350
Other Liabilities w/o Related Budgetary Obligations	37,785	-	37,785
<b>Total Public Other Liabilities</b>	<b>\$ 328,135</b>	<b>\$ -</b>	<b>\$ 328,135</b>
<b>Total Other Liabilities</b>	<b>\$ 422,113</b>	<b>\$ -</b>	<b>\$ 422,113</b>

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

	Current	Non Current	Total
<b>Intragovernmental</b>			
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 18,039	\$ -	\$ 18,039
Employer Contributions and Payroll Taxes Payable	57,938	-	57,938
Unfunded FECA Liability	892	-	892
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 76,869</b>	<b>\$ -</b>	<b>\$ 76,869</b>
<b>With the Public</b>			
Accrued Funded Payroll and Leave	\$ 253,306	\$ -	\$ 253,306
Other Liabilities w/o Related Budgetary Obligations	75,569	37,784	113,353
<b>Total Public Other Liabilities</b>	<b>\$ 328,875</b>	<b>\$ 37,784</b>	<b>\$ 366,659</b>
<b>Total Other Liabilities</b>	<b>\$ 405,744</b>	<b>\$ 37,784</b>	<b>\$ 443,528</b>

## NOTE 8. LEASES

### Operating Leases

The IAF occupies office space under a Non-Federal lease agreement that is accounted for as an operating lease. The total operating lease expenses as of September 30, 2021 and 2020 were \$665,544 and \$783,404 respectively. The lease term began on April 23, 2017 and expires on April 22, 2022, which includes deferred rent. 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	Asset Category		Totals	
	Building	Federal	Non-Federal	
2022	\$ 347,250	\$ 347,250	\$ -	-
Total Future Lease Payments	\$ 347,250	\$ 347,250	\$ -	-

The operating lease amount does not include estimated payments for leases with annual renewal options.

## NOTE 9. COMMITMENTS AND CONTINGENCIES

In the course of the agency's grantmaking activities, the IAF has unliquidated grant obligations which, in the absence of violations or cancellations of the grant agreements, will require disbursements. Unliquidated grant obligations at September 30, 2021 and 2020 total approximately \$6,252,316 and \$11,596,407, respectively. There were no contingent liabilities as of September 30, 2021.

## NOTE 10. FUNDS FROM DEDICATED COLLECTIONS

The IAF has dedicated collections that fall into the following categories: Social Progress Trust Fund (SPTF) and Gift Fund. Both funds are used to finance part of the IAF's grant program and remain available until funds are exhausted.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

Schedule of Dedicated Collections as of September 30, 2021:

	Social Progress Trust Fund	Gift Fund	Total Funds from Dedicated Collections (Consolidated)
<b>Balance Sheet</b>			
Intragovernmental			
Fund Balance with Treasury	\$ 11,390,363	\$ 488,522	\$ 11,878,885
<b>Total Intragovernmental Assets</b>	<b>\$ 11,390,363</b>	<b>\$ 488,522</b>	<b>\$ 11,878,885</b>
With the Public			
Other Assets	-	500	500
<b>Total With the Public Assets</b>	<b>\$ -</b>	<b>\$ 500</b>	<b>\$ 500</b>
<b>Total Assets</b>	<b>\$ 11,390,363</b>	<b>\$ 489,022</b>	<b>\$ 11,879,385</b>
Unexpended Appropriations	-	-	-
<b>Cumulative Results of Operations</b>	<b>11,390,363</b>	<b>489,022</b>	<b>11,879,385</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 11,390,363</b>	<b>\$ 489,022</b>	<b>\$ 11,879,385</b>
<b>Statement of Net Cost</b>			
Gross Program Costs	\$ 224,005	\$ 26,864	\$ 250,869
Net Program Costs	\$ 224,005	\$ 26,864	\$ 250,869
<b>Net Cost of Operations</b>	<b>\$ 224,005</b>	<b>\$ 26,864</b>	<b>\$ 250,869</b>
<b>Statement of Changes in Net Position</b>			
<b>Cumulative Results of Operations</b>			
Beginning Balance	\$ 11,614,368	\$ 380,211	\$ 11,994,579
Donations and Forfeitures of Cash & Property	-	135,675	135,675
Net Cost of Operations	(224,005)	(26,864)	(250,869)
Net Change in Cumulative Results of Operations	(224,005)	108,811	(115,194)
<b>Cumulative Results of Operations: Ending</b>	<b>\$ 11,390,363</b>	<b>\$ 489,022</b>	<b>\$ 11,879,385</b>
<b>Net Position, End of Period</b>	<b>\$ 11,390,363</b>	<b>\$ 489,022</b>	<b>\$ 11,879,385</b>

Schedule of Dedicated Collections as of September 30, 2020:

	Social Progress Trust Fund	Gift Fund	Total Funds from Dedicated Collections (Consolidated)
<b>Balance Sheet</b>			
Intragovernmental			
Fund Balance with Treasury	\$ 11,595,023	\$ 381,386	\$ 11,976,409
Total Intragovernmental Assets	\$ 11,595,023	\$ 381,386	\$ 11,976,409
With the Public			
Other Assets	19,345	(1,175)	18,170
Total With the Public Assets	\$ 19,345	\$ (1,175)	\$ 18,170
Total Assets	\$ 11,614,368	\$ 380,211	\$ 11,994,580
Cumulative Results of Operations	11,614,368	380,211	11,994,579
Total Liabilities and Net Position	\$ 11,614,368	\$ 380,211	\$ 11,994,579
<b>Statement of Net Cost</b>			
Gross Program Costs	\$ 285,150	\$ 269,021	\$ 554,171
Net Program Costs	\$ 285,150	\$ 269,021	\$ 554,171
Net Cost of Operations	\$ 285,150	\$ 269,021	\$ 554,171
<b>Statement of Changes in Net Position</b>			
<b>Cumulative Results of Operations</b>			
Beginning Balance	\$ 11,899,518	\$ 473,028	\$ 12,372,546
Donations and Forfeitures of Cash & Property	-	176,204	176,204
Net Cost of Operations	(285,150)	(269,021)	(554,171)
Net Change in Cumulative Results of Operations	(285,150)	(92,817)	(377,967)
Cumulative Results of Operations: Ending	\$ 11,614,368	\$ 380,211	\$ 11,994,579
Net Position, End of Period	\$ 11,614,368	\$ 380,211	\$ 11,994,579

## NOTE 11. INTER-ENTITY COSTS

The IAF 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 costs and are offset by imputed revenue. Such imputed costs and revenues relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgment Fund. The IAF 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	\$ 411,159	\$ 350,376
Total Imputed Financing Sources	\$ 411,159	\$ 350,376



## NOTE 12. 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	\$ -	\$ 4,541,698	\$ 4,541,698
Unpaid Undelivered Orders	222,708	45,555,508	45,778,216
<b>Total Undelivered Orders</b>	<b>\$ 222,708</b>	<b>\$ 50,097,206</b>	<b>\$ 50,319,914</b>

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

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ -	\$ 2,431,262	\$ 2,431,262
Unpaid Undelivered Orders	204,377	39,067,990	39,272,367
<b>Total Undelivered Orders</b>	<b>\$ 204,377</b>	<b>\$ 41,499,252</b>	<b>\$ 41,703,629</b>

## NOTE 13. FINANCING SOURCES – SPTF AND GIFT FUNDS

The Reconciliation of Net Cost and Budget Outlays Note reconciles the financial Net Cost of Operations with the Statement of Budgetary Resources. The IAF reports SPTF funds obtained from the International Development Bank (IDB) as offsetting collections earned.

	2021	2020
SPTF Cumulative Results:		
SPTF Beginning Balance	\$ 11,614,368	\$ 11,899,518
SPTF Funds Received		-
Less: SPTF Funds Expended	(224,005)	(285,150)
SPTF Fund Carry Forward	\$ 11,390,363	\$ 11,614,368
Donations Cumulative Results:		
Donations Beginning Balance	\$ 380,211	\$ 473,028
Donations Received	135,675	176,204
Less: Donations Expended	(26,864)	(269,021)
Donations Carry Forward	\$ 489,021	\$ 380,211
<b>Total SPTF and Donations</b>	<b>\$ 11,879,385</b>	<b>\$ 11,994,579</b>

#### **NOTE 14. 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 website:

<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)	Net Outlays
Combined Statement of Budgetary Resources	\$ 64	\$ 45	\$ 33
Budget of the U.S. Government	\$ 64	\$ 45	\$ 33

#### **NOTE 15. CUSTODIAL ACTIVITY**

IAF's custodial collection in 2021 consisted of a grant refund. The collection came from cancelled funds (IAF3100DB1314XX), which are no longer available for use; therefore, the funds must be returned to the Treasury. While this collection is considered custodial, it is neither primary to the mission of the IAF nor material to the overall financial statements. The IAF's total custodial collections are \$32,291 and \$0 for the years ended September 30, 2021 and 2020, respectively.

#### **NOTE 16. 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 as of September 30, 2021:

**BUDGET AND ACCRUAL RECONCILIATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(In Dollars)**

	Intragovernmental	With the Public	Total
<b>Net Operating Cost (SNC)</b>	\$ 3,405,673	\$ 32,543,549	\$ 35,949,222
<b>Components of net cost not part of the budgetary outlays</b>			
Gains/Loses on all other investments	-	165,152	165,152
<b>Increase/(Decrease) in Assets:</b>			
Accounts receivable, net	-	177	177
Securities and investments	-	(151,085)	(151,085)
Other assets	-	2,110,437	2,110,437
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts payable	(95,529)	(239,415)	(334,944)
Federal employee and veteran benefits payable	-	129,715	129,715
Other Liabilities	(3,632)	38,524	34,892
<b>Financing Sources:</b>			
Imputed Cost	(411,159)	-	(411,159)
<b>Total Components of net operating cost not part of the budgetary outlays</b>	<b>\$ (510,320)</b>	<b>\$ 2,053,505</b>	<b>\$ 1,543,185</b>
<b>Components of the budget outlays that are not part of net operating cost</b>			
<b>Financing Sources:</b>			
Donated Revenue	-	(135,675)	(135,675)
<b>Total Components of the budget outlays that are not part of net operating cost</b>	<b>\$ -</b>	<b>\$ (135,675)</b>	<b>\$ (135,675)</b>
<b>Misc /Items</b>			
Distributed offsetting receipts (SBR 4200)	(135,675)	-	(135,675)
Custodial/Non-exchange revenue	32,291	(32,340)	(49)
Other Temporary Timing Differences	-	(165,152)	(165,152)
Appropriated Receipts for Trust/Special Funds	-	135,675	135,675
<b>Total Other Reconciling Items</b>	<b>\$ (103,384)</b>	<b>\$ (61,817)</b>	<b>\$ (165,201)</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ 2,791,969</b>	<b>\$ 34,399,562</b>	<b>\$ 37,191,531</b>
<b>Budgetary Agency Outlays, net (SBR 4210)</b>			
Budgetary Agency Outlays, net			37,191,531
<b>Agency Outlays, Net (SBR 4210)</b>			<b>\$ 37,191,531</b>

Reconciliation of Net Cost to Net Outlays as of September 30, 2020:

**BUDGET AND ACCRUAL RECONCILIATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(In Dollars)**

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 3,556,743	\$ 27,591,023	\$ 31,147,766
<b>Components of net cost not part of the budgetary outlays</b>			
<b>Increase/(Decrease) in Assets:</b>			
Accounts receivable, net	-	(196)	(196)
Securities and investments	-	1,564,791	1,564,791
Other assets	-	1,176,825	1,176,825
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts payable	22,693	(45,237)	(22,544)
Federal employee and veteran benefits payable	-	29,498	29,498
Other Liabilities	(3,545)	25,220	21,675
<b>Financing Sources:</b>			
Imputed Cost	(350,376)	-	(350,376)
<b>Total Components of net operating cost not part of the budgetary outlays</b>	<b>\$ (331,228)</b>	<b>\$ 2,750,901</b>	<b>\$ 2,419,673</b>
<b>Components of the budget outlays that are not part of net operating cost</b>			
<b>Financing Sources:</b>			
Donated Revenue	-	(176,204)	(176,204)
<b>Total Components of the budget outlays that are not part of net operating cost</b>	<b>\$ -</b>	<b>\$ (176,204)</b>	<b>\$ (176,204)</b>
<b>Misc Items</b>			
Distributed offsetting receipts (SBR 4200)	(176,204)	-	(176,204)
Appropriated Receipts for Trust/Special Funds	-	176,204	176,204
<b>Total Other Reconciling Items</b>	<b>\$ (176,204)</b>	<b>\$ 176,204</b>	<b>\$ -</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ 3,049,311</b>	<b>\$ 30,341,924</b>	<b>\$ 33,391,235</b>
<b>Budgetary Agency Outlays, net (SBR 4210)</b>			
Budgetary Agency Outlays, net			33,391,235
<b>Agency Outlays, Net (SBR 4210)</b>			<b>\$ 33,391,235</b>

**NOTE 17. POTENTIAL NONCOMPLIANCE MATTER**

A management review is ongoing within the IAF, which may identify an ADA violation related to an oscillating negative cash balance for an interagency reimbursable account from December 2020 to April 2021. The Trading Partner agreement did not allow for cash advances, and reimbursements were not processed prior to month's end. After being notified by Treasury in April 2021 of the negative account cash balance, IAF management worked with the Bureau of the Fiscal Service/ARC to implement new processes to remedy. IAF will complete the investigation into the potential ADA violation(s) and report to the appropriate parties, if necessary. At this time the effect on the agency is undeterminable.