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

Audit of USAID's Financial Statements for Fiscal Years 2022 and 2021

Audit Report 0-000-23-001-C
November 12, 2022

Financial Audits Division

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

MEMORANDUM

DATE: November 12, 2022

TO: USAID, Chief Financial Officer, Reginald W. Mitchell

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

SUBJECT: Audit of USAID's Financial Statements for Fiscal Years 2022 and 2021 (0-000-23-001-C)

Enclosed is the final report on the audit of USAID's financial statements for fiscal years 2022 and 2021. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA P.C. Certified Public Accountants and Consultants (GKA) 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 22-01, 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 USAID'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 GKA 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, 2022 and 2021, were presented fairly, in all material respects; (2) evaluate USAID's internal control over financial reporting; and (3) determine whether USAID 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 USAID's fair presentation of its fiscal years 2022 and 2021 financial statements.

The audit firm concluded that USAID's financial statements for fiscal years ended September 30, 2022 and 2021, are presented fairly, in all material respects, and in accordance with U.S. generally accepted accounting principles. The audit firm found no reportable noncompliance for fiscal year 2022 with provisions of applicable laws, regulations, contracts, and grant agreements. The audit firm also found no material weaknesses, but reported two significant deficiencies related to USAID's internal control process for:

- Calculating and Recording accrued expenses; and
- Security management

To address the internal control deficiencies identified in the report, we recommend that USAID's Chief Financial Officer:

Recommendation 1. Update the methodology for reporting and posting quarterly accruals to eliminate or mitigate the human factor while increasing automation by developing a system generated accrual estimation amount for financial reporting purpose.

Recommendation 2. Issue written guidance for Agreement Officer Representatives /Contracting Officer Representatives to contact Office of the Chief Financial Officer if they need to post an accrual over and above the amount allowed in the current Phoenix accruals system.

Recommendation 3. Update the Phoenix system security plan to include National Institute of Standards and Technology 800-53 Revision 5 controls.

Recommendation 4. Perform a Security Control Assessment and use the results to update the Phoenix system security plan and create plans of action and milestones for any planned controls.

Recommendation 5. Provide the results of the Phoenix Security Control Assessment and the updated system security plan to the Authorizing Official for review and approval.

Recommendation 6. Review and, if needed, update the Memorandum of Understanding with the Department of State to include changes and obtain approval of the Agency officials.

Recommendation 7. Review and update the Service Level Agreement with the Department of State. Additionally, USAID should implement a process to ensure that the Service Level Agreement is reviewed annually.

In finalizing the report, the audit firm evaluated USAID's responses to the recommendations. After reviewing that evaluation, we consider recommendations 1 through 7 resolved but open pending completion of planned activities. For recommendations 1 through 7, please provide evidence of final action to the Audit Performance and Compliance Division.

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

November 8, 2022

Chief Financial Officer and Inspector General
U.S. Agency for International Development
Washington, D.C.

RE: Audit of the U.S. Agency for International Development (USAID) Financial Statements for Fiscal Years 2022 and 2021

This letter transmits the final report on our audit of USAID's financial statements for fiscal years 2022 and 2021. The Government Management Reform Act of 1994, Public Law 103–356, requires USAID to prepare consolidated financial statements for each fiscal year. Office of Management and Budget (OMB) Circular A–136, *Financial Reporting Requirements,* requires USAID to submit a Performance and Accountability Report or an Agency Financial Report, including audited financial statements to OMB, Congress, and the Government Accountability Office. USAID has prepared an Agency Financial Report with an agency head message, management's discussion, and analysis, "other information" and a financial section. GKA is responsible for auditing the Agency's financial statements and preparing the independent auditor's report, which appears in the financial section.

GKA has issued an unmodified opinion on USAID's principal financial statements for fiscal years 2022 and 2021.

With respect to internal control, we identified two deficiencies that we consider significant deficiencies. The significant deficiencies pertain to USAID's processes for (1) calculating and recording accrued expenses and (2) security management.

The results of our tests of compliance disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 22-01. We identified no instances of substantial noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208.

The report contains seven (7) recommendations in fiscal year 2022 to improve USAID's internal control.

We appreciate the assistance you and your staff extended to us during the audit.

GKA, P.C. /s/

Contents

INTRODUCTION

The financial statements of the U.S. Agency for International Development (USAID) reflect and evaluate the Agency's execution of its mission—promoting U.S. foreign policy interests in expanding democracy, growing free markets, and extending a helping hand to those working to improve their lives or to recover from disasters. USAID receives most of its funding from general Government funds administered by the U.S. Department of the Treasury and appropriated by Congress. For the fiscal year ended September 30, 2022, USAID reported total budgetary resources of approximately $50.2 billion.

GKA, P.C. (GKA) performed the audits to determine whether USAID's principal financial statements presented fairly the assets, liabilities, net position, net costs, changes in net position, and budgetary resources for the fiscal years 2022 and 2021.

SUMMARY

USAID's consolidated balance sheets, consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources present fairly, in all material respects, the financial position of USAID as of and for the fiscal years ended September 30, 2022 and 2021, and in conformity with accounting principles generally accepted in the United States of America. We identified two significant deficiencies in internal control related to USAID's processes for:

(1) calculating and recording accrued expenses; and
(2) security management.

The results of our tests of compliance disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* or Office of Management and Budget (OMB) Bulletin No. 22-01.

We identified no instances of substantial noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208.

We made seven (7) recommendations in fiscal year 2022 to improve USAID's internal control.

BACKGROUND

The Government Management Reform Act of 1994, Public Law 103-356, requires USAID to submit audited financial statements to the Office of Management and Budget annually. Accordingly, for fiscal year 2022, USAID has prepared the following:

- Consolidated Balance Sheets
- Consolidated Statements of Net Cost
- Consolidated Statements of Changes in Net Position
- Combined Statements of Budgetary Resources
- Notes to the Principal Financial Statements
- Required Supplementary Information

In accordance with Government Auditing Standards, GKA has also issued reports, dated November 8, 2022, on its consideration of USAID's internal control over financial reporting and on its tests of USAID’s compliance with certain provisions of laws, regulations, contracts and grant agreements. These reports are an integral part of an overall audit conducted in accordance with Government Auditing Standards and should be read in conjunction with the independent auditor’s report.

In our opinion, USAID's financial statements referred to above present fairly, in all material respects, USAID's financial position as of September 30, 2022, and 2021, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT

Chief Financial Officer and Inspector General
U.S. Agency for International Development
Washington, D.C.

In our audits of the fiscal years 2022 and 2021 financial statements of the U.S. Agency for International Development (USAID), we found:

- USAID's financial statements as of and for the fiscal years ended September 30, 2022, and 2021, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- No material weaknesses, but found two significant deficiencies in internal control over financial reporting for fiscal year 2022 based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2022 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 required supplementary information (RSI)[1] and other information 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; and (4) agency comments.

Report on the Financial Statements

Opinion

In accordance with Government Auditing Standards, we have audited the accompanying financial statements of USAID which comprise the consolidated balance sheets as of September 30, 2022 and 2021, the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements (hereinafter referred to as the "consolidated financial statements").

In our opinion, USAID's financial statements present fairly, in all material respects, USAID's financial position as of September 30, 2022 and 2021, and its net costs of operations, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

[1] The RSI, is information that a designated accounting standard-setter requires to accompany the basic financial statements, consists of the Management Discussion and Analysis (MD&A).

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USAID and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

USAID 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, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in USAID's audited financial statements, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement or material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and

disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to tour audit 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 USAID's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the financial statement audit.

<u>Required Supplementary Information</u>
U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

<u>Other Information</u>
USAID'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 or the RSI. Management is responsible for the other information included in USAID's financial report. The other information comprises the historical information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audit of USAID's financial statements, we considered USAID's internal control over financial reporting, consistent with our auditor's responsibility discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of USAID'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, we identified two deficiencies in USAID's 2022 internal control, summarized below and described in Appendix A, that we consider to be significant deficiencies:

- Calculating and recording of accrued expenses; and
- Security management

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

During our 2022 audit, we identified deficiencies in USAID's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant USAID management's attention. We have communicated these matters to USAID management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to USAID's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Internal Control over Financial Reporting

USAID management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of USAID's financial statements as of and for the year ended September 30, 2022 and 2021, in accordance with U.S. generally accepted government auditing standards, we considered USAID's internal control relevant to the financial statement audit 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 USAID's internal control over financial reporting. Accordingly, we do not express an opinion on USAID's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

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

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 2022 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 USAID. Accordingly, we do not express such an opinion.

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

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreement

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

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to USAID that have a direct effect on the determination of material amounts and disclosures in USAID's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USAID. We caution that noncompliance may occur and not be detected by these tests.

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.

USAID's Response to Audit Findings and Recommendations

USAID's response to the findings and recommendations identified in our report is described in Appendix C. USAID's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Status of Prior Year Recommendations

We have reviewed the status of USAID's corrective actions with respect to the findings and recommendations included in the prior year's Independent Auditors' Report, dated November 13, 2021. The status of prior year recommendations is presented in Appendix D.

GKA, P.C. /s/

Washington, DC
November 8, 2022

APPENDIX A. SIGNIFICANT DEFICIENCIES

Significant Deficiency in Internal Control Over Calculating and Recording Accrued Expenses

USAID's methodology for estimating and recording accrued expenses begins with a system generated estimated accrual amount. The Contracting Officer Representative (COR) reviews this amount, modifies it if necessary, before approving the "modified accrual amount" for posting to the general ledger.

USAID/WASHINGTON

- We selected a judgmental sample of 45 modified accruals as of March 31, 2022, for testing. We noted that for 5 out of the 45 sampled items, COR Quarterly Accrual Worksheet (worksheet) did not match the modified accrual amounts in Phoenix. Based on the differences noted, the Q2 accruals were overstated by the amount of $771,857.

- During our year end testing, we selected a judgmental sample of 34 modified accruals as of September 30, 2022, for testing. We noted that for four (4) out of 34 samples, the modified accruals in the accrual worksheets were wrongly calculated or did not match the amounts in Phoenix. Based on the differences noted, the Q4 accruals were overstated by $59 million.

USAID/MISSIONS

Mission A
For our sample of 45 items as of March 31, 2022, we noted that two (2) sampled items understated the accrued amounts in Phoenix by $911,727. Mission A indicated that the differences arose because the COR based the calculation on an updated obligation amount resulting from incremental funding not captured in Phoenix as at the accrual cut-off date set in Phoenix. The lower obligation amount at the cut-off date was used by Phoenix to calculate and cap the system generated modified accrual amount.

Mission B
For our sample of 45 items as of March 31, 2022, we noted that three (3) sampled items overstated the accrued amounts in Phoenix by $58,845. Mission B indicated that the differences resulted from input errors.

Mission C
For our sample of 45 items as of June 30, 2022, we noted that one sampled item out of the 45 accruals tested had the modified accrual amounts recorded in Phoenix to be different from the amounts recorded on the accrual worksheet. Mission C indicated that the differences arose because

the COR based the calculation on an updated obligation amount resulting from incremental funding not captured in Phoenix as at the accrual cut-off date set in Phoenix. The lower obligation amount at the cut-off date was used by Phoenix to calculate and cap the system generated modified accrual amount. The difference of $33,684 was recorded on July 14, 2022.

Mission D

For our sample of 28 items as of June 30, 2022, we noted that one sampled item overstated the accrued amount in Phoenix by $124,826. The worksheet did not include the April 2022 invoice of $124,826 in the calculation. Mission D indicated that there was an error in the formula.

Even though the quantitative amount may be considered immaterial, our testing determined that the control issues are pervasive throughout USAID.

ADS 631.3.4, Accrued Expenditures, states that, the obligation manager or COR must (1) review system-generated accrual amounts and/or allocations to determine whether the amount can be validated or needs to be modified, (2) compare the amount developed based on actual conditions and first-hand knowledge of the project or activity with system-generated accrual amounts, and (3) complete the accrual process in accordance with the established time schedule and deadlines.

The COR generates a worksheet detailing the approved modified accrual amount. Someone other than the COR is responsible for posting the amount to the general ledger. However, the controls for checking to ensure that the amount posted to the general ledger is the amount approved by the COR was not consistently implemented. Additionally, there were instances where the worksheet were not adequately reviewed to identify errors in the calculation before they were posted.

Failure to ensure that only the modified accrual amounts approved by the COR are posted to the general ledger could cause the financial statements to be materially misstated due to error - or for other reasons.

To address noted significant deficiencies, we recommend that Office of the Chief Financial Officer:

Recommendation 1:

Update its methodology for reporting and posting quarterly accruals to eliminate or mitigate the human factor while increasing automation by developing a system generated accrual estimation amount for financial reporting purpose.

Recommendation 2:

Issue a written guidance for AOR/CORs to contact OCFO if they need to post an accrual over and above the amount allowed in the current Phoenix accruals system.

Significant Deficiency in Internal Controls Over Security Management

We noted weaknesses in the Security Management Controls related to the Assessment and Authorization of Phoenix and the monitoring of services provided by external service providers. Specifically, we noted the following:

- The System Security Plan (SSP) for the Phoenix system was not updated to address National Institute of Standards and Technology (NIST) 800-53 Revision 5 controls.
- The SSP was not reviewed and updated during the fiscal year.
- A Security Control Assessment (SCA) was not performed for Phoenix during the fiscal year, and the results were not provided to the Authorizing Official (AO) for review.
- The Memorandum of Understanding (MOU) and Service Level Agreement (SLA) between USAID and the Department of State (DoS) for Phoenix hosting services have not been reviewed and updated since 2013 to determine whether any updates are necessary to address changes that have occurred since the 2013 update. For example, we noted the following key changes that may have to be considered in an update of the SLA.

    - Both the USAID Chief Financial Officer (CFO) and Department of State Comptroller that signed the agreement have changed.
    - The Federal Information Security Modernization Act of 2014 was implemented.
    - Automated Directives System (ADS) 545 was revised in 2017, 2018, 2019, 2020 and 2021. The 2017 update included updates to the Access Controls (AC)-20 Use of External Systems Controls.
    - Support for Windows 2008, which was mentioned in the agreement, ended on January 14, 2020.

ADS Chapter 545.3.13.2, System Security Plan (PL-2), states that, System Owners (SOs) must:

b. Review the security plan at least annually.
c. Update the plan to address changes to the information system or environment of operation and when problems with the IS are identified.
d. Distribute copies of the security plan and communicate subsequent changes to the plan at a minimum to the AO, Designated Authorizing Official Representative (DAOR), Chief Information Security Officer (CISO) and Information System Security Officer (ISSO).

ADS Chapter 545.3.5.2, Security Assessments (CA-2), states that, SOs must assess the security controls in their information systems and their environment of operation at least annually to determine the extent to which the controls are:

a. Implemented correctly,
b. Operating as intended, and
c. Producing the desired outcome with respect to meeting established security requirements.

The assessment must produce a Security Assessment Report that documents the results of the assessment and must provide the results of the security control assessment to Bureau for Management, Office of the Chief Information Officer, Information Assurance Division (M/CIO/IA) and the AO.

ADS Chapter 545.3.2.14, Use of External Information Systems, states that:

- AOs must only authorize the use of external information systems to process, store, or transmit USAID-controlled information when USAID verifies the implementation of required security controls on the external system. For more information, see USAID Security Assessment and Authorization (SA&A) Process. This must be specified in the system security plan and in an approved information system connection agreement or similar agreements with the organizational entity hosting the external information system.

The Information Technology (IT) Systems Accreditation Risk Management Framework (RMF) Handbook, states that:

- 3.7.3 SO Responsibilities for Third-Party Systems
  Verify that contracts and other applicable agreements (to include service level agreements [SLAs], Memorandum of Agreement [MOAs], inter-agency agreements [IAAs], and Interconnection Security Agreements [ISA]) contain language required by Federal Information Security Modernization Act (FISMA) mandates. Verify contracts and agreements are signed by the relevant authorities for agencies or organizations. Ensure agreements and contracts are updated periodically or as required in accordance with Agency policy.

The Joint Financial Management System (JFMS) Service Level Agreement (SLA) Revision 1 states that:

- This SLA will be reviewed annually and modified as required to incorporate amendments that are necessary to support USAID and DoS requirements and to accurately reflect any changes. Any changes require the approval and signature of both USAID and DoS;

NIST Special Publication 800-47 Revision 1, Managing the Security of Information Exchanges, states that:

3.3.9 Review and Maintain System Security Plans and Applicable Agreements

- System security plans, applicable agreements (e.g., ISA, MOU/MOA, Information Exchange Agreement (IEA), and access agreements), and other relevant documentation pertaining to the information exchange are reviewed and updated with a frequency agreed upon by the participating organizations or whenever there is a significant change to systems associated with the information exchange. Refer to [SP 800-18] for information on updating system security plans.

- Depending on the type of information exchange and the impact level of the information being exchanged, it may also be critical that the organizations establish and formally document one or more agreements regarding the management and use of the exchanged information and the operation of any interconnection used to exchange the information. Senior managers from each organization are responsible for reviewing, approving, and signing the agreement (e.g., Risk Executive (function) [RE(f)], Chief Information Officer [CIO], Chief Information Security Officer [CISO], Authorizing Official [AO]).

The AC-20, USE OF EXTERNAL SYSTEMS, control of NIST Special Publication 800-53 Revision 5, Security and Privacy Controls for Information Systems and Organizations, states:

- <u>Control Enhancements:</u>

(1) USE OF EXTERNAL SYSTEMS | LIMITS ON AUTHORIZED USE
Permit authorized individuals to use an external system to access the system or to process, store, or transmit organization-controlled information only after:
(b) Retention of approved system connection or processing agreements with the organizational entity hosting the external system.

USAID was in the process of updating the SSP for the system to include NIST 800-53 Revision 5 controls. Per USAID management, the updated controls were documented; however, a decision was made to wait for the Cyber Security Assessment and Management (CSAM) System, used to document the SSP, to be updated to include the NIST revision 5 controls before finalizing and approving the SSP updates. As a result, the SSP was not officially updated.

We were also informed that a SCA was initiated in May or June of this year; however due to competing priorities, the assessment team was unable to complete the assessment by the end of the Fiscal Year. Both Agency Policy, NIST Guidance and the JFMS SLA require USAID to perform an annual SCA

Additionally, we were informed that due to competing priorities, the MOU and SLA between USAID and DoS had not been reviewed and updated. USAID has steered more resources towards the recompete of the financial management system support contract and continuous monitoring of services provided by DoS versus completing the review and update of the agreements.

Utilizing external services to host applications exposes the participating organizations to risk if the security of the system is not properly managed. If one system is compromised, the interconnection could be used as a conduit to compromise other system and data. Agreements are key to the management of security for both the primary organization and third-party service providers because each organization has little to no control over the operations and management of the other and the agreements assist in establishing the responsibilities and duties of both parties in addition to the monitoring requirements and performance measures necessary for both parties to manage the interconnection securely and monitor risk.

Weaknesses in processes to periodically review and update these agreements increase the risk that parties may not be aware of their security responsibilities with respects to securing systems and data or the requirements for monitoring and meeting required service levels. This has the potential to lead to compromise the security of the system, or inadequate monitoring of key service levels and controls

Weaknesses in process for updating security plans and assessing security controls increase the risk that the AO will not be aware of the status of control implementation or changes to the security posture of the system and control weaknesses may go unidentified, and USAID will not have management oversight via the Plan of Actions and Milestone (POA&M) process to track and remediate control deficiencies.

Additionally, the Phoenix system is hosted by the DoS and the SLA between the entities requires the performance of an annual SCA and the sharing of the results to allow both parties to manage organizational risk associated with the systems. Failure to perform an SCA also increases the risk that changes in security controls, control weaknesses and vulnerabilities may not be timely communicated to DoS so they can assess manage and monitor any risks arising from USAID control weaknesses.

To address noted significant deficiencies, we recommend that the Office of the Chief Financial Officer in coordination with the Office of the Chief Information Officer:

Recommendation 3:
Update the Phoenix system security plan (SSP) to include National Institute of Standards and Technology 800-53 Revision 5 controls.

Recommendation 4:
Perform a Security Control Assessment (SCA) and use the results to update the Phoenix SSP and create plans of action and milestones for any planned controls.

Recommendation 5:
Provide the results of the Phoenix SCA and the updated SSP to the Authorizing Official for review and approval.

Recommendation 6:
Review and, if needed, update the Memorandum of Understanding with DoS to include changes and obtain approval of the Agency officials.

Recommendation 7:
Review and update the SLA with DoS. Additionally, USAID should implement a process to ensure that the SLA is reviewed annually.

APPENDIX B. SCOPE AND METHODOLOGY

USAID’s management is responsible for (1) preparing the financial statements in accordance with U.S. generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers’ Financial Integrity Act (FMFIA) are met; (3) ensuring that USAID’s financial management systems substantially comply with the requirements of the Federal Financial Management Improvement Act (FFMIA) section 803(a); and (4) complying with other applicable laws and regulations.

GKA, P.C. (GKA) is responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. GKA is also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit; (2) testing and reporting whether USAID’s financial management systems substantially comply with FFMIA section 803(a) requirements; (3) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements, and laws for which OMB audit guidance requires testing; and (4) performing limited procedures with respect to certain other information appearing in the Agency Financial Report.

To fulfill these responsibilities, GKA:

- Obtained an understanding of USAID’s design of internal control components related to financial reporting and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- Tested relevant internal controls over financial reporting and compliance, and evaluated the design and operating effectiveness of these internal controls;
- Judgmentally selected transactions, including, advances, accrued expenditures, disbursements, payroll, accounts receivable, direct loans and loan guarantees, and obligations;
- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Evaluated the overall presentation of the financial statements;
- Considered the process for evaluating and reporting on internal control and financial management systems under FMFIA; and
- Tested USAID’s compliance with FFMIA section 803(a) requirements.

We also tested USAID’s compliance with selected provisions of the following:

- Anti-Deficiency Act, July 12, 1870 (codified at 31 U.S.C. 1341(a)(1)(A), (B) and (C) and 1517(a)
- Improper Payments Elimination and Recovery Act, Public Law 112-248, sections 5 (a)(1)

and (b)(4);

- Payment Integrity Information Act of 2019, Public Law 116-117;
- Prompt Payment Act, Public Law 97-177) (codified at 31 U.S.C. 3901(a)(4)(A) 3903(a)(1)(A) and (B), 3902 (a), (b), and (f); and 3904
- Debt Collection Improvement Act of 1996, Public Law 104-134
- Federal Credit Reform Act of 1990, Public Law 93-344
- OMB Circular A–136
- OMB Circular A–123
- Federal Financial Management Improvement Act of 1996, Public Law 104-208
- Pay and Allowance System for Civilian Employees

We did not evaluate all internal controls relevant to operating objectives as broadly defined by FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error, fraud, losses, or noncompliance may occur and may not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to USAID. We limited our tests of compliance to those laws and regulations required by OMB audit guidance that we deemed applicable to the financial statements for the fiscal year ended September 30, 2022 and 2021. We caution that noncompliance may occur and may not be detected by these tests, and that such testing may not be sufficient for other purposes.

We conducted our audit from March 2022 through November 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed whether USAID was substantially compliant with section 803(a) of the FFMIA, which requires agencies to implement and maintain financial management systems that substantially comply with (1) Federal financial management system requirements; (2) applicable Federal accounting standards; and (3) USSGL at the transaction level. We evaluated USAID's financial transactions recorded in USAID's financial management system to determine whether they were compatible with Federal accounting standards and USSGL at the transaction level.

APPENDIX C. AGENCY'S RESPONSE TO AUDIT

USAID
FROM THE AMERICAN PEOPLE

Chief Financial Officer

MEMORANDUM

TO: Deputy Assistant Inspector General for Audit, Alvin A. Brown

FROM: Reginald W. Mitchell /s/

DATE: November 4, 2022

SUBJECT: Management Comment(s) to Respond to the Draft Audit Report Produced by the Office of Inspector General (OIG) titled, Audit of USAID's Financial Statements for Fiscal Years 2022 and 2021 (0-000-23- 001-C) (Task No. 00150722)

The U.S. Agency for International Development (USAID) would like to thank the Office of Inspector General (OIG) for the opportunity to provide comments on the subject draft report. The Agency agrees with the seven recommendations and herein provides significant progress to date and plans for implementing the audit recommendations. Based on the current status of actions taken to improve the accruals process, and to manage the security of the Agency's financial system, USAID management has demonstrated its commitment to effective financial management and is confident in the integrity of its financial statements.

COMMENTS BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) ON THE REPORT RELEASED BY THE USAID OFFICE OF THE INSPECTOR GENERAL (OIG) TITLED, AUDIT OF USAID'S FINANCIAL STATEMENTS FOR FISCAL YEARS 2022 and 2021 (0-000-23-001-C) (Task No. 00150722)

Please find below the management comments from the U.S. Agency for International Development (USAID) on the draft report produced by the Office of the USAID Inspector General (OIG), which contains seven recommendations for USAID:

Recommendation 1: Update its methodology for reporting and posting quarterly accruals to eliminate the human factor while increasing automation by developing a system generated accrual estimation amount for financial reporting purpose.

- **Management Comments:** USAID agrees with the recommendation. USAID is currently analyzing the existing accruals process and exploring opportunities to develop automated, system generated accruals to minimize human error. The Office of the Chief Financial Officer will implement an automated accruals methodology and update the accruals process to incorporate the necessary changes.

- **Target Completion Date:** September 15, 2023

Recommendation 2: Issue written guidance for Agreement Officer Representatives/Contracting Officer Representatives to contact Office of the Chief Financial Officer if they need to post an accrual over and above the amount allowed in the current Phoenix accruals system.

- **Management Comments:** USAID agrees with the recommendation. USAID will reissue written guidance to Agreement Officer Representatives/Contracting Officer Representatives (AOR/COR) to highlight that obligation amendments and/or disbursements made after the accruals open date are not reflected in the Phoenix Accruals Query during the time that the accruals period is open, but are factored into the accruals closing process. Additionally, USAID will reiterate to the AORs/CORs to contact the Office of the Chief Financial Officer if they need to post an accrual over and above the amount allowed each quarter in the accruals system.

- **Target Completion Date:** January 13, 2023

Recommendation 3: Update the Phoenix system security plan to include National Institute of Standards and Technology 800-53 Revision 5 controls.

- **Management Comments:** USAID agrees with the recommendation. USAID completed updates to the Phoenix system security plan to include National Institute of Standards and Technology (NIST) 800-53 Revision 5 controls on June 1, 2022. However, the final elements were not completed during the audit cycle. Management will complete the process to sign the plan that incorporates the NIST 800-53 Revision 5 controls.

- **Target Completion Date:** January 13, 2023

Recommendation 4: Perform a Security Control Assessment and use the results to update the Phoenix system security plan and create plans of action and milestones for any planned controls.

- **Management Comments:** USAID agrees with the recommendation. The Phoenix Security Controls Assessment was scheduled to be completed in August 2022, but will not be completed until the results are provided to the System Owner on November 7, 2022. Any necessary plans of actions and milestones, including updates to the system security plan, will be identified during those meetings and implemented accordingly.

- **Target Completion Date:** January 13, 2023

Recommendation 5: Provide the results of the Phoenix Security Control Assessment and the updated system security plan to the Authorizing Official for review and approval.

- **Management Comments:** USAID agrees with the recommendation. USAID's Office of the Chief Information Officer staff scheduled the Phoenix Security Controls Outbrief to the Authorizing Official for November 8, 2022. The updated System Security Plan will be signed by the appropriate Agency officials after the meeting.

- **Target Completion Date:** January 13, 2023

Recommendation 6: Review and, if needed, update the Memorandum of Understanding with the Department of State to include changes and obtain approval of the Agency officials.

- **Management Comments:** USAID agrees with the recommendation. USAID's Office of the Chief Financial Officer will use the current security artifact templates made available to System Owners and Information System Security Officers by the Office of the Chief Information Officer and update the Memorandum of Understanding (MOU) between the Department of State and USAID.

- **Target Completion Date:** September 15, 2023

Recommendation 7: Review and update the Service Level Agreement with the Department of State. Additionally, USAID should implement a process to ensure that the Service Level Agreement is reviewed annually.

- **Management Comments:** USAID agrees with the recommendation. USAID has an existing Interagency Agreement and service contracts in place addressing the security control responsibilities between the Department of State and USAID. However, USAID's Office of the Chief Financial Officer will use the current security artifact templates made available to System Owners and Information System Security Officers by the Office of the Chief Information Officer to replace the existing SLA with an updated Memorandum of Understanding (MOU) between the Department of State and USAID and will implement a process to review it as prescribed in the ADS 545.

- **Target Completion Date:** September 15, 2023

APPENDIX D. STATUS OF PRIOR-YEARS FINDINGS AND RECOMMENDATIONS

OMB Circular A–50, "Audit Follow-up," states that a management decision on audit recommendations shall be made within 6 months after a final report is issued. Corrective action should proceed as rapidly as possible.

Status of 2019 Findings and Recommendations

Condition:
Significant Deficiency: Password controls should be strengthened.

Recommendation 9*:*

- Update password settings for the databases supporting the System to ensure that they comply with the Agency's requirements.

  Status: Closed as of September 30, 2022

APPENDIX E. FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET
As of September 30, 2022 and 2021
(In Thousands)

	2022	2021
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 44,827,671	$ 43,534,920
Accounts Receivable, Net (Note 3)	24,900	24,249
Advances and Prepayments (Note 4)	150,742	130,486
Total Intragovernmental	45,003,313	43,689,655
Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 5)	$261,179	288,936
Accounts Receivable, Net (Note 3)	78,601	84,149
Inventory and Related Property, Net (Note 7)	15,177	17,920
General Property, Plant and Equipment, Net (Note 8)	59,437	64,073
Advances and Prepayments (Note 4)	493,265	399,176
Total Other than Intragovernmental	907,659	854,254
Total Assets	**$ 45,910,972**	**$ 44,543,909**
LIABILITIES:		
Intragovernmental:		
Downward Reestimate Payable to the Treasury (Note 6)	$ 634,755	$ 852,076
Accounts Payable	65,216	134,879
Advances from Others and Deferred Revenue (Note 12)	1,088,674	1,165,779
Other Liabilities (Note 12)	18,089	17,062
Total Intragovernmental	1,806,734	2,169,796
Other than Intragovernmental:		
Accounts Payable	3,116,569	2,591,650
Loan Guarantee Liabilities (Note 6)	956,759	1,522,937
Federal Employee and Veteran's Benefits (Note 13)	32,666	33,360
Advances from Others and Deferred Revenue (Note 12)	18,508	17,017
Other Liabilities (Note 12)	493,802	570,768
Total Other than Intragovernmental	4,618,304	4,735,732
Total Liabilities	**6,425,038**	**6,905,528**
Commitments and Contingencies (Note 14)		
NET POSITION:		
Unexpended Appropriations	37,844,754	35,385,955
Cumulative Results of Operations	1,641,180	2,252,426
Total Net Position	**39,485,934**	**37,638,381**
Total Liabilities and Net Position	**$ 45,910,972**	**$ 44,543,909**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST

For the Years Ended September 30, 2022 and 2021

(In Thousands)

Category	2022	2021
DR–Democracy, Human Rights and Governance		
Gross Costs	$ 1,490,560	$ 1,461,143
Less: Earned Revenue	(13,751)	(7,523)
Net Program Costs	1,476,809	1,453,620
EG–Economic Growth		
Gross Costs	10,954,729	2,592,664
Less: Earned Revenue	(111,619)	(125,344)
Net Program Costs	10,843,110	2,467,320
ES–Education and Social Services		
Gross Costs	1,125,723	1,136,991
Less: Earned Revenue	(9,945)	(5,072)
Net Program Costs	1,115,778	1,131,919
HA–Humanitarian Assistance		
Gross Costs	6,640,039	6,174,106
Less: Earned Revenue	(2,525)	(15,036)
Net Program Costs	6,637,514	6,159,070
HL–Health		
Gross Costs	8,453,362	3,664,816
Less: Earned Revenue	(911,332)	(685,873)
Net Program Costs	7,542,030	2,978,943
PO–Program Development and Oversight		
Gross Costs	1,147,055	1,074,567
Less: Earned Revenue	(7,824)	(5,813)
Net Program Costs	1,139,231	1,068,754
PS–Peace and Security		
Gross Costs	600,226	693,765
Less: Earned Revenue	(5,845)	(3,493)
Net Program Costs	594,381	690,272
Net Cost of Operations (Note 16)	**$ 29,348,853**	**$ 15,949,898**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2022 and 2021

(In Thousands)

	2022	2021
Unexpended Appropriations:		
Beginning Balance	$ 35,385,955	$ 29,283,335
Appropriations Received	32,857,101	23,084,239
Appropriations Transferred-in/out	(223,357)	(23,190)
Other Adjustments	(299,397)	(116,175)
Appropriations Used	(29,875,548)	(16,842,254)
Change in Unexpended Appropriations	2,458,799	6,102,620
Total Unexpended Appropriations Ending Balance	37,844,754	35,385,955
Cumulative Results of Operations:		
Beginning Balance	$ 2,252,426	$ 101,133
Appropriations Used	29,875,548	16,842,254
Nonexchange Revenue	–	(3)
Donations and Forfeitures of Cash and Cash Equivalents	34,318	2,041,005
Transfers-in/out Without Reimbursement	1,910	–
Donations and Forfeitures of Property	13,749	19,566
Imputed Financing	63,703	50,445
Other	(1,251,621)	(852,076)
Net Cost of Operations (Note 16)	(29,348,853)	(15,949,898)
Net Change in Cumulative Results of Operations	(611,246)	2,151,293
Cumulative Results of Operations Ending Balance	1,641,180	2,252,426
Net Position	**$ 39,485,934**	**$ 37,638,381**

The accompanying notes are an integral part of these statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2022 and 2021

(In Thousands)

	2022		2021	
	Budgetary	**Non-Budgetary Credit Reform Financing Accounts**	**Budgetary**	**Non-Budgetary Credit Reform Financing Accounts**
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 14,393,937	$ 2,375,013	$ 9,788,448	$ 3,167,694
Appropriations (Discretionary and Mandatory)	32,041,395	–	25,061,676	–
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,320,561	68,577	2,589,599	106,806
Total Budgetary Resources	**$ 47,755,893**	**$ 2,443,590**	**$ 37,439,723**	**$ 3,274,500**
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total) (Note 17)	$ 32,822,235	$ 852,076	$ 23,662,589	$ 899,487
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts (Note 2)	13,663,591	–	12,857,891	–
Unapportioned, Unexpired Accounts (Note 2)	1,028,599	1,591,514	718,093	2,375,013
Unexpired Unobligated Balance, End of Year	**14,692,190**	**1,591,514**	**13,575,984**	**2,375,013**
Expired Unobligated Balance, End of Year	241,468	–	201,150	–
Total Unobligated Balance, End of Year	14,933,658	1,591,514	13,777,134	2,375,013
Total Budgetary Resources	**$ 47,755,893**	**$ 2,443,590**	**$ 37,439,723**	**$ 3,274,500**
Outlays, Net and Disbursements, Net:				
Outlays, Net (Total) (Discretionary and Mandatory)	$ 29,707,086		$ 15,899,180	
Distributed Offsetting Receipts (-)	(899,105)		(2,968,500)	
Agency Outlays, Net (Discretionary and Mandatory)	**$ 28,807,981**		**$ 12,930,680**	
Disbursement, Net (Total) (Mandatory)		$ 783,499		$ 792,681

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying principal financial statements report USAID's financial position and results of operations. They have been prepared using USAID's books and records in accordance with Agency accounting policies, the most significant of which are summarized in this note. The statements are presented in accordance with the guidance and requirements of the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*.

USAID accounting policies follow generally accepted accounting principles for the Federal Government, as established by the Federal Accounting Standards Advisory Board (FASAB). The FASAB has been recognized by the American Institute of Certified Public Accountants (AICPA) as the official accounting standard setting authority for the Federal Government. These standards have been agreed to by the Director of OMB, the Secretary of the Treasury, and the Comptroller General.

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.

B. REPORTING ENTITY

USAID is a component of the U.S. government. For this reason, some of the assets and liabilities reported may be eliminated for government-wide reporting because they are offset by assets and liabilities of another U.S. government entity.

Established in 1961 by President John F. Kennedy, USAID is the independent U.S. government agency that provides economic development and humanitarian assistance to advance United States economic and political interests overseas.

PROGRAM FUNDS

The hierarchy of USAID program funds is reported first at the budget authority funding level followed by responsibility segments that encompass Pillar and Regional Bureaus. These Bureaus in turn carry out the Agency's mission through various funded programs.

The main program funds include Assistance for Europe, Eurasia, and Central Asia; Civilian Stabilization Initiative; Economic Support Fund; Development Assistance; International Disaster Assistance; Global Health/Child Survival and HIV/AIDS; and Guaranteed Loan Programs, which are used throughout all foreign assistance programs categories. This classification is consistent with the budget of the United States. All the program funds are listed on page 158.

Assistance for Europe, Eurasia, and Central Asia

These funds are considered to be economic assistance under the Foreign Assistance Act of 1961.

These funds provide assistance to the independent states that emerged from the former Soviet Union and support the U.S. foreign policy goals of consolidating improved U.S. security; building a lasting partnership with the new independent states; and providing mutual access to markets, resources, and expertise.

The funds appropriated in prior years under "Assistance for the Independent States of the Former Soviet Union" and "Assistance for Eastern Europe" shall be available under this heading Assistance for Europe, Eurasia, and Central Asia.

Civilian Stabilization Initiative

These funds provide support for the necessary expenses needed to establish, support, maintain, mobilize, and deploy a civilian response corps in coordination with USAID. This fund is also used for related reconstruction and stabilization assistance to prevent or respond to conflict or civil strife in foreign countries or regions, or to enable transition from such unstable conditions.

Economic Support Fund

The Economic Support Fund (ESF) supports U. S. foreign policy objectives by providing economic assistance to allies and countries in transition to democracy. Programs funded through this fund promote stability and U.S. security interests in strategic regions of the world.

Development Assistance

This fund provides economic resources to developing countries with the aim of bringing the benefits of development to the poor. The fund promotes broad-based, self-sustaining economic growth and opportunity, and supports initiatives intended to stabilize population growth, protect the environment, and foster increased democratic participation in developing countries. The fund is concentrated in those areas in which the United States has special expertise, and which promise the greatest opportunity for the poor to better their lives.

International Disaster Assistance

This fund provides relief, rehabilitation, and reconstruction assistance to foreign countries struck by disasters such as famines, floods, hurricanes, and earthquakes. The fund also provides assistance in disaster preparedness, prevention, and mitigation; and provides emergency commodities and services for immediate healthcare and nutrition. Additionally, this fund supports the capability to provide timely emergency response to disasters worldwide.

Global Health/Child Survival and HIV/AIDS

This fund provides economic resources to developing countries in support of programs to improve infant and child nutrition, with the aim of reducing infant and child mortality rates; to reduce HIV transmission and the impact of the HIV/AIDS pandemic in developing countries; to reduce the threat of infectious diseases of major public health importance such as polio, malaria, or tuberculosis; and to expand access to quality basic education for girls and women.

Guaranteed Loans:

- *Israel Loan Guarantee Program*

  Congress authorized the Israel Loan Guarantee Program in Section 226 of the Foreign Assistance Act of 1961 (P.L. 87-195) to support the costs for immigrants resettling to Israel from the former Soviet Union, Ethiopia, and other countries. Under this program, the U.S. government has guaranteed the repayment of up to $9.23 billion in notes issued to date. In addition, the Emergency Wartime Supplemental Appropriations Act of 2003 (P.L. 108-11) authorized supplemental funding for this program to support Israel's economy which was negatively impacted by political strife in the region. As a result of this, $4.1 billion in additional notes were issued.

- *Loan Guarantees to Middle East Northern Africa (MENA) Program*

  The authority for the MENA Program was initially established under the Consolidated Appropriations Act, 2012 (P.L. 112-74), earmarked to provide support for the Republic of Tunisia. In FY 2014, this program was expanded to include Jordan and renamed the Middle East Northern Africa Loan Guarantee Program. In January 2017, pursuant to the Further Continuing and Security Assistance Appropriations Act, 2017 (P.L. 114-254), a new guarantee agreement with Iraq, was added to the MENA portfolio. These assistance programs aim to support the Sovereign governments in their respective economic transition and reform initiatives. Under this program, the U.S government guaranteed the total repayment of $6.24 billion notes issued to date.

- *Ukraine Loan Guarantee Program*

  The Loan Guarantee Program for Ukraine was established in accordance with Title III of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2014 (division K of P.L. 113-76). The Ukraine

Loan Program is intended to help Ukraine meet its near-term social spending needs and insulate vulnerable Ukrainians from the impact of necessary economic adjustments. To date a total of $3 billion in notes have been issued.

FUND TYPES

For each of the funds listed, a receipt or expenditure account is established. These receipt and expenditure accounts are further classified into fund types. Agency activities are financed through these funds. The principal statements include all funds under USAID's control. Most of the fund accounts relate to general fund appropriations. USAID also has special funds, revolving funds, trust funds, deposit funds, a capital investment fund, receipt accounts, and budget clearing accounts.

General fund appropriations and the special funds are used to record financial transactions under Congressional appropriations or other authorization to spend general revenue.

Revolving funds are established by law to finance a continuing cycle of operations, with receipts derived from such operations usually available in their entirety for use by the fund without further action by Congress.

Trust funds are credited with receipts generated by the terms of the underlying trust agreement or statute. At the point of collection, these receipts may be available or unavailable, depending upon statutory spending authority.

Deposit funds are established for (1) amounts received for which USAID is acting as a fiscal agent or custodian, (2) unidentified remittances, (3) monies withheld from payments for goods or services received, and (4) monies held awaiting distribution on the basis of legal determination.

The capital investment fund contains no-year (non-expiring) funds to provide the Agency with greater flexibility to manage investments in technology systems and facility construction which are allowed under the annual appropriation for operating expenses.

C. BASIS OF ACCOUNTING

Transactions are recorded on both an accrual and budgetary basis. Under the accrual basis, 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 constraints on, and controls of, the use of federal funds. The accompanying Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position have been prepared on an accrual basis. The Statement of Budgetary Resources has been prepared in accordance with budgetary accounting rules.

D. BUDGETS AND BUDGETARY ACCOUNTING

The components of USAID's budgetary resources include current budgetary authority (that is, appropriations and borrowing authority) and unobligated balances remaining from multiyear and no-year budget authority received in prior years. Budget authority is the authorization provided by law to enter into financial obligations that result in immediate or future outlays of federal funds. Budgetary resources also include reimbursement and other income (that is, spending authority from offsetting collections credited to an appropriation or fund account) and adjustments (that is, recoveries of prior year obligations).

Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, for five years until that account is canceled. When accounts are canceled, amounts are not available for obligations or expenditure for any purpose and are returned to Treasury.

The "Consolidated Appropriations Act" signed into law as P.L. 112-74 provides to USAID extended authority to obligate funds. USAID's appropriations have consistently provided essentially similar authority, commonly known as "7011" authority. Under this authority, funds shall remain available for obligation for an extended period if such funds are initially obligated within their initial period of availability.

E. REVENUES AND OTHER FINANCING SOURCES

USAID receives the majority of its funding through congressional appropriations—annual, multi-year, and no-year (non-expiring) appropriations—that may be used within statutory limits. Appropriations are recognized as a financing source (i.e., Appropriations used) on the Statement of Changes in Net Position at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are not recognized as expenses. In addition to funds warranted directly to USAID, the Agency also receives allocation transfers from the U.S. Department of Agriculture (USDA) Commodity Credit Corporation, the Executive Office of the President, the Department of State, and Millennium Challenge Corporation (MCC).

Additional financing sources for USAID's various credit programs and trust funds include amounts obtained through collection of guaranty fees, permanent indefinite borrowing authority from the U.S. Treasury, proceeds from the sale of overseas real property acquired by USAID, and advances from foreign governments and international organizations.

Revenues are recognized as financing sources to the extent that they are received by USAID from other agencies, other governments, and the public. Imputed revenues are reported in the financial statements to offset imputed costs. Amounts received from other federal agencies under reimbursable agreements are recognized as revenue as related expenditures are incurred.

F. FUND BALANCE WITH THE U.S. TREASURY

Cash receipts and disbursements are processed by the U.S. Treasury. The fund balances with Treasury are primarily appropriated funds that are available to pay current liabilities and finance authorized purchase commitments, but they also include revolving, deposit, and trust funds.

G. FOREIGN CURRENCY

Some USAID host countries contribute funds for the overhead operation of the host mission and the execution of USAID programs. These funds are held in trust and reported in U.S. dollar equivalents on the Balance Sheet and Statement of Net Costs.

H. ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due mainly from foreign governments but also from other federal agencies and private organizations. USAID regards amounts due from other federal agencies as 100 percent collectible. The Agency establishes an allowance for uncollectible accounts receivable from the public for non-loan or revenue generating sources based on a historical analysis of collectability.

I. LOAN GUARANTEES

In the event a guaranteed loan defaults, the loans are accounted for as receivables after funds have been disbursed. To date, no defaults have occurred on the current loan portfolio.

The loans receivable is reduced by an allowance equal to the net present value of the cost to the U.S. government of making the loan. This cost, known as "subsidy", takes into account all cash inflows and outflows associated with the loan, including the interest rate differential between the loans and Treasury borrowing, the estimated delinquencies and defaults net of recoveries, and offsets from fees and other estimated cash flows. This allowance is re-estimated when necessary and changes reflected in the Statement of Net Cost.

J. ADVANCES

Funds disbursed before expenditures are incurred are recorded as advances. Most advances consist of funds disbursed under letters of credit to contractors and grantees. The advances are liquidated and recorded as expenses upon receipt of expenditure reports from the recipients.

K. INVENTORY AND RELATED PROPERTY

USAID's inventory and related property are comprised of life essential materials and supplies. The Agency has materials and supplies in reserve for foreign disaster assistance stored at strategic sites around the world. These include tents, disaster kits, field packs, and water purification units.

Agency supplies held in reserve for future use are items not readily available in the market, or for which there is more than a remote chance that the supplies will be needed, but not in the normal course of operations. Their valuation is based on approximate cost, and they are not considered "held for sale." At any time during the year, inventory may include excess, obsolete, or unserviceable operating materials and supplies.

L. PROPERTY, PLANT AND EQUIPMENT

USAID capitalizes all property, plant and equipment that have an acquisition cost of $25,000 or greater and a useful life of two years or more. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost, depending on when the asset was put into production and depreciated using the straight-line method (mid-year and mid-quarter). Real property is depreciated over 20 years, nonexpendable personal property is depreciated over three to five years. The Agency uses land, buildings, and equipment that are provided by the General Services Administration. Internal use software that has development costs of $300,000 or greater is capitalized. Deferred maintenance amounts are immaterial with respect to the financial statements. In addition, certain USAID assets are held by government contractors. Under provisions of the Federal Acquisition Regulation (FAR), the contractors are responsible for the control and accountability of the assets in their possession, which are immaterial to the financial statements.

M. LIABILITIES

Liabilities represent the amount of monies or other resources that are likely to be paid by USAID as the result of transactions or events that have already occurred. However, no liability can be paid by the Agency without an appropriation or borrowing authority. Liabilities for which an appropriation has not been enacted are therefore classified as Liabilities Not Covered by Budgetary Resources (unfunded liabilities), and there is no certainty that the appropriations will be enacted. As a sovereign entity, the Federal Government can abrogate the payment of all liabilities other than for contracts.

N. LIABILITIES FOR LOAN GUARANTEES

The Federal Credit Reform Act of 1990 (FCRA) prescribes an alternative method of budgeting for guarantees obligated on or after October 1, 1991 (post-1991). The FCRA significantly changed the manner in which USAID finances the activities of loan programs. The main purpose of the FCRA was to measure the cost of federal credit programs more accurately and to place the cost of such programs on a budgetary basis equivalent to other federal spending. Consequently, commencing in FY 1992, USAID can only make new loans or guarantees with an appropriation available to fund the cost of making the loan or guarantee. This cost is known as "subsidy".

Subsidy cost associated with guarantees, is required by the FCRA to be recognized as an expense in the year in which the guarantee is disbursed. Subsidy cost is calculated by Agency program offices prior to obligation using a model prescribed by OMB.

For USAID's loan guarantee programs, when guarantee commitments are made, an obligation for subsidy cost is recorded in the program account. This cost is based on the net present value of the estimated net cash outflows to be paid by the program as a result of the loan guarantees, except for administrative costs, less the net present value of all cash inflows to be generated from those guarantees. When the loans are disbursed, the subsidy cost is disbursed from the program account to a financing account.

Subsidy relating to existing loans and guarantees is generally required to be re-estimated on an annual basis to adjust for changes in risk and interest rate assumptions. Reestimates can either be upward reestimates which indicate that insufficient funds are available to cover the financing account liabilities or downward reestimates which indicate that there is too much subsidy.

The excess funding derived through the downward reestimates is anticipated to be disbursed to Treasury after OMB provides the authority in the succeeding fiscal year. This is reported on the *Downward Reestimate Payable to Treasury* line of the Balance Sheet. Budget authority is also requested from OMB for the upward reestimates.

O. ANNUAL, SICK, AND OTHER LEAVE

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken.

P. RETIREMENT PLANS AND POST EMPLOYMENT BENEFITS

USAID recognizes its share of the cost of providing future pension benefits to eligible employees over the period of time the employees provide the related services. The pension expense recognized in the financial statements equals the current service cost for USAID employees for the accounting period less the amount contributed by the employees. The measurement of the service cost requires the use of an actuarial cost method and assumptions. The Office of Personnel Management (OPM) administers these benefits and provides the factors that USAID applies to calculate the cost. The excess of the pension expense over the amount contributed by USAID and employees represents the amount being financed directly through the Civil Service Retirement System and the Federal Employees Retirement System administered by OPM. This cost is considered an imputed cost to USAID.

USAID recognizes a current period expense for the future cost of post retirement health benefits and life insurance for its employees while they are still working. USAID accounts for and reports this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and USAID do not make contributions to fund these future benefits.

Q. COMMITMENTS AND CONTINGENCIES

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss to USAID. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. For loss contingencies on matters of pending or threatened litigation and unasserted claims, a contingent liability is recognized when a future outflow or other sacrifice of resources is "likely to occur," a past event or exchange transaction has occurred, and the future outflow or sacrifice of resources is measurable.

R. NET POSITION

Net position is the residual difference between assets and liabilities. It is composed of unexpended appropriations and cumulative results of operations.

- Unexpended appropriations are the portion of the appropriations represented by undelivered orders and unobligated balances.
- Cumulative results of operations are also part of net position. This account reflects the net difference between expenses and losses and financing sources, including appropriations, revenues, and gains, since the inception of the activity.

S. NON-ENTITY ASSETS

Non-entity fund balances are amounts in deposit fund accounts. These include such items as: funds received from outside sources where the government acts as fiscal agent, monies the government has withheld awaiting distribution based on legal determination, and unidentified remittances credited as suspense items outside the budget. For USAID, non-entity assets are minimal in amount, and are composed solely of accounts receivable, net of allowances.

T. AGENCY COSTS

USAID costs of operations are comprised of program and operating expenses. USAID/Washington program and Mission related expenses by objectives are obtained directly from Phoenix, the Agency general ledger. A cost allocation model is used to distribute operating expenses, including Management Bureau, Global Development Alliance, Trust Funds and Support Offices costs to specific goals. Expenses related to Credit Reform and Revolving Funds are directly applied to specific Agency goals based on their objectives.

U. PARENT/CHILD REPORTING

USAID is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and receiving (child) entity. Allocation transfers are legal delegations by one department of its ability to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are also charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Per OMB Circular A-136 guidance, parent transfer activities are to be included and child transfer activities are to be excluded in trial balances. Exceptions to this general rule affecting USAID include the Executive Office of the President, for whom USAID is the child in the allocation transfer but, per OMB guidance, will report all activity relative to these allocation transfers in USAID's financial statements. In addition to these funds, USAID allocates funds as the parent to:

- Department of Agriculture, Forest Service
- Department of State
- Department of Health and Human Services

USAID receives allocation transfers as the child from:

- Department of State
- Executive Office of the President
- Millennium Challenge Corporation
- Department of Agriculture, Commodity Credit Corporation

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2022 and 2021 consisted of the following *(in thousands)*:

Status of Fund Balance with Treasury	2022	2021
Unobligated Balance		
Available	$ 13,663,591	$ 12,857,891
Unavailable	2,861,581	3,294,256
Obligated and Other Balances Not Yet Disbursed (Net)	28,302,499	27,382,773
Total	$ 44,827,671	$ 43,534,920

Fund Balances with Treasury are the aggregate amounts of USAID's accounts with Treasury for which the Agency is authorized to make payments. Other Funds include credit program and operating funds which are established to record amounts held for the loan guarantee and other operating funds.

Unobligated balances become available when apportioned by OMB for obligation in the current fiscal year. Obligated and other balances not yet disbursed (net) include balances for non-budgetary funds and unfilled customer orders without advances. The unobligated and obligated balances are reflected on the Combined Statement of Budgetary Resources. The total available unobligated balance includes expired funds which are available for upward adjustments, however they are not available to incur new obligations. In the Combined Statement of Budgetary Resources the expired fund balance is included in Unobligated Balance, Unapportioned. The obligated and other balances not yet disbursed include other liabilities without budgetary related obligations.

NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's Accounts Receivable, Net as of September 30, 2022 and 2021 are as follows *(in thousands)*:

	Receivable Gross	Allowance Accounts	Receivable Net 2022	Receivable Net 2021
Intragovernmental				
Accounts Receivable from Federal Agencies	$ 659,655	N/A	$ 659,655	$ 876,325
Less: Intra-Agency Receivables	(634,755)	N/A	(634,755)	(852,076)
Total Intragovernmental Accounts Receivable	24,900	N/A	24,900	24,249
Accounts Receivable from the Public	102,571	(23,970)	78,601	84,149
Total Receivables	$ 127,471	$ (23,970)	$ 103,501	$ 108,398

Entity intragovernmental accounts receivable consist of amounts due from other U.S. government agencies. No allowance accounts have been established for the intragovernmental accounts receivable, which are considered to be 100 percent collectible.

All other entity accounts receivable consist of amounts managed by Missions or USAID/Washington. These receivables consist of overdue advances, unrecovered advances, and audit findings. The allowance for uncollectable accounts related to these receivables is calculated based on a historical analysis of collectability. Accounts receivable from Missions are collected and recorded to the respective appropriation.

NOTE 4. ADVANCES AND PREPAYMENTS

Advances and Prepayments as of September 30, 2022 and 2021 consisted of the following *(in thousands)*:

	2022	2021
Intragovernmental		
Advances to Federal Agencies	$ 150,742	$ 130,486
Total Intragovernmental	150,742	130,486
Other than Intragovernmental		
Advances to Contractors/Grantees	292,300	156,564
Advances to Host Country Governments and Institutions	1,446,817	1,217,693
Advances, Other	(1,245,852)	(975,081)
Total Other than Intragovernmental	493,265	399,176
Total Advances and Prepayments	$ 644,007	$ 529,662

Intragovernmental Other Assets are comprised of advance payments to other Federal Government entities for Agency expenses not yet incurred and for goods and services not yet received.

Advances to Contractors/Grantees are amounts that USAID pays to cover immediate cash needs related to program implementation until Contractors/Grantees submit expense reports to USAID and USAID records those expenses.

Advances to Host Country Governments and Institutions represent amounts advanced by USAID Missions to host-country governments and other in-country organizations, such as educational institutions and volunteer organizations. Advances, Other consist primarily of amounts advanced for living quarters, travel, and home service. Advances, Other is negative due to the liquidating of advances at the Missions.

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2022 and 2021 are as follows *(in thousands)*:

	2022	2021
Cash and Other Monetary Assets		
Other Cash	$ (386)	$ (398)
Foreign Currencies	261,565	289,334
Total Cash and Other Monetary Assets	$ 261,179	$ 288,936

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled $262 million in FY 2022 and $289 million in FY 2021, as disclosed in Note 12. USAID does not have any non-entity cash or other monetary assets.

The negative amounts occurred in Other Cash due to the posting model used by the Missions for recording transfers to the local banks. The posting model has been revised and the Missions have been advised to reconcile with their local national banks.

NOTE 6. LOAN GUARANTEE LIABILITIES

USAID operates the following loan guarantee programs:

- Israel Loan Guarantee Program
- Middle East Northern Africa (MENA) Loan Guarantee Program (comprised of Tunisia, Jordan, and Iraq Loan Guarantees)
- Ukraine Loan Guarantee Program

A description of these credit programs and the accounting for them is detailed in Note 1 of this report.

An analysis of loan guarantees, liability for loan guarantees, and the nature and amounts of the subsidy costs associated with the loan guarantees are provided in the following sections.

GUARANTEED LOANS OUTSTANDING

Guaranteed Loans Outstanding as of September 30, 2022 and 2021 are as follows *(in thousands)*:

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding (2022):		
Israel	$ 6,175,627	$ 6,175,627
Ukraine	–	–
MENA	500,000	500,000
Total	$ 6,675,627	$ 6,675,627
Guaranteed Loans Outstanding (2021):		
Israel	$ 6,841,786	$ 6,841,786
Ukraine	–	–
MENA	2,500,000	2,500,000
Total	$ 9,341,786	$ 9,341,786

Liability for Loan Guarantees as of September 30, 2022 and 2021 are as follows *(in thousands)*:

Loan Guarantee Programs	Liabilities for Post-1991 Guarantees, Present Value	Loan Guarantee Liabilities
Liability for Loan Guarantees as of September 30, 2022:		
Israel	$ 815,544	$ 815,544
Ukraine	–	–
MENA	141,215	141,215
Total	$ 956,759	$ 956,759
Liability for Loan Guarantees as of September 30, 2021:		
Israel	$ 912,239	$ 912,239
Ukraine	–	–
MENA	610,698	610,698
Total	$ 1,522,937	$ 1,522,937

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2022 and 2021 are as follows *(in thousands)*:

Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Modifications and Reestimates (2022):				
Israel	$ –	$ –	$ (150,502)	$ (150,502)
Ukraine	–	–	–	–
MENA	–	–	(484,253)	(484,253)
Total	$ –	$ –	$ (634,755)	$ (634,755)
Modifications and Reestimates (2021):				
Israel	$ –	$ –	$ (121,786)	$ (121,786)
Ukraine	–	–	(266,574)	(266,574)
MENA	–	–	(463,716)	(463,716)
Total	$ –	$ –	$ (852,076)	$ (852,076)

Total Loan Guarantee Subsidy Expense as of September 30, 2022 and 2021 are as follows *(in thousands)*:

Loan Guarantee Programs	2022	2021
Israel	$ (150,502)	$ (121,786)
Ukraine	–	(266,574)
MENA	(484,253)	(463,716)
Total	$ (634,755)	$ (852,076)

SUBSIDY RATES FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts are as follows *(percent)*:

Loan Guarantee Programs	Interest Supplements (%)	Defaults (%)	Fees and Other Collections (%)	Other (%)	Total (%)
Israel	–	–	–	–	–
Ukraine	–	–	–	–	–
MENA	–	–	–	–	–

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees) as of September 30, 2022 and 2021 are as follows *(in thousands)*:

2022: Post-1991 Loan Guarantees	Israel	Ukraine	MENA	Total
Beginning Balance of the Loan Guarantee Liabilities	**$ 912,239**	**$ –**	**$ 610,698**	**$ 1,522,937**
Add:				
Fees received	–	–	–	–
Interest expense on entity borrowings	–	–	–	–
Subsidy expense reestimates	–	–	–	–
Upward reestimate	–	–	–	–
Less:				
Claim payments to lenders	–	–	–	–
Interest supplements paid	–	–	–	–
Interest revenue on uninvested funds	53,807	–	14,770	68,577
Negative subsidy payments	–	–	–	–
Downward reestimates	(150,502)	–	(484,253)	(634,755)
Loan guarantee modifications	–	–	–	–
Other	–	–	–	–
Ending Balance of the Loan Guarantee Liabilities	**$ 815,544**	**$ –**	**$ 141,215**	**$ 956,759**

2021: Post-1991 Loan Guarantees	Israel	Ukraine	MENA	Total
Beginning Balance of the Loan Guarantee Liabilities	**$ 975,885**	**$ 259,605**	**$ 1,049,807**	**$ 2,285,297**
Add:				
Fees received	–	–	–	–
Interest expense on entity borrowings	–	–	–	–
Subsidy expense reestimates	–	–	–	–
Upward reestimate	–	–	–	–
Less:				
Claim payments to lenders	–	–	–	–
Interest supplements paid	–	–	–	–
Interest revenue on uninvested funds	58,140	6,969	24,607	89,716
Negative subsidy payments	–	–	–	–
Downward reestimates	(121,786)	(266,574)	(463,716)	(852,076)
Loan guarantee modifications	–	–	–	–
Other	–	–	–	–
Ending Balance of the Loan Guarantee Liabilities	**$ 912,239**	**$ –**	**$ 610,698**	**$ 1,522,937**

Administrative Expense as of September 30, 2022 and 2021 are as follows *(in thousands)*:

	2022	2021
Loan Guarantee Program*	$ 66	$ 70
Total	$ 66	$ 70

* USAID receives appropriations for administering it's programs in the operating fund. Due to the relative size of the current loan portfolio in relation to other USAID programs, distinction of associated loan administrative costs are based on estimates.

OTHER INFORMATION

Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2023. In addition, the reestimates reported in the current fiscal year financial statements are not reported in the U.S. government's budget until the following year. Several loan guarantees matured and were fully repaid during the current fiscal year, reducing USAID's risk exposure by approximately $3.1 billion (this is further detailed under the Sovereign Bond Guarantees (SBG) section of this report). As a result, downward reestimates calculated in the current fiscal year was approximately $635 million.

There are no new loans disbursements, as such, no data was reported under the subsidy rates table on the previous page. The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

NOTE 7. INVENTORY AND RELATED PROPERTY, NET

USAID's Inventory and Related Property, Net is comprised of Operating Materials and Supplies. Operating Materials and Supplies as of September 30, 2022 and 2021 are as follows *(in thousands)*:

	2022	2021
Items Held for Use		
Office Supplies	$ 3,290	$ 1,764
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies	4,671	6,482
Birth Control Supplies	7,216	9,674
Total Inventory and Related Property (Net)	$ 15,177	$ 17,920

Operating Materials and Supplies are considered tangible properties that are consumed in the normal course of business and not held for sale. The valuation is based on historical acquisition costs. There are no obsolete or unserviceable items, and no restrictions on their use. Items costing less than $25,000 are expensed as incurred.

NOTE 8. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The components of Property, Plant and Equipment (PP&E), Net as of September 30, 2022 and 2021 are as follows *(in thousands)*:

2022	Useful Life	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	$ 57,799	$ (47,450)	$ 10,349
Buildings, Improvements, and Renovations	5 to 20 years	84,935	(48,771)	36,164
Land and Land Rights	N/A	7,203	N/A	7,203
Internal Use Software	3 to 5 years	144,322	(138,601)	5,721
Total PP&E		$ 294,259	$(234,822)	$ 59,437

2021	Useful Life	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	$ 57,470	$ (49,294)	$ 8,176
Buildings, Improvements, and Renovations	5 to 20 years	84,104	(45,058)	39,046
Land and Land Rights	N/A	7,203	N/A	7,203
Internal Use Software	3 to 5 years	144,270	(134,622)	9,648
Total PP&E		$ 293,047	$ (228,974)	$ 64,073

(continued on next page)

Schedule of General PP&E, Net as of September 30, 2022 is as follows *(in thousands)*:

2022	Net PP&E
Balance Beginning of Year	$ 64,073
Capital Acquisition	12,875
Dispositions	(1,055)
Depreciation Expense	(16,456)
Balance Ending of Year	$ 59,437

Equipment consists primarily of electric generators, Automatic Data Processing (ADP) hardware, vehicles, and copiers located at the overseas field Missions.

Buildings, Improvements, and Renovations, in addition to Land and Land Rights include USAID-owned office buildings and residences at foreign Missions, including the land on which these structures reside. These structures are used and maintained by the field Missions. USAID generally does not separately report the cost of the building and the land on which the building resides.

Land consists of property owned by USAID in foreign countries. Land is generally procured with the intent of constructing buildings.

NOTE 9. LEASES

As of September 30, 2022, Future Lease Payments consisted of the following *(in thousands)*:

Operating Leases:	2022		
Future Payments Due:	Future Costs		
Fiscal Year	Federal	Non-Federal	Future Costs
2023	$ 60,566	$ 52,050	$ 112,616
2024	60,956	35,709	96,666
2025	61,373	22,883	84,256
2026	60,099	13,713	73,811
2027	59,969	7,265	67,234
2028 and Beyond	406,886	4,975	411,862
Total Future Lease Payments	$ 709,849	$ 136,595	$ 846,445

Future operating lease payments total $846.4 million, of which $709.8 million is for the USAID head-quarter buildings in Washington, D.C., with the remaining $136.6 million for leases at Mission locations throughout the world. The current lease agreements are for approximately 893,888 sq. feet for the headquarter building with the longest lease extending out until FY 2040. The leases at Mission locations are for office, warehouse, and residential spaces with various expiration dates between FY 2022 through FY 2031. All the leases for the headquarter buildings are with the U.S. General Services Admin-istration (GSA), which charges commercial rates for USAID's occupancy and are non-cancellable.

NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2022 and 2021 Liabilities Not Covered by Budgetary Resources were as follows *(in thousands)*:

	2022	2021
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Unfunded FECA Liability (Note 13)	$ 6,333	$ 6,432
Other Unfunded Employment Related Liability (Note 12)	79	340
Other Liabilities (Note 12)	–	27
Total Intragovernmental	$ 6,412	$ 6,799
Accrued Annual Leave (Note 12)	79,000	84,322
FSN Separation Pay Liability (Note 12)	701	4,877
Future Workers' Compensation Benefits (Note 13)	26,333	26,928
Total Liabilities Not Covered by Budgetary Resources	112,446	122,926
Total Liabilities Covered by Budgetary Resources	6,312,592	6,782,602
Total Liabilities	$ 6,425,038	$ 6,905,528

USAID records liabilities for amounts that are likely to be paid as the direct result of events that have already occurred. USAID considers the Intragovernmental accounts payable as liabilities covered under budgetary resources. These accounts payable are those payable to other federal agencies and consist mainly of unliquidated obligation balances related to interagency agreements between USAID and other federal agencies. The accounts payable with the public represent liabilities to non-federal entities.

Liabilities not covered by budgetary resources include accrued unfunded annual leave and separation pay. Although future appropriations to fund these liabilities are probable and anticipated, Congressional action is needed before budgetary resources can be provided. Accrued unfunded annual leave, workers' compensation benefits, and separation pay represent future liabilities not currently funded by budgetary resources, but will be funded as it becomes due with future resources.

NOTE 11. INTRAGOVERNMENTAL DEBT

The Balance Sheet component of the $635 million *Liability for Capital Transfers to the General Fund of the Treasury* is reflective of the downward reestimates that are anticipated to be paid to Treasury at the end of the next fiscal year. All debt shown is intragovernmental debt.

NOTE 12. OTHER LIABILITIES

As of September 30, 2022 and 2021 Other Current Liabilities consisted of the following *(in thousands)*:

	2022	2021
Intragovernmental		
IPAC Suspense	$ 6,521	$ 7,369
Custodial Liability	2,701	2,684
Employer Contributions & Payroll Taxes Payable	8,788	6,642
Other Unfunded Employment Related Liability	79	340
Other Liabilities (Note 10)	–	27
Total Other Liabilities	18,089	17,062
Advances from Others and Deferred Revenue	1,088,674	1,165,779
Total Intragovernmental	$ 1,106,763	$ 1,182,841
Other than Intragovernmental		
Accrued Funded Payroll and Leave	$ 7,708	$ 46,703
Accrued Unfunded Annual Leave (Note 10)	79,000	84,322
FSN Separation Pay Liability (Note 10)	701	4,877
Foreign Currency Trust Fund (Note 5)	261,565	289,334
Other Liabilities	144,828	145,532
Total Other Liabilities	493,802	570,768
Advances from Others and Deferred Revenue	18,508	17,017
Total Liabilities Other than Intragovernmental	$ 512,310	$ 587,785
Total Other Liabilities	$ 1,619,073	$ 1,770,626

Intragovernmental Liabilities represent amounts due to other federal agencies.
All remaining Other Liabilities are liabilities to non-federal entities.

NOTE 13. FEDERAL EMPLOYEES AND VETERAN'S BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2022 and 2021 are indicated in the table below *(in thousands)*:

Unfunded Workers' Compensation Benefits	2022	2021
Liabilities Not Covered by Budgetary Resources		
Future Workers' Compensation Benefits (Note 10)	$ 26,333	$ 26,928
Accrued Unfunded FECA Liability (Note 10)	6,333	6,432
Total Unfunded Workers' Compensation Benefits	$ 32,666	$ 33,360

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job and to beneficiaries of employees whose deaths are attributable to job-related injury or disease. The FECA program is administered by the U.S. Department of Labor (DOL). DOL initially pays valid FECA claims for all Federal Government agencies and seeks reimbursement two fiscal years later from the federal agencies employing the claimants.

For FY 2022, USAID's total FECA liability was $32.6 million, comprised of unpaid FECA billings for $6.3 million and estimated future FECA costs of $26.3 million.

The actuarial estimate for the FECA unfunded liability is determined by the DOL using a method that utilizes historical benefit payment patterns. The projected annual benefit payments are discounted to present value using economic assumption for 10-year Treasury notes and bonds and the amount is further adjusted for inflation.

NOTE 14. COMMITMENTS AND CONTINGENCIES

USAID is involved in certain claims, suits, and complaints that have been filed or are pending. These matters are in the ordinary course of the Agency's operations and are not expected to have a material adverse effect on the Agency's financial operations. As of September 30, 2021 there was one pending case. There were five new cases filed in FY 2022. Two of the new cases were dismissed on March 3, 2022. As of September 30, 2022 there were four pending cases.

The schedule below details the accrued liabilities and estimated range of loss for pending legal cases as of September 30, 2022 and 2021 *(in thousands)*:

	2022		2021	
	Estimated Range of Loss		Estimated Range of Loss	
	Lower End	Upper End	Lower End	Upper End
Legal Contingencies:				
Probable	$ –	$ –	$ –	$ –
Reasonably Possible	1,100	8,263	100	1,800
Total Accrued Liabilities and Estimated Range of Loss	$ 1,100	$ 8,263	$ 100	$ 1,800

USAID's normal course of business involves the execution of project agreements with foreign governments that are a type of treaty. All of these agreements give rise to obligations that are fully reported on USAID's financial statements, and none of which are contingent. It is not USAID's normal business practice to enter into other types of agreements or treaties with foreign governments that create contingent liabilities.

NOTE 15. COVID-19 ACTIVITY

USAID's COVID-19 Activity as of September 30, 2022 and 2021 consisted of the following *(in thousands)*:

SCHEDULE OF FY 2022 FUNDING ACTIVITY

COVID-19 Funded Programs	Unobligated (and unexpired) Balance Carried Forward from PY[1]	New Budget Authority (+)	Budgetary Resources Obligated (-)	Ending Unobligated (and unexpired) Balance to be Carried Forward	Outlays, Net
Economic Support Fund	$ 2,889,436	$ –	$ 2,889,436	$ –	$ 5,127,514
International Disaster Assistance	1,118	–	–	1,118	37,508
Operating Expenses	66,945	(1,305)	66,131	(1,024)	42,023
Total	$ 2,957,499	$ (1,305)	$ 2,955,567	$ 94	$ 5,207,045

SCHEDULE OF FY 2021 FUNDING ACTIVITY

COVID-19 Funded Programs	Unobligated (and unexpired) Balance Carried Forward from PY	New Budget Authority (+)	Budgetary Resources Obligated (-)	Ending Unobligated (and unexpired) Balance to be Carried Forward[1]	Outlays, Net
Economic Support Fund	$ 23,101	$ 8,523,643	$ 5,049,985	$ 3,496,759	$ 1,735,360
International Disaster Assistance	121	–	–	121	454,077
Operating Expenses	49,484	41,000	27,630	62,869	26,540
Total	$ 72,706	$ 8,564,643	$ 5,077,615	$ 3,559,749	$ 2,215,977

[1] The Ending Unobligated Balance carried forward to the beginning of the following fiscal year, October 1, 2022. In FY 2018, OMB Circular A-136 streamlined the reporting of the SBR to reflect requirements of FSAB standards. Due to this, there is a Difference of $620.3 million between the Unobligated Balance, End of Year 2021 and the Unobligated Balance Carried Forward to October 1, 2022.

Schedule of COVID-19 Activity as reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) and the Agency as of September 30, 2022 *(in thousands)*:

SCHEDULE OF COVID-19 ACTIVITY FUNDED BY DISASTER AND EMERGENCY FUNDING (DEF) CODES

COVID-19 Funded Programs	GTAS: DEF Code L, N, and V Total	GTAS: Other[1]	AGENCY: Total
Budgetary Resources: Unobligated (and unexpired) Balance Carried Forward from PY	$ 2,883,283	$ 74,216	$ 2,957,499
New Budget Authority (+)	–	(1,305)	(1,305)
Budgetary Resources Obligated (-)	2,882,656	72,911	2,955,567
Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	1,118	(1,024)	94
Outlays, Net	$ 5,191,260	$ 15,785	$ 5,207,045

[1] The balances reported under "Other" in the table above were not mapped to COVID-19 DEF Codes in GTAS, which has been addressed for future reporting.

HIGHLIGHTS OF COVID-19 FUNDING ACCOMPLISHMENTS

COVID-19 knows no borders and no one is safe until everyone is safe. USAID is leading the U.S. government's efforts to vaccinate the world and save lives now. Since the beginning of the pandemic, USAID has supported more than 120 countries to contain and combat the virus. USAID is building on decades of global health leadership combating infectious diseases such as Ebola, HIV/AIDS, tuberculosis, and malaria to now fight COVID-19 among other vaccine preventable diseases. USAID programs are helping deliver vaccines and get shots in arms through the U.S. government's Initiative for Global Vaccine Access (Global VAX), expand access to COVID-19 testing and treatment, protect and train health workers, deliver life-saving health commodities and equipment, share accurate and reliable public health information, and safeguard global health security. USAID is not just fighting the disease—we are also fighting to secure decades of development progress that the pandemic has harmed. USAID programs are keeping kids in school, providing emergency food and hygiene assistance, helping people find work, preventing democratic backsliding, addressing gender-based violence, and tackling other devastating impacts of the pandemic.

NOTE 16. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

The Schedule of Costs by Responsibility Segment categorizes costs and revenues by Program Categories and Program Areas, which is consistent with the State-USAID SPSD and Responsibility Segment.

A responsibility segment is the component that carries out a mission or major line of activity, and whose managers report directly to top management. The Pillar and Regional Bureaus of USAID (below) meet the criteria for responsibility segments. These bureaus directly support the Agency goals while the remaining bureaus and offices support the operations of these bureaus. To report the full cost of program outputs, the cost of support bureaus and offices are allocated to the outputs of the Pillar and Regional Bureaus. Intra-agency eliminations are allocated to Program Areas to reflect total costs.

In the FY 2022 Consolidated Statement of Net Cost, major responsibility segments are (i) the Regional Bureaus and (ii) the Pillar Bureaus. The five Regional Bureaus are: Africa; Asia; Europe and Eurasia; Latin America and the Caribbean; and the Middle East. The five Pillar Bureaus are Bureau for Humanitarian Assistance (BHA); Conflict Prevention and Stabilization (CPS); Development, Democracy, and Innovation (DDI); Global Health (GH); and Resilience and Food Security (RFS).

Schedule of Costs by SPSD for the years ended September 30, 2022 and 2021 are indicated in the table on the following pages *(in thousands)*:

Categories	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	2022 Consolidated Total	2021 Consolidated Total
DR–Democracy, Human Rights and Governance												
DR.1–Rule of Law (ROL)												
Gross Costs	$ 21,116	$ 28,981	$ 405	$ –	$ 2,013	$ 20,994	$ –	$ 36,130	$ 8,649	$ –	$ 118,288	$ 159,827
Less: Earned Revenue	(160)	(224)	–	–	(15)	(107)	–	(370)	(120)	–	(996)	(825)
Net Program Costs	**20,956**	**28,757**	**405**	**–**	**1,998**	**20,887**	**–**	**35,760**	**8,529**	**–**	**117,292**	**159,002**
DR.2–Good Governance												
Gross Costs	79,718	90,830	–	3,703	15,235	107,288	–	182,189	99,949	–	578,912	628,325
Less: Earned Revenue	(594)	(700)	–	(20)	(91)	(502)	–	(1,976)	(1,405)	–	(5,288)	(3,316)
Net Program Costs	**79,124**	**90,130**	**–**	**3,683**	**15,144**	**106,786**	**–**	**180,213**	**98,544**	**–**	**573,624**	**625,009**
DR.3–Political Competition and Consensus-Building												
Gross Costs	43,078	19,590	3,959	1,905	6,505	28,281	–	13,811	45,852	–	162,981	164,246
Less: Earned Revenue	(300)	(160)	–	(9)	(261)	(152)	–	(179)	(656)	–	(1,717)	(872)
Net Program Costs	**42,778**	**19,430**	**3,959**	**1,896**	**6,244**	**28,129**	**–**	**13,632**	**45,196**	**–**	**161,264**	**163,374**
DR.4–Civil Society												
Gross Costs	81,463	105,373	2,093	8,416	11,888	70,390	–	54,387	91,118	–	425,128	323,250
Less: Earned Revenue	(600)	(1,001)	–	(51)	(179)	(359)	–	(558)	(1,213)	–	(3,961)	(1,581)
Net Program Costs	**80,863**	**104,372**	**2,093**	**8,365**	**11,709**	**70,031**	**–**	**53,829**	**89,905**	**–**	**421,167**	**321,669**
DR.5–Independent Media and Free Flow of Information												
Gross Costs	10,791	12,726	–	–	4,513	40,635	–	14,613	104	–	83,382	80,368
Less: Earned Revenue	(79)	(103)	–	–	(59)	(249)	–	(165)	(1)	–	(656)	(428)
Net Program Costs	**10,712**	**12,623**	**–**	**–**	**4,454**	**40,386**	**–**	**14,448**	**103**	**–**	**82,726**	**79,940**
DR.6–Human Rights												
Gross Costs	11,272	31,571	605	2,195	33,904	1,820	–	36,225	4,277	–	121,869	105,127
Less: Earned Revenue	(77)	(300)	–	(37)	(243)	(9)	–	(413)	(54)	–	(1,133)	(501)
Net Program Costs	**11,195**	**31,271**	**605**	**2,158**	**33,661**	**1,811**	**–**	**35,812**	**4,223**	**–**	**120,736**	**104,626**
Total Democracy, Human Rights and Governance	**245,628**	**286,583**	**7,062**	**16,102**	**73,210**	**268,030**	**–**	**333,694**	**246,500**	**–**	**1,476,809**	**1,453,620**
EG–Economic Growth												
EG.1–Macroeconomic Foundation for Growth												
Gross Costs	7,594	19,648	–	–	33,574	7,887,171	–	4,607	359,354	–	8,311,948	113,045
Less: Earned Revenue	(66)	(14,484)	–	–	(14,789)	(3,288)	–	(52)	(6,613)	–	(39,292)	(56,378)
Net Program Costs	**7,528**	**5,164**	**–**	**–**	**18,785**	**7,883,883**	**–**	**4,555**	**352,741**	**–**	**8,272,656**	**56,667**
EG.2–Trade and Investment												
Gross Costs	30,537	40,565	–	–	21,878	16,139	–	17,803	4,022	–	130,944	165,828
Less: Earned Revenue	(189)	(383)	–	–	(130)	(90)	–	(172)	(31)	–	(995)	(704)
Net Program Costs	**30,348**	**40,182**	**–**	**–**	**21,748**	**16,049**	**–**	**17,631**	**3,991**	**–**	**129,949**	**165,124**
EG.3–Agriculture												
Gross Costs	472,402	222,126	–	–	19,521	5,475	–	57,138	11,035	248,879	1,036,576	850,649
Less: Earned Revenue	(3,752)	(1,629)	–	–	(118)	–	–	(648)	(97)	–	(6,244)	(2,340)
Net Program Costs	**468,650**	**220,497**	**–**	**–**	**19,403**	**5,475**	**–**	**56,490**	**10,938**	**248,879**	**1,030,332**	**848,309**
EG.4–Financial Sector												
Gross Costs	505	14,246	–	–	58,686	6,287	–	1,131	14,258	–	95,113	108,647
Less: Earned Revenue	(5)	(146)	–	–	(53,826)	(45)	–	(11)	(265)	–	(54,298)	(59,135)
Net Program Costs	**500**	**14,100**	**–**	**–**	**4,860**	**6,242**	**–**	**1,120**	**13,993**	**–**	**40,815**	**49,512**

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Categories	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	2022 Consolidated Total	2021 Consolidated Total
EG.5–Private Sector Productivity												
Gross Costs	19,822	163,763	–	–	87,294	108,645	–	28,727	132,298	–	540,549	381,610
Less: Earned Revenue	(134)	(1,008)	–	–	(570)	(647)	–	(340)	(1,712)	–	(4,411)	(2,928)
Net Program Costs	**19,688**	**162,755**	**–**	**–**	**86,724**	**107,998**	**–**	**28,387**	**130,586**	**–**	**536,138**	**378,682**
EG.6–Workforce Development												
Gross Costs	2,282	29,947	–	–	30,144	12,735	–	6,075	25,931	–	107,114	90,350
Less: Earned Revenue	(20)	(121)	–	–	(171)	(107)	–	(75)	(359)	–	(853)	(303)
Net Program Costs	**2,262**	**29,826**	**–**	**–**	**29,973**	**12,628**	**–**	**6,000**	**25,572**	**–**	**106,261**	**90,047**
EG.7–Modern Energy Services												
Gross Costs	57,764	59,003	–	–	1,436	44,068	–	2,889	4,382	–	169,542	383,069
Less: Earned Revenue	(444)	(233)	–	–	(12)	(202)	–	(17)	(44)	–	(952)	(1,357)
Net Program Costs	**57,320**	**58,770**	**–**	**–**	**1,424**	**43,866**	**–**	**2,872**	**4,338**	**–**	**168,590**	**381,712**
EG.8–Information and Communications Technology Services												
Gross Costs	225	2,257	–	–	10,711	24	–	198	44	–	13,459	9,390
Less: Earned Revenue	(2)	–	–	–	(54)	–	–	(2)	–	–	(58)	(21)
Net Program Costs	**223**	**2,257**	**–**	**–**	**10,657**	**24**	**–**	**196**	**44**	**–**	**13,401**	**9,369**
EG.9–Transport Services												
Gross Costs	6,351	–	–	–	344	681	–	717	3,149	–	11,242	99,532
Less: Earned Revenue	(47)	–	–	–	(2)	(3)	–	(8)	(55)	–	(115)	(321)
Net Program Costs	**6,304**	**–**	**–**	**–**	**342**	**678**	**–**	**709**	**3,094**	**–**	**11,127**	**99,211**
EG.10–Environment												
Gross Costs	132,363	86,018	–	–	35,151	1,257	–	79,174	6,231	264	340,458	296,737
Less: Earned Revenue	(910)	(610)	–	–	(213)	(11)	–	(909)	(111)	–	(2,764)	(1,462)
Net Program Costs	**131,453**	**85,408**	**–**	**–**	**34,938**	**1,246**	**–**	**78,265**	**6,120**	**264**	**337,694**	**295,275**
EG.11-Climate Change – Adaptation												
Gross Costs	1,000	16,333	–	–	890	–	–	2,573	179	187	21,162	3,490
Less: Earned Revenue	(9)	(109)	–	–	(7)	–	–	(26)	(3)	–	(154)	(10)
Net Program Costs	**991**	**16,224**	**–**	**–**	**883**	**–**	**–**	**2,547**	**176**	**187**	**21,008**	**3,480**
EG.12-Climate Change – Clean Energy												
Gross Costs	27,376	6,494	–	–	4,415	75	–	7,155	–	–	45,515	1,024
Less: Earned Revenue	(149)	(30)	–	–	(22)	–	–	(60)	–	–	(261)	–
Net Program Costs	**27,227**	**6,464**	**–**	**–**	**4,393**	**75**	**–**	**7,095**	**–**	**–**	**45,254**	**1,024**
EG.13-Climate Change – Sustainable Landscapes												
Gross Costs	15,524	38,184	–	–	6,869	–	–	63,035	–	7,495	131,107	89,293
Less: Earned Revenue	(107)	(360)	–	–	(34)	–	–	(721)	–	–	(1,222)	(385)
Net Program Costs	**15,417**	**37,824**	**–**	**–**	**6,835**	**–**	**–**	**62,314**	**–**	**7,495**	**129,885**	**88,908**
Total Economic Growth	**767,911**	**679,471**	**–**	**–**	**240,965**	**8,078,164**	**–**	**268,181**	**551,593**	**256,825**	**10,843,110**	**2,467,320**
ES–Education and Social Services												
ES.1–Basic Education												
Gross Costs	251,115	79,384	40	–	146,477	7,785	–	56,507	317,556	–	858,864	853,201
Less: Earned Revenue	(1,862)	(189)	–	–	(15)	(190)	–	(561)	(4,772)	–	(7,589)	(3,697)
Net Program Costs	**249,253**	**79,195**	**40**	**–**	**146,462**	**7,595**	**–**	**55,946**	**312,784**	**–**	**851,275**	**849,504**

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Categories	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	2022 Consolidated Total	2021 Consolidated Total
ES.2–Higher Education												
Gross Costs	18,678	26,402	2,286	–	43,455	–	–	8,322	32,906	–	132,049	97,039
Less: Earned Revenue	(115)	(218)	(1)	–	(233)	–	–	(98)	(460)	–	(1,125)	(456)
Net Program Costs	**18,563**	**26,184**	**2,285**	**–**	**43,222**	**–**	**–**	**8,224**	**32,446**	**–**	**130,924**	**96,583**
ES.3–Social Policies, Regulations, and Systems												
Gross Costs	242	3,069	–	–	175	85	–	14,578	725	–	18,874	25,477
Less: Earned Revenue	(3)	(36)	–	–	–	–	–	(167)	(12)	–	(218)	(98)
Net Program Costs	**239**	**3,033**	**–**	**–**	**175**	**85**	**–**	**14,411**	**713**	**–**	**18,656**	**25,379**
ES.4–Social Services												
Gross Costs	1,246	20,363	–	19,061	39,336	2,018	147	13,752	7,114	–	103,037	103,974
Less: Earned Revenue	(12)	(156)	–	(118)	(270)	(12)	(6)	(163)	(112)	–	(849)	(486)
Net Program Costs	**1,234**	**20,207**	**–**	**18,943**	**39,066**	**2,006**	**141**	**13,589**	**7,002**	**–**	**102,188**	**103,488**
ES.5–Social Assistance												
Gross Costs	2,966	1,244	–	–	1,079	522	–	1,094	5,994	–	12,899	57,300
Less: Earned Revenue	(38)	(15)	–	–	–	(1)	–	(18)	(92)	–	(164)	(335)
Net Program Costs	**2,928**	**1,229**	**–**	**–**	**1,079**	**521**	**–**	**1,076**	**5,902**	**–**	**12,735**	**56,965**
Total Education and Social Service	**272,217**	**129,848**	**2,325**	**18,943**	**230,004**	**10,207**	**141**	**93,246**	**358,847**	**–**	**1,115,778**	**1,131,919**
HA–Humanitarian Assistance												
HA.1–Protection, Assistance and Solutions												
Gross Costs	–	2,031	6,219,342	–	–	269	–	12,577	40,264	–	6,274,483	5,863,332
Less: Earned Revenue	–	(13)	(960)	–	–	–	–	(75)	(533)	–	(1,581)	(14,170)
Net Program Costs	**–**	**2,018**	**6,218,382**	**–**	**–**	**269**	**–**	**12,502**	**39,731**	**–**	**6,272,902**	**5,849,162**
HA.2–Disaster Readiness												
Gross Costs	520	12,416	284,528	–	–	–	–	11,043	1,498	99	310,104	248,222
Less: Earned Revenue	(3)	(143)	(33)	–	–	–	–	(118)	(21)	–	(318)	(533)
Net Program Costs	**517**	**12,273**	**284,495**	**–**	**–**	**–**	**–**	**10,925**	**1,477**	**99**	**309,786**	**247,689**
HA.3–Migration Management												
Gross Costs	–	–	–	–	–	–	–	55,452	–	–	55,452	62,552
Less: Earned Revenue	–	–	–	–	–	–	–	(626)	–	–	(626)	(333)
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**54,826**	**–**	**–**	**54,826**	**62,219**
Total Humanitarian Assistance	**517**	**14,291**	**6,502,877**	**–**	**–**	**269**	**–**	**78,253**	**41,208**	**99**	**6,637,514**	**6,159,070**
HL–Health												
HL.1–HIV/AIDS												
Gross Costs	397,070	55,138	–	–	132	2,268	2,780,305	26,227	29,248	284	3,290,672	2,626,147
Less: Earned Revenue	(13,600)	(1,163)	–	–	(3)	(94)	(865,470)	(1,002)	(446)	–	(881,778)	(674,048)
Net Program Costs	**383,470**	**53,975**	**–**	**–**	**129**	**2,174**	**1,914,835**	**25,225**	**28,802**	**284**	**2,408,894**	**1,952,099**
HL.2–Tuberculosis												
Gross Costs	18,790	21,797	–	–	1	691	1,422	2	220	2	42,925	34,362
Less: Earned Revenue	(798)	(916)	–	–	–	(29)	(60)	–	(3)	–	(1,806)	(845)
Net Program Costs	**17,992**	**20,881**	**–**	**–**	**1**	**662**	**1,362**	**2**	**217**	**2**	**41,119**	**33,517**

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Categories	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	2022 Consolidated Total	2021 Consolidated Total
HL.3–Malaria												
Gross Costs	116,402	3,861	–	–	5	1	1,246	1,927	1,056	10	124,508	123,760
Less: Earned Revenue	(4,946)	(132)	–	–	–	–	(52)	(82)	(16)	–	(5,228)	(3,055)
Net Program Costs	**111,456**	**3,729**	**–**	**–**	**5**	**1**	**1,194**	**1,845**	**1,040**	**10**	**119,280**	**120,705**
HL.4–Pandemic Influenza and Other Emerging Threats (PIOET)												
Gross Costs	304,559	85,527	–	–	7	19,967	3,704,929	69,419	49,401	15	4,233,824	207,238
Less: Earned Revenue	(1,669)	(493)	–	–	–	(91)	(4,259)	(757)	(600)	–	(7,869)	(314)
Net Program Costs	**302,890**	**85,034**	**–**	**–**	**7**	**19,876**	**3,700,670**	**68,662**	**48,801**	**15**	**4,225,955**	**206,924**
HL.5–Other Public Health Threats												
Gross Costs	599	4,784	–	–	14,330	111	2,347	17	41,113	22	63,323	20,641
Less: Earned Revenue	(11)	(45)	–	–	(87)	–	(77)	–	(565)	–	(785)	(163)
Net Program Costs	**588**	**4,739**	**–**	**–**	**14,243**	**111**	**2,270**	**17**	**40,548**	**22**	**62,538**	**20,478**
HL.6–Maternal and Child Health												
Gross Costs	68,415	57,193	–	–	116	601	14,158	8,598	24,559	78	173,718	171,913
Less: Earned Revenue	(2,861)	(1,126)	–	–	(4)	–	(597)	(365)	(408)	–	(5,361)	(3,570)
Net Program Costs	**65,554**	**56,067**	**–**	**–**	**112**	**601**	**13,561**	**8,233**	**24,151**	**78**	**168,357**	**168,343**
HL.7–Family Planning and Reproductive Health												
Gross Costs	53,788	27,305	–	–	16	3	3,659	2,925	54,630	34	142,360	105,465
Less: Earned Revenue	(2,266)	(701)	–	–	–	–	(153)	(124)	(875)	–	(4,119)	(1,791)
Net Program Costs	**51,522**	**26,604**	**–**	**–**	**16**	**3**	**3,506**	**2,801**	**53,755**	**34**	**138,241**	**103,674**
HL.8–Water Supply and Sanitation												
Gross Costs	155,670	43,275	–	–	–	11	320	20,337	116,763	16,988	353,364	352,987
Less: Earned Revenue	(1,290)	(371)	–	–	–	–	(5)	(225)	(1,548)	–	(3,439)	(1,662)
Net Program Costs	**154,380**	**42,904**	**–**	**–**	**–**	**11**	**315**	**20,112**	**115,215**	**16,988**	**349,925**	**351,325**
HL.9–Nutrition												
Gross Costs	13,770	9,457	–	–	2	–	339	1,157	3,938	5	28,668	22,303
Less: Earned Revenue	(579)	(254)	–	–	–	–	(17)	(51)	(46)	–	(947)	(425)
Net Program Costs	**13,191**	**9,203**	**–**	**–**	**2**	**–**	**322**	**1,106**	**3,892**	**5**	**27,721**	**21,878**
Total Health	**1,101,043**	**303,136**	**–**	**–**	**14,515**	**23,439**	**5,638,035**	**128,003**	**316,421**	**17,438**	**7,542,030**	**2,978,943**
PO–Program Development and Oversight												
PO.1–Program Design and Learning												
Gross Costs	68,441	34,773	70,905	2,069	35,843	8,548	–	27,217	44,882	10,278	302,956	282,830
Less: Earned Revenue	(683)	(374)	(8)	(8)	(186)	(43)	–	(318)	(612)	–	(2,232)	(1,865)
Net Program Costs	**67,758**	**34,399**	**70,897**	**2,061**	**35,657**	**8,505**	**–**	**26,899**	**44,270**	**10,278**	**300,724**	**280,965**
PO.2–Administration and Oversight												
Gross Costs	146,075	75,863	244,553	56,230	89,458	27,659	–	75,454	57,663	29,186	802,141	746,999
Less: Earned Revenue	(1,819)	(865)	(33)	(271)	(351)	(130)	–	(903)	(778)	–	(5,150)	(3,716)
Net Program Costs	**144,256**	**74,998**	**244,520**	**55,959**	**89,107**	**27,529**	**–**	**74,551**	**56,885**	**29,186**	**796,991**	**743,283**
PO.3–Evaluation												
Gross Costs	13,033	2,334	–	44	1,867	4,564	–	14,558	5,558	–	41,958	44,738
Less: Earned Revenue	(155)	(22)	–	–	(9)	(36)	–	(157)	(63)	–	(442)	(232)
Net Program Costs	**12,878**	**2,312**	**–**	**44**	**1,858**	**4,528**	**–**	**14,401**	**5,495**	**–**	**41,516**	**44,506**
Total Program Development and Oversight	**224,892**	**111,709**	**315,417**	**58,064**	**126,622**	**40,562**	**–**	**115,851**	**106,650**	**39,464**	**1,139,231**	**1,068,754**

(continued on next page)

(continued)

Categories	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	2022 Consolidated Total	2021 Consolidated Total
PS–Peace and Security												
PS.1–Counterterrorism												
Gross Costs	6,365	4,802	–	–	5,452	66	–	–	2,651	–	19,336	42,397
Less: Earned Revenue	(57)	(54)	–	–	(32)	–	–	–	(36)	–	(179)	(177)
Net Program Costs	**6,308**	**4,748**	**–**	**–**	**5,420**	**66**	**–**	**–**	**2,615**	**–**	**19,157**	**42,220**
PS.2–Combating Weapons of Mass Destruction (WMD)												
Gross Costs	–	–	–	148	–	–	–	–	–	–	148	33
Less: Earned Revenue	–	–	–	(1)	–	–	–	–	–	–	(1)	–
Net Program Costs	**–**	**–**	**–**	**147**	**–**	**–**	**–**	**–**	**–**	**–**	**147**	**33**
PS.3–Counternarcotics												
Gross Costs	–	81	–	–	–	–	–	117,512	–	–	117,593	137,631
Less: Earned Revenue	–	–	–	–	–	–	–	(1,359)	–	–	(1,359)	(697)
Net Program Costs	**–**	**81**	**–**	**–**	**–**	**–**	**–**	**116,153**	**–**	**–**	**116,234**	**136,934**
PS.4-Transnational Threats and Crime												
Gross Costs	–	–	–	–	–	13,814	–	–	–	–	13,814	2,424
Less: Earned Revenue	–	–	–	–	–	(20)	–	–	–	–	(20)	(1)
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**13,794**	**–**	**–**	**–**	**–**	**13,794**	**2,423**
PS.5–Trafficking in Persons												
Gross Costs	1,688	22,194	–	–	–	2,812	–	1,514	552	–	28,760	17,386
Less: Earned Revenue	(13)	(193)	–	–	–	(13)	–	(11)	(5)	–	(235)	(115)
Net Program Costs	**1,675**	**22,001**	**–**	**–**	**–**	**2,799**	**–**	**1,503**	**547**	**–**	**28,525**	**17,271**
PS.6–Conflict Mitigation and Stabilization												
Gross Costs	31,649	37,718	13,961	151,687	–	5,693	–	23,028	156,796	–	420,532	493,875
Less: Earned Revenue	(252)	(404)	(3)	(748)	–	(34)	–	(252)	(2,357)	–	(4,050)	(2,503)
Net Program Costs	**31,397**	**37,314**	**13,958**	**150,939**	**–**	**5,659**	**–**	**22,776**	**154,439**	**–**	**416,482**	**491,372**
PS.7–Conventional Weapons Security and Explosive Remnants of War (ERW)												
Gross Costs	–	–	–	–	–	–	–	–	–	–	–	5
Less: Earned Revenue	–	–	–	–	–	–	–	–	–	–	–	–
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5**
PS.8–Strengthening Military Partnerships and Capabilities												
Gross Costs	–	–	–	–	–	–	–	–	–	–	–	3
Less: Earned Revenue	–	–	–	–	–	–	–	–	–	–	–	–
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3**
PS.9–Citizen Security and Law Enforcement												
Gross Costs	–	–	–	–	–	–	–	43	–	–	43	11
Less: Earned Revenue	–	–	–	–	–	–	–	(1)	–	–	(1)	–
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**42**	**–**	**–**	**42**	**11**
Total Peace and Security	**39,380**	**64,144**	**13,958**	**151,086**	**5,420**	**22,318**	**–**	**140,474**	**157,601**	**–**	**594,381**	**690,272**
Net Cost of Operations	**$ 2,651,588**	**$1,589,182**	**$6,841,639**	**$ 244,195**	**$ 690,736**	**$8,442,989**	**$5,638,176**	**$1,157,702**	**$ 1,778,820**	**$ 313,826**	**$ 29,348,853**	**$ 15,949,898**

NOTE 17. COMBINED STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources presents information about total budgetary resources available to USAID and the status of those resources, as of September 30, 2022 and 2021. USAID's total budgetary resources were $50.2 billion and $40.7 billion as of September 30, 2022 and 2021, respectively.

The following schedule details the amount of the direct and reimbursable new obligations and upward adjustments against the apportionment categories.

A. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED *(in thousands)*:

	2022	2021
Category A, Direct	$ 1,808,046	$ 1,585,294
Category B, Direct	30,520,233	22,333,207
Category A, Reimbursable	90,794	60,433
Category B, Reimbursable	1,255,238	583,141
Total	$ 33,674,311	$ 24,562,075

B. BORROWING AUTHORITY, END OF PERIOD AND TERMS OF BORROWING AUTHORITY USED:

The Agency had no reported borrowing authority as of the end of both FY 2022 and FY 2021. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990 and is used to finance obligations during the current year, as needed.

C. PERMANENT INDEFINITE APPROPRIATIONS:

Pursuant to Section 504(f) of the Federal Credit Reform Act of 1990, the Agency is authorized the use of permanent indefinite authority to fund increases in the projected subsidy costs of the loan guarantee programs, as determined by the annual reestimate process. When such an appropriation is received, it is obligated and disbursed from the program account to the financing fund to make sure it has sufficient assets to cover its liabilities.

D. LEGAL ARRANGEMENTS AFFECTING THE USE OF UNOBLIGATED BALANCES:

The "Consolidated Appropriations Act" signed into law as P.L. 112-74 provides to USAID extended authority to obligate funds. USAID's appropriations have consistently provided essentially similar authority, known as "7011" authority. Under this authority funds shall remain available for obligation for an extended period if such funds are obligated within their initial period of availability. Any subsequent recoveries (deobligations) of these funds become unobligated balances that are available for reprogramming by USAID (subject to OMB approval through the apportionment process).

E. UNDELIVERED ORDERS AT THE END OF THE YEAR:

Budgetary Resources obligated for Undelivered Orders as of September 30, 2022 and 2021, were $26 billion and $25 billion, respectively.

	2022	2021
Federal		
Obligations Paid	$ 55,925	$ 42,983
Obligations Unpaid	710,934	4,129,346
Total Federal	$ 766,859	$ 4,172,329
Non-Federal		
Obligations Paid	$ 580,577	$ 478,315
Obligations Unpaid	24,797,152	20,522,327
Total Non-Federal	$ 25,377,729	$ 21,000,642
Total Undelivered Orders at End of Year	$ 26,144,588	$ 25,172,971

F. DIFFERENCE BETWEEN THE COMBINED STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT *(in thousands)*:

The reconciliation between the Statement of Budgetary Resources (SBR) and the Budget of the U.S. Government (Budget) is presented below. This reconciliation is as of September 30, 2021 because submission of the Budget for FY 2024, which presents the execution of the FY 2022 Budget, occurs after publication of these financial statements. The USAID Budget Appendix can be found on the OMB website (*https://www.whitehouse.gov/omb/budget*) and will be available in early February 2023.

Differences between the SBR and Budget of the U.S. Government are caused mainly by the fact that certain funds are reported in the SBR but not included in the USAID section of the "Department of State and Other International Programs" Appendix of the Budget of the U.S. Government. This is largely reflected in the Economic Support Fund, which is approximately $17 billion. This fact is corroborated by the State Budget Office, which confirms the aforementioned funds being warranted/allocated to State, and included in State's section of the President's budget as a transfer of funds to USAID.

The amounts in the line "Other Differences" in the table below cannot be further defined because appropriation level detail is not provided in the Budget of the U.S. Government.

2021	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 40,714,223	$ 24,562,075	$ (2,968,500)	$ 16,691,861
Funds Reported in SBR, Not Attributed to USAID in the President's Budget	(17,859,000)	(10,630,000)	–	(3,964,000)
Other Differences	386,777	519,925	–	463,139
Budget of the U.S. Government	$ 23,242,000	$ 14,452,000	$ (2,968,500)	$ 13,191,000

NOTE 18. RECONCILIATION OF NET COST TO BUDGETARY OUTLAYS

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. 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 the budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The first section of the reconciliation below presents components of net cost that are not part of net outlays and should be excluded from net cost. The second and third sections presents increase and decrease in assets and liabilities respectively. Some are used for assets that are reported on the Balance Sheet, not as net cost. The final section adds or subtracts from total resources those items reported in net cost that do not require or generate resources. As an example, the Agency collects regular passport fees that are reported as revenue on the Statement of Net Cost. However, these fees are not shown as a resource because they are returned to Treasury and cannot be obligated or spent by the Agency.

Schedule of Reconciliation of Net Cost of Operations to Net Costs of Budgetary Outlays for the years ended September 30, 2022 and 2021 is indicated in the table below *(in thousands)*:

	2022	2021
NET COST	**$29,348,851**	**$ 15,949,897**
Components of Net Cost That Are Not Part of Net Outlays:		
Property, Plant and Equipment Depreciation	(16,456)	(24,757)
Other	642,994	854,626
Increase/(Decrease) in Assets:		
Accounts Receivable	(4,897)	(58,213)
Other Assets	86,588	(768,317)
(Increase)/Decrease in Liabilities:		
Accounts Payable	(455,256)	(169,501)
Salaries and Benefits	(1,787)	(734)
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	105,803	89,968
Other Financing Sources:		
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(63,703)	50,445
Transfers Out/In Without Reimbursement	1,552	–
Total Components of Net Operating Cost That Are Not Part of Net Outlays	**294,839**	**(127,373)**
Components of Net Outlays That Are Not Part of Net Cost:		
Other	(30,654)	(28,386)
Unreconciled Difference	94,048	105,041
Total Components of Net Outlays That Are Not Part of Net Cost	**63,394**	**76,655**
NET OUTLAYS	**$29,707,086**	**$ 15,899,179**
Distributed Offsetting Receipts	(899,105)	(2,968,500)
AGENCY OUTLAYS, NET	**$28,807,981**	**$ 12,930,680**

NOTE 19. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the USAID's financial statements and the USAID's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

The Reclassification of the Balance Sheet, the Statement of Net Cost, and the Statement of Changes in Net Position for the year ended September 30, 2022 are presented in the following tables *(in thousands)*:

FY 2022 USAID Balance Sheet			Line Items Used to Prepare FY 2022 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Intra-departmental Elimination**	**Amounts**	**Reclassified Financial Statement Line**
ASSETS:				**ASSETS:**
Intragovernmental Assets:				**Intragovernmental Assets:**
Fund Balance with Treasury (Note 2)	$ 44,827,671		$ 44,827,671	Fund Balance with Treasury
Accounts Receivable (Note 3)	24,900	$ (634,755)	659,655	Accounts Receivable
Total Accounts Receivable, Net	24,900	(634,755)	659,655	*Total Reclassified Accounts Receivable, Net*
Advances and Prepayments (Note 4)	150,742		150,796	Advances and Prepayments
Total Other	150,742		150,796	*Total Reclassified Other*
Total Intragovernmental Assets	**45,003,313**	**(634,755)**	**45,638,122**	**Total Intragovernmental Assets**
Cash and Other Monetary Assets (Note 5)	261,179		261,179	Cash and Other Monetary Assets
Accounts Receivable, Net (Note 3)	78,601		78,601	Accounts Receivable, Net
Inventory and Related Property, Net (Note 7)	15,177		15,177	Inventory and Related Property, Net
General Property, Plant and Equipment, Net (Note 8)	59,437		59,437	General Property, Plant and Equipment, Net
Advances and Prepayments (Note 4)	493,265		493,211	Advances and Prepayments
Total Assets	**$ 45,910,972**	**$ (634,755)**	**$ 46,545,727**	**Total Assets**
LIABILITIES:				**LIABILITIES:**
Intragovernmental Liabilities:				**Intragovernmental Liabilities:**
Downward Reestimate Payable to the Treasury (Note 6)	$ 634,755		$ 637,455	Downward Reestimate Payable to the Treasury
Accounts Payable	65,216		65,216	Accounts Payable
Total Accounts Payable	65,216		65,216	*Total Reclassified Accounts Payable*
Advances from Others and Deferred Revenue (Note 12)	1,088,674		1,086,376	Advances from Others and Deferred Revenue
Other Liabilities (Note 12)	18,089		6,521	Other Liabilities (Without Reciprocals)
			15,200	Other Liabilities Benefits Contributions Payable
		$ (634,755)	634,755	Other Liabilities-Reimbursable Activities
Total Other	1,106,763		1,742,852	*Total Reclassified other*
Total Intragovernmental Liabilities	**1,806,734**	**(634,755)**	**2,445,523**	**Total Intragovernmental Liabilities**
Accounts Payable	3,116,569		3,116,569	Accounts Payable
Federal Employees and Veteran's Benefits (Note 13)	32,666		106,033	Federal Employees and Veteran's Benefits Payable
Loan Guarantee Liabilities (Note 6)	956,759		956,759	Loan Guarantee Liabilities
Advances from Others and Deferred Revenue (Note 12)	18,508		20,808	Advances from Others and Deferred Revenue
Other Liabilities (Note 12)	493,802		414,101	Other Liabilities
Total Miscellaneous Liabilities	512,310		434,909	*Total Reclassified Miscellaneous Liabilities*
Total Liabilities	**$ 6,425,038**	**$ (634,755)**	**$ 7,059,793**	**Total Liabilities**
NET POSITION:				**NET POSITION:**
Total Net Position	**39,485,934**	**2,301**	**39,483,633**	**Total Net Position**
Total Liabilities and Net Position	**$ 45,910,972**	**$ (632,454)**	**$ 46,543,426**	**Total Liabilities and Net Position**

FY 2022 USAID Statement of Net Cost			Line Items Used to Prepare FY 2022 Government-wide Statement of Net Cost	
Financial Statement Line	**Amounts**	**Intra-departmental Eliminations**	**Amounts**	**Reclassified Financial Statement Line**
Gross Cost	$ 30,411,694	$ (2,301)	$ 25,920,378	Non-Federal Gross Cost
			25,920,378	***Total Non-Federal Cost***
				Intragovernmental Costs
			155,640	Benefit Program Costs
			63,703	Imputed Costs
			4,274,212	Buy/Sell Cost
			62	Other Expenses (Without Reciprocals)
			4,493,617	***Total Intragovernmental Cost***
Total Gross Cost	30,411,694	(2,301)	30,413,995	**Total Reclassified Gross Cost**
Earned Revenue	(1,062,841)		(79,788)	Non-Federal Earned Revenue
			(914,477)	Buy/Sell Revenue
			(68,576)	Borrowing and Other Interest Revenue
			(983,053)	***Total Intragovernmental Earned Revenue***
Total Earned Revenue	(1,062,841)	–	(1,062,841)	*Total Reclassified Earned Revenue*
Net Cost of Operations	**$ 29,348,853**	**$ (2,301)**	**$ 29,351,154**	**Net Cost of Operations**

FY 2022 USAID Statement of Changes in Net Position			Line Items Used to Prepare FY 2022 Government-wide Statement of Changes in Net Position	
Financial Statement Line	**Amounts**	**Intra-departmental Eliminations**	**Amounts**	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS:				**UNEXPENDED APPROPRIATIONS:**
Unexpended Appropriations, Beginning Balance	$ 35,385,955		$ 35,385,955	Unexpended Appropriations, Beginning Balance
Appropriations Received	32,857,101		32,557,705	Appropriations Received as Adjusted
Other Adjustments	(299,397)			Other Adjustments
Appropriations Transferred In/Out	(223,357)	$ (7,131,919)	7,291,239	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		7,131,560	(7,514,238)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing sources
Appropriations Used	(29,875,548)		(29,875,548)	Appropriations Used (Federal)
Total Unexpended Appropriations	**$ 37,844,754**	**$ (359)**	**$ 37,845,113**	**Total Unexpended Appropriations**
CUMULATIVE RESULTS OF OPERATIONS:				**CUMULATIVE RESULTS OF OPERATIONS:**
Cumulative Results, Beginning Balance	$ 2,252,426		$ 2,252,426	Cumulative Results, Beginning Balance
Appropriations Used	29,875,548		29,875,548	Appropriations Expended
Non-Exchange Revenues				Non-Federal Non-Exchange Revenues
			48,067	Other Taxes and Receipts
			217,322	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
			(1,468,943)	Non-Entity Collections Transferred to the General Fund of the U.S. Government
Donations and Forfeitures of Property	13,749			Donations and Forfeitures of Property
		(500)	500	Expenditure Transfers-In of Financing Sources
		500	(500)	Expenditure Transfers-Out of Financing Sources
		616,867	616,867	Non-Expenditure Transfer-In of Financing Sources – Capital Transfers (RC 11)
		(616,867)	(616,867)	Non-Expenditure Transfers-Out of Financing Sources – Capital Transfers (RC 11)
		636,772	636,306	Transfers-In Without Reimbursement
Transfers in/out Without Reimbursement	1,910	(636,413)	(634,755)	Transfers-Out Without Reimbursement
Other	(1,251,621)			Other
Donations and Forfeitures of Cash and Cash Equivalents	34,318			Donations and Forfeitures of Cash and Cash Equivalents
Imputed Financing	63,703		63,703	Imputed Financing Sources
Total Financing Sources	**28,737,607**	**359**	**28,737,248**	**Total Financing Sources**
Net Cost of Operations	(29,348,853)	2,301	(29,351,154)	**Net Cost of Operations**
Ending Balance – Cumulative Results of Operations	**$ 1,641,180**	**$ 2,660**	**$ 1,638,520**	**Ending Balance – Cumulative Results of Operations**
Total Net Position	**$ 39,485,934**	**$ 2,301**	**$ 39,483,633**	**Net Position**

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FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

(Preceding page) **Arman Assylkhan, 29, is a renewable energy specialist from Nur-Sultan, Kazakhstan. As a millennial, he believes that climate change is his generation's crisis. And his chosen career path? That's the key to addressing it. PHOTO: BOBBY NEPTUNE FOR USAID**

(Above) **Bounmy has been paraplegic since age 6 but through the USAID Okard project she has become more independent and is using a wheelchair for moving and meeting friends in the village. She also attended a six-month vocational training course in Vientiane capital, and now runs a business from her porch. PHOTO: ATHIT CHANTHALATH FOR USAID/LAOS**

STATEMENT OF BUDGETARY RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2022

(in thousands)

	Operating 1000	Civilian Stabilization Initiative 0305	Assistance for Europe, Eurasia and Central Asia 0306	Assistance for Eastern Europe 1010	Development Assistance 1021	International Disaster Assistance 1035	Economic Support Fund 1037	Assistance for New Independent States 1093	Child Survival and Disease Programs Funds 1095	Credit Financing	Other	Parent Fund	Combined Total
Budgetary Resources:													
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 293,192	$ 1,151	$ 558,464	$ 511	$ 3,649,933	$ 1,503,191	$ 6,338,754	$ 3,905	$ 38,328	$ 2,375,013	$ 515,430	$ 1,491,078	$ 16,768,950
Appropriations (Discretionary and Mandatory)	1,677,947	–	1,620,000	–	4,140,494	11,303,460	12,656,356	–	–	–	643,138	–	32,041,395
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	107,766	–	(158,015)	–	3,755	–	(92,043)	–	–	68,577	1,163,571	295,527	1,389,138
Total Budgetary Resources	**$2,078,905**	**$1,151**	**$2,020,449**	**$ 511**	**$ 7,794,182**	**$12,806,651**	**$18,903,067**	**$ 3,905**	**$ 38,328**	**$2,443,590**	**$ 2,322,139**	**$1,786,605**	**$ 50,199,483**
Status of Budgetary Resources:													
New Obligations and Upward Adjustments (Total) (Note 17)	1,816,943	–	1,285,333	–	3,477,547	9,096,917	14,160,348	131	–	852,076	1,491,929	1,493,087	$ 33,674,311
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	42,854	878	732,158	511	4,274,162	3,707,767	4,692,530	3,774	33,369	–	(38,875)	214,463	13,663,591
Unapportioned, Unexpired Accounts	136,130	273	2,869	–	22,351	1,967	1,603	–	4,959	1,591,514	856,705	1,742	2,620,113
Unexpired Unobligated Balance, End of Year	**178,984**	**1,151**	**735,027**	**511**	**4,296,513**	**3,709,734**	**4,694,133**	**3,774**	**38,328**	**1,591,514**	**817,830**	**216,205**	**16,283,704**
Expired Unobligated Balance, End of Year	82,978	–	89	–	20,122	–	48,586	–	–	–	12,380	77,313	241,468
Total Unobligated Balance, End of Year	**261,962**	**1,151**	**735,116**	**511**	**4,316,635**	**3,709,734**	**4,742,719**	**3,774**	**38,328**	**1,591,514**	**830,210**	**293,518**	**16,525,172**
Total Budgetary Resources	**$2,078,905**	**$1,151**	**$2,020,449**	**$ 511**	**$ 7,794,182**	**$12,806,651**	**$18,903,067**	**$ 3,905**	**$ 38,328**	**$2,443,590**	**$ 2,322,139**	**$1,786,605**	**$ 50,199,483**
Outlays, Net and Disbursements, Net:													
Outlays, Net (Total) (Discretionary and Mandatory)	1,468,958	–	929,062	869	2,852,546	5,305,340	17,835,934	696	346		510,268	803,067	29,707,086
Distributed Offsetting Receipts (-)	–	–	–	–	–	–	–	–	–		(899,105)	–	(899,105)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 1,468,958**	**$ –**	**$ 929,062**	**$ 869**	**$ 2,852,546**	**$ 5,305,340**	**$17,835,934**	**$ 696**	**$ 346**		**$ (388,837)**	**$ 803,067**	**$ 28,807,981**
Disbursement, Net (Total) (Mandatory)										$ 783,499			$ 783,499

MAJOR FUNDS

Operating Funds

1000 Operating Expenses of USAID

Program Funds

0306 Assistance for Europe, Eurasia, and Central Asia (AEECA)
1010 Assistance for Eastern Europe
1021 Development Assistance (DA)
1035 International Disaster Assistance
1037 Economic Support Fund (ESF)
1093 Assistance for New Independent States
1095 Child Survival and Disease Programs Funds

CREDIT FINANCING FUNDS

4119 Israel Guarantee Financing Account
4345 Ukraine Guarantee Financing Fund
4493 Loan Guarantees to Middle East Northern Africa (MENA) – Financing Account

CREDIT PROGRAM FUNDS

0301 Israel Program Fund
0402 Ukraine Program Fund
0409 Loan Guarantees to Middle East Northern Africa (MENA) – Program Account
5318 Israel Program Fund – Administrative Expense

ALLOCATIONS TO OTHER AGENCIES

0306 Assistance for Europe, Eurasia, and Central Asia (AEECA)
1010 Assistance for Eastern Europe
1021 Development Assistance
1035 International Disaster Assistance
1037 Economic Support Fund (ESF)
1093 Assistance for the Independent States of the Former Soviet Union
1095 Child Survival and Disease Program Funds

ALLOCATIONS FROM OTHER AGENCIES

0113 Diplomatic and Consular Programs, State
0535 Embassy Security, Construction and Maintenance, State
1030 Global HIV/AIDS Initiative
1031 Global Health/Child Survival and HIV/AIDS
1121 Democracy Fund
1154 Andean Counterdrug Initiative (ACI)
2278 Commodity Credit Corporation
4336 Commodity Credit Corporation

OTHER FUNDS

Operating Funds

0300 Capital Investment Fund (CIF)
1007 Operating Expenses of USAID Inspector General
1099 Fines, Penalties and Forfeitures – Not Otherwise Classified

Program Funds

0305 Civilian Stabilization Initiative
1012 Sahel Development Program
1014 Development Fund for Africa (DFA)
1015 Complex Crisis Fund
1023 Food and Nutrition Development Assistance
1024 Population Planning and Health, Development Assistance
1025 Education and Human Resources, Development Assistance
1027 Transition Initiatives
1028 Global Fund to Fight HIV/AIDS
1033 HIV/AIDS Working Capital
1038 Central American Reconciliation Assistance
1040 Sub-Saharan Africa Disaster Assistance
1096 Iraq Relief Fund
1500 Demobilization and Transition Fund

Trust Funds

8342 Foreign National Employees Separation Liability Fund
8502 Technical Assistance – U.S. Dollars Advance from Foreign Governments
8824 Gifts and Donations

Revolving Funds

4175 Property Management Fund
4513 Working Capital Fund
4590 Acquisition of Property Revolving Fund