

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

Audit of USAID's Financial Statements for Fiscal Years 2024 and 2023

Audit Report 0-000-25-001-C
November 14, 2024





OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: November 14, 2024

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

FROM: Paul K. Martin, Inspector General *PKM*

SUBJECT: Audit of USAID's Financial Statements for Fiscal Years 2024 and 2023 (0-000-25-001-C)

Enclosed is the final report on the audit of USAID's financial statements for fiscal years 2024 and 2023.¹ The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of Williams, Adley & Company-DC LLP (Williams Adley) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin 24-02, 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. That said, we found no instances in which Williams Adley did not comply, in all material respects, with applicable standards.

The audit objectives were to: (1) express an opinion on whether the financial statements as of September 30, 2024, 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 year 2024 financial statements.

The audit firm concluded that USAID's financial statements for fiscal years ended September 30, 2024, are presented fairly, in all material respects, and in accordance with U.S. generally accepted

¹ Pursuant to the Pub. L. No. 117-263 § 5274, USAID OIG provides nongovernmental organizations and/or businesses specifically identified in this report 30 days from the date of report publication to submit a written response to USAID OIG. Any comments received will be posted on <https://oig.usaid.gov>. Please direct inquiries to oignotice_ndaa5274@usaid.gov.

accounting principles. For fiscal year 2024, the audit firm found no reportable noncompliance with applicable laws, regulations, contracts, and grant agreements, including the provisions referred to in Section 803(a) of the FFMIA² they tested. The audit firm also found no material weaknesses but reported two significant deficiencies related to USAID's internal controls over (1) financial reporting pertaining to personnel and payroll actions (modified repeat finding) and (2) lease reporting in accordance with Statements of Federal Financial Accounting Standards (SFFAS) 54.

Moreover, the financial statements of USAID for fiscal year 2023 were audited by GKA P.C. Certified Public Accountants and Consultants, whose report dated November 6, 2023, expressed an unmodified opinion meaning that the financial statements are presented fairly, in all material respects, and in accordance with U.S. generally accepted accounting principles.³

To address the internal control deficiencies identified in the fiscal year 2024 report, we recommend that USAID's Chief Financial Officer:

Recommendation 1. Perform quarterly reviews over a sample of personnel to ensure that personnel files are maintained and updated to correctly reflect personnel actions.

Recommendation 2. Assess reviews performed by the Human Capital and Talent Management/Employee Services and Benefits division to ensure payroll benefit, leave, and deductions calculated and recorded in employee leave and earnings statements are accurate, agree to employee authorized elections, and comply with USAID's Automated Directive System and federal regulations.

Recommendation 3. Review the reconciliation process with National Finance Center Payroll/Personnel System records to determine enhancements for more effectively identifying and correcting inaccurate information.

Recommendation 4. Develop and document a process on how the Agency implements and adopts new accounting standards and guidance going forward, including, but not limited to, the implementation of the embedded leases portion of SFFAS 54.

Recommendation 5. Develop and document a process to ensure its leases are recorded in accordance with SFFAS 54. At a minimum, this should include the Agency's consideration of materiality and process to assess the completeness, accuracy and reasonableness of all information from the Department of State for which USAID relies on to report in its financial statements and to include an element of management review and approval.

Recommendation 6. Determine what information needs to be captured at a transaction level to allow for the identification of the lease and the type of lease (i.e., domestic, international – USAID dedicated, international – housing pool) at the disbursement transaction level.

² Federal Financial Management Improvement Act of 1996, Public Law No. 104-208, (September 30, 1996).

³ USAID OIG, "[Audit of USAID's Financial Statements for Fiscal Years 2023 and 2022](#)" (0-000-24-001-C), November 14, 2023.

Recommendation 7. Develop and implement a process to capture the information identified based on Recommendation 6 to allow for automation of determining completeness of the Department of State-provided lease listing.

Recommendation 8. Develop a process by which USAID can automatically calculate lease balances for leases dedicated to USAID to allow USAID to verify the accuracy of the information provided by the Department of State related to USAID's dedicated leases.

Recommendation 9. Ensure the new processes developed in Recommendations 4, 5, 7, and 8 are adequately communicated, both in writing and via trainings, to impacted personnel.

In finalizing the report, the audit firm evaluated USAID's responses to the recommendations. After reviewing that evaluation, we consider recommendations 1 through 9 resolved but open pending completion of planned activities. For recommendations 1 through 9, 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.



Independent Auditor's Report

Chief Financial Officer
U.S. Agency for International Development

Inspector General
U.S. Agency for International Development

In our audit of the fiscal year 2024 financial statements of the United States Agency for International Development (USAID), we found:

- USAID's financial statements as of and for the fiscal year ended September 30, 2024, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed¹; and
- no reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements, including the provisions referred to in Section 803(a) of the FFMIA² we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI)³ and other information included with the financial statements⁴; (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* issued by the Comptroller General of the United States; and OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, we have audited USAID's financial statements. USAID's financial statements comprise the consolidated balance sheet as of September 30, 2024; the related consolidated

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

² Federal Financial Management Improvement Act of 1996, Public Law No. 104-208, (September 30, 1996).

³ The RSI consists of "Management's Discussion and Analysis" and the "Combining Statement of Budgetary Resources", which are included with the financial statements.

⁴ Other information consists of information included with the financial statements, other than the RSI and the auditor's report.

statements of net cost and changes in net position; the combined statement of budgetary resources for the fiscal years then ended; and the related notes to the financial statements (hereinafter referred to as the “financial statements”). In our opinion, USAID’s financial statements present fairly, in all material respects, USAID’s financial position as of September 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the U.S. and the U.S. generally accepted government auditing standards. 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.

Other Matter

Prior Year Financial Statements

The USAID financial statements as of and for the year ended September 30, 2023 were audited by other auditors, whose Independent Auditor’s Report dated November 6, 2023 expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

USAID management is responsible for:

- the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in USAID’s agency financial report, and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective 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 (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) 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 of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a 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 to be material if there is a

substantial likelihood that, individually or in 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 our 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.
- Perform other procedures we consider necessary in the circumstances.

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.

Required Supplementary Information

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. These procedures consisted of (1) inquiring of management about the methods of preparing the RSI and (2) comparing the RSI 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.

Other Information

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 agency financial report. The other information consists of information included within the financial statements, other than the RSI and the auditor's report.

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 responsibilities 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 deficiencies⁵ or to express an opinion on the effectiveness of USAID's internal control over financial reporting. Given these limitations, during our fiscal year 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

As discussed in *Appendix I*, our audit identified two significant deficiencies in USAID's internal controls over financial reporting pertaining to (1) personnel and payroll actions and (2) lease reporting in accordance with Statements of Federal Financial Accounting Standards (SFFAS) 54. Although the significant deficiencies in internal control did not affect our opinion on USAID's fiscal year 2024 financial statements, misstatements may occur in unaudited financial information reported internally and externally by USAID because of these deficiencies.

Our assessment of the current status of the prior significant deficiency is presented in *Appendix II*.

In addition to the current year significant deficiencies, we also 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 will communicate these matters to USAID management separately in a management letter.

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 and Office of Management and Budget audit guidance.⁶

⁵ 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.

⁶ Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, issued on July 29, 2024. According to the guidance, for those controls that have been suitably designed and implemented, the auditor should perform sufficient tests of such controls to conclude on whether the controls are

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 fiscal year ended September 30, 2024, 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:

- 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
- 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, including the

operating effectively (i.e., sufficient tests of controls to support a low level of assessed control risk). OMB audit guidance does not require the auditor to express an opinion on the effectiveness of internal control.

provisions referred to in Section 803(a) of the FFMIA, consistent with our auditor's responsibilities 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, including the provisions referred to in Section 803(a) of the FFMIA, disclosed no instances of noncompliance for fiscal year 2024 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.

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

USAID management is responsible for complying with laws, regulations, contracts, and grant agreements, including the provisions referred to in Section 803(a) of the FFMIA 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, including the provisions referred to in Section 803(a) of the FFMIA 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 provisions of 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, including the provisions referred to in Section 803(a) of the FFMIA, 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, including the provisions referred to in Section 803(a) of the FFMIA is not suitable for any other purpose.

Agency Comments

In commenting on a draft of this report, USAID management provided a written response which is presented in *Appendix III*. We did not audit USAID's response and, accordingly, we express no opinion on the response.

A handwritten signature in black ink that reads "Williams, Adley & Company, DC, LLP". The signature is written in a cursive style and is contained within a thin black rectangular border.

Washington, District of Columbia
November 12, 2024

Appendix I – Significant Deficiencies

USAID Needs to Strengthen Controls Surrounding Processing of Personnel and Payroll Actions (Modified, Repeat Finding)

USAID's payroll processes require improvement in the retention of USAID employees' benefit and payroll records, the accuracy of information represented in employees leave and earnings statements, and compliance with accrued leave regulations and USAID operational policies. Weaknesses in processing records surrounding new hires, time and attendance, and separation activities represent a systemic issue with control deficiencies observed in USAID's maintenance of support and calculation of employees' leave and earnings since fiscal year 2022. In fiscal year 2022 USAID implemented the centralization of the employee onboarding process and developed templates to facilitate processing of personnel actions; however, issues persist.

Specifically, we noted the following:

- For 34 out of the 45 new hire employees tested, representing 76% of the employees sampled, records were incomplete and/or employee information in the National Finance Center (NFC)⁷ Payroll/Personnel System (PPS) did not agree to underlying records as follows:
 - For 29 samples, the Standard Form 52, *Request for Personnel Action*, was missing elements or was not fully approved.
 - For 17 samples, the employee's data on Standard Form 50, *Notification of Personnel Action*, information (name, grade, salary, etc.) did not agree with the Standard Form 52, *Request for Personnel Action*.
 - For 19 samples, the information in the NFC PPS and the information in the Standard Form 50, *Notification of Personnel Action*, did not agree.
- For 34 out of the sample of 45 active employees tested, representing 76% of the employees sampled, we identified inaccuracies in amounts presented on employee's leave and earnings statements and/or did not receive records to support employee elections as follows:
 - For one sample, the accrued annual leave was 426 hours on the leave and earnings statement, when maximum allowable is 240 hours.
 - For one sample, we were unable to re-calculate the differential amount in the employee's leave and earning statement, resulting in a variance of \$1,644.
 - For 10 samples, the Federal Employees Health Benefits program enrollment code and associated deduction in dollars did not agree to elections per the employee Standard Form 2089, *Health Benefits Election Form*.
 - For three samples, the Standard Form 2089, *Health Benefits Election Form*, was not provided.
 - For 11 samples, the Standard Form 2817, *Life Insurance Election*, was not provided.
 - For seven samples, the Federal Employees' Group Life Insurance amount withheld from employee leave and earning statement was not calculated per elections in

⁷ The United States Department of Agriculture's National Finance Center (NFC) is a Shared Service Provider for Financial Management Services and Human Resources Management Services. UKG's GovTA is web-based Time and Attendance (T&A) application utilized by NFC in its services. USAID relies on NFC and GovTA in its payroll function.

- Standard Form 2817, *Life Insurance Election*, resulting in an aggregate variance of \$157.
- For 19 samples, we were unable to recalculate the Federal Employees Retirement System retirement amount withheld from the employee leave and earning statement, resulting in an aggregate variance of \$476.
 - For two samples, no documentation was provided for the employee sampled as they were inactive during the pay period. As the population subject to sampling represented all active employees for pay period 2024-10, we requested the *Exit Clearance Form* (AID 451) to determine when the employee separated/became inactive. No documentation was provided.
- For 26 of the 45 separated employees tested, representing 58% of the employees sampled, we did not receive supporting documentation that demonstrated the employees were subject to all required exit procedures and timely removed from the NFC PPS. Specifically, we identified the following:
 - For two samples, evidence was not provided to support the employee was properly removed/deactivated from NFC PPS and categorized as inactive and one sample was shown as active in NFC PPS.
 - For 11 samples, the *Exit Clearance Form* (AID 451) was not provided and for 10 samples, the AID 451 was not properly completed by all responsible departments.
 - For 15 samples, the Standard Form 1150, *Record of Leave Data*, was not provided.
 - For five samples, the Standard Form 75, *Request for Preliminary Employment Data* was not provided, for one sample we were provided an incomplete form, and for one sample we were not provided the official signed form.

The table below summarizes, by document type, the documentation not provided:

Document Type	NFC Evidence	AID 451	SF-1150	SF-2089	SF-2817	Total
# Not Provided	2	10	15	3	11	41

USAID management has not deployed adequate reviews of information in employees’ personnel files to ensure employee payroll information transmitted to NFC PPS for the preparation of employees leave and earnings statements are consistent with authorized employee payroll benefits and deductions standard forms.

Weaknesses in controls surrounding personnel and payroll processes limit USAID management’s ability to proactively identify and resolve issues that could result in misstatements in financial accounting and reporting records. Without adequate reviews, oversight, and reconciliations of personnel and payroll data, discrepancies may exist but go undetected and uncorrected, thereby causing the financial information to be misstated.

The Government Accountability Office’s (GAO) Standards for Internal Control in the Federal Government (GAO-14-704G), Section 10.3. states:

“Accurate and timely recording of transactions. Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Appropriate documentation of transactions and internal control. Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.”

In addition, Appendix A of OMB Circular No. A-123, *Management's Responsibility for Internal Control*, states:

“Reliability of financial reporting means that management can reasonably make the following assertions.... documentation for internal control, all transactions, and other significant events is readily available for examination.”

Title 5 of the Code of Federal Regulations, Section 630.302(b)(3)(i), *Maximum annual leave accumulation – forty-five day limitation*, states:

“When, on the date prescribed by paragraph (c), the amount of an employee’s accumulated and accrued annual leave is more than 45 days, he may carry forward the amount of unused annual leave to his credit at the end of the current leave year that does not exceed: (i) 45 days, if he is not entitled to a greater accumulation under section 6304(c) of title 5 United States Code.”

USAID Automated Directive System (ADS) 480, *Leave Program*, Section 480.3.2.2 states:

“The maximum amounts of annual leave allowed to be carried over into the new leave year...employees assigned to positions in the United States are subject to a leave ceiling of 240 hours.”

USAID ADS 451, *Separations and Exit Clearance*, Section 451.2(f) states:

“The Responsible Organizations listed on the AID 451-1 form under Section II are required to certify that the employee has satisfied their specific requirements for exiting the Agency.”

USAID ADS 626, *Payroll and Time and Attendance Transactions*, Section 626.3.1 states:

“Financial documentation is any documentation that impacts, or results in financial activity. It is not limited to documentation within Controller or CFO operations but includes any source material causing or resulting in a financial transaction. The basic financial documentation retention rules are 1) if an action will result in a financial transaction, it must be documented. 2) Source documentation must be readily available for audit or review by external or internal audit entities.”

Recommendations: We recommend the USAID Chief Financial Officer coordinate with the USAID Office of Human Capital and Talent Management to:

1. Perform quarterly reviews over a sample of personnel to ensure that personnel files are maintained and updated to correctly reflect personnel actions.
2. Assess reviews performed by the Human Capital and Talent Management/Employee Services and Benefits division to ensure payroll benefit, leave, and deductions calculated and recorded in employee leave and earnings statements are accurate, agree to employee authorized elections, and comply with USAID ADS and federal regulations.
3. Review the reconciliation process with NFC PPS records to determine enhancements for more effectively identifying and correcting inaccurate information.

USAID Needs to Strengthen its Process for Adoption and Implementation of SFFAS 54 (Lease Reporting)

USAID has not established policies, procedures or an overall strategy for recording its leases in accordance with the Statement of Federal Financial Accounting Standard (SFFAS) 54.⁸ Specifically, we noted USAID did not sufficiently (1) assess the materiality thresholds for lease reporting, (2) verify the accuracy of international lease balances reported by the Department of State (State), (3) assess the reasonableness of assumptions used in State's Allocation Methodology, or (4) verify completeness of the changes to the State provided international lease listing between June 30 and September 30, 2024, all of which is discussed in detail below.

USAID has both domestic (primarily intra-governmental leases with the General Services Administration) and international leases. USAID employees stationed overseas are provided with leased housing through either (1) housing pools operated at each mission or (2) leases dedicated for USAID use, both of which are administered by the State's International Cooperative Administrative Support Services (ICASS). To assist the various agencies, including USAID, Department of Justice, Department of Homeland Security among others, with international leases to recording their leases in accordance with SFFAS 54, State developed a lease reporting methodology to determine how the overseas leases should be allocated to the occupying agencies (including USAID) and to calculate the lease asset and liability amounts.

Each agency that participates in the housing pool has a responsibility to ensure the balances reported in their financial statements are materially accurate. Therefore, during our audit, we made inquiries of USAID management and reviewed USAID's *Lease Implementation Narrative* and related supporting documentation to gain an understanding of USAID's SFFAS 54 adoption and implementation process. We determined USAID Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reporting Division (M/CFO/CAR):

- conducted procedures to identify a complete domestic lease listing and accurately recorded and disclosed the related balances;
- participated in monthly Governmentwide meeting with Treasury, Federal Accounting Standards Advisory Board, State and multiple other federal agencies to discuss how to implement SFFAS 54;
- conducted regular meetings with State's SFFAS 54 team to discuss State's efforts to assist USAID in complying with SFFAS 54 requirements;
- elected to report the lease balances as provided by State;
- conducted (highly manual and time intensive) procedures to gain comfort over the completeness of the overseas real property lease listing provided by State as of June 30, 2024 and September 30, 2024; and
- conducted procedures to gain comfort over the accurate classification of overseas real property leases classified as short-term.

⁸ SFFAS 54 was issued on April 17, 2018 and was effective for periods beginning after September 30, 2023. This standard revised the financial reporting standards for federal lease accounting. SFFAS 54 requires that federal lessees (which includes USAID) recognize a lease liability and a lease asset at the commencement of the lease term, unless it meets the scope exclusions or the definition/criteria of a non-intragovernmental short-term lease, contract or agreement that transfers ownership, or intragovernmental lease."

Despite these actions, USAID did not sufficiently plan for the adoption and implementation of SFFAS 54 as it relates to:

- **Lack of Policies and Procedures** – While we noted that USAID M/CFO/CAR created a Lease Implementation Narrative, as of October 7, 2024, this document was still considered a ‘working draft’, suggesting it has not been finalized, nor reviewed and approved by management. In addition, the Lease Implementation Narrative documents the accounting treatment for USAID’s leases and the actions steps taken, and planned actions to be taken, by USAID M/CFO/CAR to date regarding lease implementation. However, this does not constitute a policy or procedures document.
- **Materiality** – The provisions of SFFAS 54 do not need to be applied to immaterial items. USAID management has not determined or documented the materiality threshold level for leases or the rationale for the threshold (even if the threshold is zero).⁹
- **Verification of the Accuracy of Lease Balances reported by State for International Leases** – USAID did not develop or perform sufficient procedures, to verify the accuracy of the lease balances reported to USAID by State. This would include the recalculation of the balances as well as the verification of various data inputs (e.g., interest rates, lease end dates, payment frequency, rates per period, etc.) used by State in the calculation of USAID’s lease balances.¹⁰
- **Assessment of Assumptions Used in State’s Allocation Methodology** – Per review of State’s Real Property Leases Managed by the State Overseas Reporting Methodology and Procedures document and USAID Overseas Leases as of September 30, 2024 workbook, State used several assumptions (e.g., interest rate applied, probability of exercising extension periods and termination options, application of escalating payments, determination of the number of lease periods, etc.) in designing the housing pool allocation methodology and calculating the lease balances to be reported by the impacted agencies. Based on conversations with USAID M/CFO/CAR personnel, USAID is aware of and understands the assumptions used by State. However, these assumptions have not been formally assessed for reasonableness or accepted by USAID.
- **Manual Process for International Lease Listing Verification** – Due to the lack of specific lease reference information on disbursement transactions, USAID M/CFO/CAR performed a time intensive and manual process to determine the completeness over the overseas lease population provided by State as of June 30, 2024. Specifically, USAID M/CFO/CAR obtained the lease listing from USAID’s Overseas Management Division and conducted a mission lease data call (separate from the annual mission lease data call). The results of the data call and the information in the Overseas Management Division listing were compared to the State-provided lease population. To the extent differences were identified, USAID M/CFO/CAR worked with State to successfully resolve the discrepancies.

⁹ SFFAS 54 Summary, page 1 states “The determination of whether an item is material depends on the degree to which omitting or misstating information about the item makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or the misstatement.”

¹⁰ To assist the auditor in resolving differences between auditor calculated lease balances and State calculated balances for select dedicated leases, USAID M/CFO/CAR personnel performed recalculations of said lease balances and worked with the auditor and State to ensure material differences were resolved.

Based on review of the State lease listing as of September 30, 2024, we noted there were modifications to the June 30th lease listing due to new leases, lease terminations, changes to occupying agencies, etc. Due to inconsistent lease information reported by USAID missions on the annual Property Plant and Equipment (PP&E) data call as of September 30, 2024, the Agency was unable to use the annual data call information to determine completeness. As such, on October 14, 2024, USAID M/CFO/CAR conducted an additional mission data call by which each mission was asked to confirm the accuracy of the information as reported by the State in its lease listing. While sufficient information was obtained from the data call to allow for the determination that the State lease listing as of September 30, 2024 was complete, this occurred due to the request of the auditors and not as a result of a process USAID had in place.

While the agency ultimately conducted procedures to determine completeness as of June 30, 2024 and September 30, 2024, a formal process for determining completeness going forward has not been developed or implemented. Further, there is no evidence of management review of the procedures performed.

USAID does not have an effective process in place to guide the Agency on how to adopt and implement new guidance or standards upon issuance. As such, no strategic roadmap and policies were established and followed on how to adopt and implement recording its international leases in accordance with SFFAS 54. USAID relied on State's development of a lease reporting methodology and State's provision of the information required for appropriate lease reporting. However, USAID did not consider the actions that they needed to take to ensure USAID could rely on the completeness and accuracy of the State provided information.

In addition, USAID did not consider whether any modifications were needed to its:

- systems to ensure lease data is captured in a way that allows USAID to automatically verify the completeness and accuracy of the information provided by State; or
- current processes (e.g., PP&E data call) to ensure sufficient and accurate information is obtained to verify the completeness and accuracy of the information provided by State.

As USAID did not have a strategic plan in place to adopt and implement SFFAS 54, USAID did not have sufficient resources, systems or processes in place to confirm the completeness and accuracy of the balances provided by State and reported by USAID in its financial statements. This was especially critical given State did not provide any initial balances until July 2024, further demonstrating the importance of USAID management proactively developing policies and procedures and implementing required system and process modifications to allow for assigned resources to determine the completeness and accuracy of the balances provided by State.

To the extent that there are errors in State's methodology or balances reported to USAID by State, USAID's PP&E, net and Other Liabilities – Lease Liabilities line items on USAID's balance sheet could be misstated.

OMB Circular No. A-136, *Management's Responsibility for Internal Control, II.3.1 Instructions for the Annual Financial Statements* states:

“Fair Presentation and Materiality. Management is responsible for ensuring that their financial statements as a whole are presented fairly in accordance with GAAP, in all material respects; immaterial misstatements (including omissions) in the financial statements may exist.... Management may use different approaches or a combination of approaches to determine its reported assets and liabilities. For example, for individual line items, entities may: compile individual transaction data and report on the resulting balances at the end of the year (e.g., cash and FBWT); use estimates (e.g., insurance, employee pension, and environmental liabilities); or use a combination of both approaches. Estimates may be derived from statistical sampling or modeling methodologies. In addition, entities may establish thresholds in recognizing assets (e.g., capitalization thresholds) and liabilities (which should be reviewed periodically and updated as necessary) based on an appropriate consideration of materiality. Regardless of which reporting approach is used, management should adequately document how they concluded that the result of the chosen reporting approach was reasonable and in conformity with GAAP in all material respects. Management has discretion in whether and how to report immaterial amounts, including immaterial amounts associated with SFFAS 54, Leases.”

In addition, OMB Circular No. A-136, *Management's Responsibility for Internal Control, II.3.2.3 Assets – General Categories* states:

“Other Liabilities – Lease Liabilities. Regardless of how the lease liability was derived, management should adequately document how they concluded that the reported amount is reasonable and in conformity with GAAP in all material respects.”

GAO Standards for Internal Control in the Federal Government (GAO-14-704G), states:

Section 10.3. *“Appropriate documentation of transactions and internal control.* Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.”

Section 16.05. Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

Section 16.08. Management retains responsibility for monitoring the effectiveness of internal control over the assigned processes performed by service organizations. Management uses ongoing monitoring, separate evaluations, or a combination of the two to obtain reasonable assurance of the operating effectiveness of the service organization’s internal controls over the assigned process. Monitoring activities related to service organizations may include the use of work performed by external parties, such as service auditors, and reviewed by management.

Recommendations: We recommend the USAID Chief Financial Officer:

4. Develop and document a process on how the Agency implements and adopts new accounting standards and guidance going forward, including, but not limited to, the implementation of the embedded leases¹¹ portion of SFFAS 54.
5. Develop and document a process to ensure its leases are recorded in accordance with SFFAS 54. At a minimum, this should include the Agency's consideration of materiality and process to assess the completeness, accuracy and reasonableness of all information from State for which USAID relies on to report in its financial statements and to include an element of management review and approval.
6. Determine what information needs to be captured at a transaction level to allow for the identification of the lease and the type of lease (i.e., domestic, international – USAID dedicated, international – housing pool, etc.) at the disbursement transaction level.
7. Develop and implement a process to capture the information identified based on Recommendation 6 to allow for automation of determining completeness of the State provided lease listing.
8. Develop a process by which USAID can automatically calculate leases balances for leases dedicated to USAID (this will allow USAID to verify the accuracy of the information provided by State related to USAID's dedicated leases).
9. Ensure the new processes developed in Recommendations 4, 5, 7 and 8 are adequately communicated, both in writing and via trainings, to impacted personnel.

¹¹ Embedded leases is a common industry term which generally describes contracts or agreements that contain lease component(s) and nonlease component(s), such as service components, and serve a primary purpose attributable to the nonlease component(s). USAID has not developed a process to identify and analyze contracts or agreements to determine if they are classified as an “embedded leases” under SFFAS 54 and thus subject to the same lease reporting requirements. SFFAS 62: Transitional Amendment to SFFAS 54 allows agencies to defer the application of SFFAS 54 requirements to embedded leases.

Appendix II – Status of Prior Year Finding and Recommendation

Our assessment of the current status of the prior year finding and recommendation is presented below.

Prior Year Finding	Current Status
<p>Significant Deficiency in Internal Control Over Calculating and Recording Accrued Expenses</p> <p>Recommendation: 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</p>	Closed

Appendix III – Agency Comments



Chief Financial Officer

MEMORANDUM FOR OFFICE OF INSPECTOR GENERAL

TO: Khadija Walker, Deputy Assistant Inspector General for Audits, Inspections and Evaluations

FROM: Reginald W. Mitchell /s/

DATE: November 8, 2024

SUBJECT: Management Comments 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 2024 and 2023 (Report No. 0-000-25-001-C, Task No. 00150524)

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 nine recommendations, herein provides plans for implementing them.

**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 2024 AND 2023
(REPORT NO. 0-000-25-001-C, TASK NO. 00150524)**

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 nine recommendations for USAID:

Recommendation 1: Perform quarterly reviews over a sample of personnel to ensure that personnel files are maintained and updated to correctly reflect personnel actions.

- **Management Comments:** USAID agrees and will perform quarterly reviews on personnel files as part of HCTM's internal audit process. The internal audit process will start once the new Accountability Manager is onboard, with quarterly internal audits of various HCTM functions planned out for the following year.
- **Target Completion Date:** November 4, 2025

Recommendation 2: Assess reviews performed by the Human Capital and Talent Management/Employee Services and Benefits division to ensure payroll benefit, leave, and deductions calculated and recorded in employee leave and earnings statements are accurate, agree to employee authorized elections, and comply with USAID's Automated Directive System and federal regulations.

- **Management Comments:** USAID agrees with the recommendation and will assess reviews performed by HCTM/ESB on benefits and deductions calculations. As detailed above, HCTM/ESB performs quarterly audits of benefits actions and deductions calculations and reconciles with NFC. M/OCFO/P is responsible for verifying the accuracy of the employee leave and earnings statements and will collaborate with HCTM to ensure employee service computation dates are entered timely.

USAID agrees to assess reviews of leave accrual calculations processed by the respective HCTM onboarding teams (and not by HCTM/ESB). To ensure accurate processing and compliance with ADS and federal regulations, the HCTM onboarding teams use the Service Computation Date (SCD) calculating tool in the Government Retirement & Benefits Platform (GRB).

- **Target Completion Date:** November 4, 2025

Recommendation 3: Review the reconciliation process with National Finance Center Payroll/Personnel System records to determine enhancements for more effectively identifying and correcting inaccurate information.

- **Management Comments:** USAID agrees with the recommendation. HCTM will review

the reconciliation process with NFC and implement the following enhancements to more effectively identify and correct inaccurate information:

- Establish a routine schedule for reconciling NFC records, such as monthly or quarterly, to ensure that discrepancies are identified and corrected promptly.
 - Implement automated data validation rules within HR and Time & Attendance systems to flag inconsistencies or errors in real-time before they are transmitted to NFC.
 - Conduct audits of NFC records periodically to identify systemic issues or recurring discrepancies. This can help pinpoint areas where process improvements or additional training may be needed.
 - Develop and distribute clear Standard Operating Procedures (SOPs) that outline the reconciliation process, including steps to be taken when discrepancies are identified.
- **Target Completion Date:** November 4, 2025

Recommendation 4: Develop and document a process on how the Agency implements and adopts new accounting standards and guidance going forward, including, but not limited to, the implementation of the embedded leases portion of SFFAS 54.

- **Management Comments:** OCFO agrees with the audit recommendation. OCFO will develop and document a process on how the Agency will implement and adopt the new accounting standards and guidance, to include collaboration with the Department of State (State) to improve and strengthen compliance with the new lease accounting standard SFFAS 54.
- **Target Completion Date:** November 4, 2025

Recommendation 5: Develop and document a process to ensure its leases are recorded in accordance with SFFAS 54. At a minimum, this should include the Agency's consideration of materiality and process to assess the completeness, accuracy and reasonableness of all information from the Department of State for which USAID relies on to report in its financial statements and to include an element of management review and approval.

- **Management Comments:** OCFO agrees with the audit recommendation. OCFO will develop and document a process to ensure its leases are recorded in accordance with SFFAS 54. That will at minimum include establishing materiality and assessing the completeness, accuracy and reasonableness of all information from the Department of State.
- **Target Completion Date:** November 4, 2025

Recommendation 6: Determine what information needs to be captured at a transaction level to allow for the identification of the lease and the type of lease (i.e., domestic, international – USAID dedicated, international – housing pool) at the disbursement transaction level.

- **Management Comments:** OCFO agrees with the audit recommendation. OCFO will collaborate with system personnel to revise the process for recording lease transactions that will include the determination of information needed to be captured at the transaction level to allow for the identification of the lease and the type of lease (i.e., domestic, international – USAID dedicated, international – housing pool) at the disbursement transaction level.
- **Target Completion Date:** November 4, 2025

Recommendation 7: Develop and implement a process to capture the information identified based on Recommendation 6 to allow for automation of determining completeness of the Department of State provided lease listing.

- **Management Comments:** OCFO agrees with the audit recommendation. OCFO will develop and implement a process to capture the information identified based on Recommendation 6 to allow for automation of determining completeness of the Department of State provided lease listing.
- **Target Completion Date:** November 4, 2025

Recommendation 8: Develop a process by which USAID can automatically calculate lease balances for leases dedicated to USAID to allow USAID to verify the accuracy of the information provided by the Department of State related to USAID’s dedicated leases.

- **Management Comments:** OCFO agrees with the audit recommendation. OCFO will develop a process to automatically calculate lease balances to verify the accuracy of information provided by the Department of State.
- **Target Completion Date:** November 4, 2025

Recommendation 9: Ensure the new processes developed in Recommendations 4, 5, 7, and 8 are adequately communicated, both in writing and via training, to impacted personnel.

- **Management Comments:** OCFO agrees with the audit recommendation. OCFO will provide written guidance and training to staff to ensure compliance with SFFAS 54.
- **Target Completion Date:** November 4, 2025

In view of the above, we request that the OIG inform USAID when it agrees or disagrees with a recommendation’s management comments (correct action plan).

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

As of September 30, 2024 and 2023

(In Thousands)

	2024	2023
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 49,394,493	\$ 41,118,024
Accounts Receivable, Net (Note 3)	22,087	22,509
Advances and Prepayments (Note 4)	153,851	164,220
Total Intragovernmental	49,570,431	41,304,753
Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 5)	109,171	138,518
Accounts Receivable, Net (Note 3)	75,956	77,996
Inventory and Related Property, Net (Note 7)	27,605	19,968
General and Right-to-Use PP&E, Net (Note 8)	305,303	54,427
Advances and Prepayments (Note 4)	486,843	645,815
Total Other than Intragovernmental	1,004,878	936,724
Total Assets	\$ 50,575,309	\$ 42,241,477
LIABILITIES:		
Intragovernmental:		
Downward Reestimate Payable to the Treasury (Note 6)	\$ 324,291	\$ 295,801
Accounts Payable	35,865	41,397
Advances from Others and Deferred Revenue (Note 11)	1,325,570	942,722
Other Liabilities (Note 11)	20,077	22,034
Total Intragovernmental	1,705,803	1,301,954
Other than Intragovernmental:		
Accounts Payable	3,910,877	3,105,885
Loan Guarantee Liabilities (Note 6)	447,960	734,536
Federal Employee Benefits Payable (Note 12)	26,010	24,531
Advances from Others and Deferred Revenue (Note 11)	11,702	11,719
Lessee Lease Liabilities (Note 11)	260,093	–
Other Liabilities (Note 11)	383,003	400,344
Total Other than Intragovernmental	5,039,645	4,277,015
Total Liabilities	6,745,448	5,578,969
Commitments and Contingencies (Note 13)		
NET POSITION:		
Unexpended Appropriations	42,084,143	35,175,707
Cumulative Results of Operations	1,745,718	1,486,801
Total Net Position	43,829,861	36,662,508
Total Liabilities and Net Position	\$ 50,575,309	\$ 42,241,477

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF NET COST

For the Years Ended September 30, 2024 and 2023

(In Thousands)

Category	2024	2023
DR—Democracy, Human Rights, and Governance		
Gross Costs	\$ 2,001,400	\$ 1,820,743
Less: Earned Revenue	(16,468)	(12,458)
Net Program Costs	1,984,932	1,808,285
EG—Economic Growth		
Gross Costs	9,425,101	19,726,503
Less: Earned Revenue	(107,721)	(118,456)
Net Program Costs	9,317,380	19,608,047
ES—Education and Social Services		
Gross Costs	1,500,367	1,426,015
Less: Earned Revenue	(12,560)	(9,732)
Net Program Costs	1,487,807	1,416,283
HA—Humanitarian Assistance		
Gross Costs	6,223,249	8,885,506
Less: Earned Revenue	(3,474)	(2,260)
Net Program Costs	6,219,775	8,883,246
HL—Health		
Gross Costs	3,017,170	3,629,951
Less: Earned Revenue	(784,406)	(566,169)
Net Program Costs	2,232,764	3,063,782
PO—Program Development and Oversight		
Gross Costs	1,506,092	1,358,097
Less: Earned Revenue	(11,235)	(7,656)
Net Program Costs	1,494,857	1,350,441
PS—Peace and Security		
Gross Costs	702,313	717,907
Less: Earned Revenue	(6,034)	(4,390)
Net Program Costs	696,279	713,517
Net Cost of Operations (Note 15)	\$ 23,433,794	\$ 36,843,601

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2024 and 2023

(In Thousands)

	2024	2023
Unexpended Appropriations:		
Beginning Balance	\$ 35,175,707	\$ 37,844,754
Appropriations Received	30,768,615	34,116,060
Appropriations Transferred-in/out	95,570	167,639
Other Adjustments	(209,776)	(141,524)
Appropriations Used	(23,745,973)	(36,811,222)
Change in Unexpended Appropriations	6,908,436	(2,669,047)
Total Unexpended Appropriations, Ending Balance	\$ 42,084,143	\$ 35,175,707
Cumulative Results of Operations:		
Beginning Balance	\$ 1,486,801	\$ 1,641,180
Appropriations Used	23,745,973	36,811,222
Donations and Forfeitures of Cash and Cash Equivalents	60,175	66,478
Transfers-in/out Without Reimbursement	224,501	5,803
Donations and Forfeitures of Property	10,263	5,946
Imputed Financing	97,796	95,581
Other	(445,997)	(295,808)
Net Cost of Operations (Note 15)	(23,433,794)	(36,843,601)
Net Change in Cumulative Results of Operations	258,917	(154,379)
Total Cumulative Results of Operations, Ending Balance	\$ 1,745,718	\$ 1,486,801
Net Position	\$ 43,829,861	\$ 36,662,508

The accompanying notes are an integral part of these statements.

COMBINED STATEMENTS OF BUDGETARY RESOURCES

For the Years Ended September 30, 2024 and 2023

(In Thousands)

	2024		2023	
	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)	\$ 12,025,522	\$ 1,008,057	\$ 15,257,148	\$ 1,591,514
Appropriations (Discretionary and Mandatory)	30,720,656	–	34,187,235	–
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,413,431	59,822	592,452	51,297
Total Budgetary Resources	\$ 44,159,609	\$ 1,067,879	\$ 50,036,835	\$ 1,642,811
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total) (Note 14)	\$ 25,331,495	\$ 295,802	\$ 38,181,628	\$ 634,754
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts (Note 2)	15,969,328	132,221	10,967,484	–
Unapportioned, Unexpired Accounts (Note 2)	2,659,079	639,856	639,099	1,008,057
Unexpired Unobligated Balance, End of Year	18,628,407	772,077	11,606,583	1,008,057
Expired Unobligated Balance, End of Year	199,707	–	248,624	–
Total Unobligated Balance, End of Year	18,828,114	772,077	11,855,207	1,008,057
Total Budgetary Resources	\$ 44,159,609	\$ 1,067,879	\$ 50,036,835	\$ 1,642,811
Outlays, Net and Disbursements, Net:				
Outlays, Net (Total) (Discretionary and Mandatory)	\$ 22,132,538	–	\$ 37,343,280	–
Distributed Offsetting Receipts (-)	(410,355)	–	(729,610)	–
Agency Outlays, Net (Discretionary and Mandatory)	\$ 21,722,183	–	\$ 36,613,670	–
Disbursement, Net (Total) (Mandatory)		\$ 235,979		\$ 583,457

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

USAID is a component of the U.S. government. For this reason, some of the assets and liabilities reported by USAID 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 (AEECA); Economic Support Fund (ESF); 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.

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.

Economic Support Fund

The 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. Pursuant to section 7034(r) of the State Department, Foreign Operations, and Related Programs Appropriations Act, 2015 (P.L. 113-235), this program was expanded to include the Hashemite Kingdom of Jordan and renamed the Middle East Northern Africa Loan Guarantee Program. The added guarantee reinforces the firm U.S. commitment to the people of Jordan by strengthening the Government of Jordan's ability to maintain access to international financing, while enabling it to achieve its economic development and reform goals. This program was further expanded to include the Republic of Iraq in 2017. The U.S. government guaranteed a total repayment of \$5.23 billion in notes issued for the MENA program, \$500 million of which remains outstanding to date. The Tunisia and Iraq guarantees have matured and are no longer active. Refer to the Management's Discussion and Analysis (MD&A) Sovereign Bond Guarantees (SBGs) section of this AFR for details.

FUND TYPES

For each of the program 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 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.

B. 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 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.

C. BASIS OF ACCOUNTING

Transactions are recorded on both an accrual and budgetary basis of accounting. Under the accrual basis of accounting, 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 Sheets, Statements of Net Cost, and Statements of Changes in Net Position have been prepared on an accrual basis. The Statements of Budgetary Resources have 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, multiyear, 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 Statements 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 USDA Commodity Credit Corporation, the Executive Office of the President, and the State Department.

Additional financing sources for USAID's various credit programs and trust funds include amounts obtained through collection of guarantee 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

Fund Balance with Treasury (FBWT) is an asset of a reporting entity and a liability of the General Fund of the U.S. Government. Amounts reported for FBWT represent commitments by the Federal Government to provide resources to particular programs; however, they do not represent net assets to the government as a whole. When a reporting entity seeks to use FBWT to liquidate budgetary obligations, Treasury will finance the disbursements with current receipts or borrow from the public if a deficit exists. On USAID's financial statements, FBWT represents the aggregate amount of undisbursed funds in USAID's general funds, deposit fund, and clearing/suspense fund. The general fund cash balance includes a portion that is available to USAID to make expenditures and pay liabilities and a portion that is unavailable. Deposit fund and clearing/suspense fund balances are non-entity funds that are temporarily held by USAID until transferred to another federal agency or distributed to a third party. Fund balances are carried forward into subsequent fiscal years until disbursements are made.

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 Cash and Other Monetary Assets line on the Balance Sheets and the Statements of Net Costs.

H. ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due mainly 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 reestimated when necessary and changes reflected in the Statements 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 consist 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 on a basis that reasonably approximates historical 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 (PP&E) 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 GSA. 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. LEASES

SFFAS 54, *Leases*, provides a comprehensive set of lease accounting standards to recognize federal lease activities in the reporting entity’s general purpose federal financial reports, effective for reporting periods beginning after September 20, 2023.

USAID implemented SFFAS 54 in FY 2024, this standard results in significant accounting changes to the financial reporting standards for federal lease accounting. A lease is defined

as “a contract or agreement whereby one entity (lessor) conveys the right to control the use of PP&E (the underlying asset) to another entity (lessee) for a period of time as specified in the contract or agreement in exchange for consideration.” This standard requires that federal lessees recognize a lease liability and a right-to-use lease asset at the commencement of the lease term, unless it meets any of the scope exclusions or meets the definition/criteria of short-term leases, contracts or agreements that transfer ownership, or intra-governmental leases.

USAID applied professional judgment and collaborated within its Agency to reach certain determinations before establishing proprietary accounting treatment of its domestic and overseas leases, by evaluating the following elements: (1) Lease Term, with consideration for Options, Renewals/Terminations, and Cancellation Clauses; (2) Calculation of Lease Asset/Liability; with consideration for Fixed vs. Variable Payments; (3) Selection of Proprietary Interest Rates – Amortization of Discount on Lease Liability/ Receivable; (4) Modifications, Terminations, and any respective remeasurements; and (5) Contracts or Agreements Containing Non-lease and Lease Components (if applicable). USAID determined that the following four categories of leases exist within the Agency: (1) short-term leases, (2) intragovernmental leases, (3) domestic lease, and (4) overseas real property leases. The overseas real property leases are segregated between by housing pool leases and USAID dedicated leases for financial reporting purposes. Based on SFFAS 54, the short-term leases and intragovernmental leases identified are recognized as expenses based on the payment provisions of the contract. The domestic lease and overseas real property leases fall within the provisions of SFFAS 54 that require USAID to recognize a lease liability and a right-to-use lease asset.

In accordance with SFFAS 54, USAID established accounting policy to recognize lease liabilities and right-to-use lease assets for both the domestic lease and overseas real property leases. However, the accounting policies for recognizing the lease liabilities and right-to-use lease asset for these two types of leases differ. The domestic lease is managed

and accounted for internally within USAID, in accordance with SFFAS 54 guidance. The State Department manages the overseas housing pool, as well as maintains the USAID lease data within its real property accounting system. During the implementation of SFFAS 54, a determination was made by the State Department, FASAB, OMB, and Treasury that the State Department would implement guidance and determine a methodology to allocate all the overseas housing pool expenses amongst those federal agencies participating in the overseas housing pool, since the lease data exists within their systems.

In June 2024, the State Department issued additional SFFAS 54 implementation guidance "Real Property Leases Managed by the Department of State Overseas, Reporting Methodology and Procedures." This guidance describes the allocation methodology and steps performed by the State Department to allocate and provide USAID relevant lease data based on the net present value for the USAID portion of the residential housing pool lease balances. This allocation methodology is only used to determine the USAID's share of the estimated expenses of the entire housing pool leases over the next fiscal year. Once the State Department determines USAID's share of the housing pool then the allocation percentage assigned to USAID is then applied to the housing pool lease balances to determine USAID's lease liabilities, corresponding right-to-use lease assets and related amortization and interest expenses. The State Department intends on evaluating the data inputs on a periodic basis to achieve accurate allocations for each participating agency based on its usage of the housing pool leases. The State Department has agreed to provide USAID with the actual lease data for the USAID dedicated leases based on actual net present values and expenses. USAID established procedures and controls to evaluate both the allocated housing pool and dedicated lease data calculations provided by the State Department.

In addition, USAID has elected to apply SFFAS 62, *Transitional Amendment to SFFAS 54*, that provides transitional accommodations to reporting entities implementing SFFAS 54 in the area of "embedded leases." "Embedded leases"

is a common industry term which generally describes contracts or agreements that contain lease component(s) and nonlease component(s), such as service components, and serve a primary purpose attributable to the nonlease component(s). USAID is electing this accommodation to prospectively apply the provisions of SFFAS 54 to lease components of new or modified contracts or agreements meeting the "embedded leases" eligibility criteria beginning October 1, 2023, through October 1, 2026.

N. 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.

O. 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 Sheets. Budget authority is also requested from OMB for the upward reestimates.

P. 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.

Q. 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. 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.

R. 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.

S. 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.

T. 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.

U. AGENCY COSTS

USAID costs of operations are 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.

V. 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:

- U.S. Department of Agriculture, Forest Service
- U.S. Department of State
- U.S. Department of Health and Human Services
- U.S. Department of Defense

USAID receives allocation transfers as the child from:

- U.S. Department of State
- U.S. Department of Agriculture, Commodity Credit Corporation

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2024 and 2023 consisted of the following (*in thousands*):

Status of Fund Balance with Treasury	2024	2023
Unobligated Balance		
Available	\$ 16,101,549	\$ 10,967,484
Unavailable	3,498,642	1,895,780
Obligated and Other Balances Not Yet Disbursed (Net)	29,794,302	28,254,760
Total	\$ 49,394,493	\$ 41,118,024

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 Statements 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 Statements 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, 2024 and 2023 are as follows (*in thousands*):

	Receivable Gross	Allowance Accounts	Receivable Net 2024	Receivable Net 2023
Intragovernmental				
Accounts Receivable from Federal Agencies	\$ 346,552	N/A	\$ 346,552	\$ 340,592
Less: Intra-Agency Receivables	(324,464)	N/A	(324,464)	(318,083)
Total Intragovernmental Accounts Receivable	22,087	N/A	22,087	22,509
Accounts Receivable from the Public	90,653	(14,697)	75,956	77,996
Total Accounts Receivable, Net	\$ 112,740	\$ (14,697)	\$ 98,043	\$ 100,505

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.

Accounts receivable from the public consists of amounts managed by Missions or USAID/Washington. These receivables primarily relate to audit findings associated with questioned costs. Other receivables relate

to unrecovered advances and overdue advances. Unrecovered advances are advances disbursed to Agency employees that have not been used and have not been returned to the Agency. Overdue advances are advances disbursed to non-federal vendors that have not been used and are associated with obligations that have exceeded the performance end date.

The allowance for uncollectable accounts related to these receivables is calculated based on a historical analysis of collectability.

NOTE 4. ADVANCES AND PREPAYMENTS

Advances and Prepayments as of September 30, 2024 and 2023 consisted of the following (*in thousands*):

	2024	2023
Intragovernmental		
Advances to Federal Agencies	\$ 153,851	\$ 164,220
Total Intragovernmental	153,851	164,220
Other than Intragovernmental		
Advances to Contractors/Grantees	358,258	364,084
Advances to Host Country Governments and Institutions	128,585	281,731
Total Other than Intragovernmental	486,843	645,815
Total Advances and Prepayments	\$ 640,694	\$ 810,035

Intragovernmental Advances consist 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.

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2024 and 2023 are as follows (*in thousands*):

	2024	2023
Cash and Other Monetary Assets		
Foreign Currencies	\$ 109,171	\$ 138,518
Total Cash and Other Monetary Assets	\$ 109,171	\$ 138,518

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled \$109 million in FY 2024 and 139 million in FY 2023, as disclosed in Note 11. The Agency operates in over 40 different countries, therefore, the Agency exchanges U.S. dollars for various local currencies.

The value of Foreign Currency fluctuates relative to the value of the U.S. dollars.

USAID does not have any non-entity cash or other monetary assets.

NOTE 6. LOAN GUARANTEE LIABILITIES

USAID operates the following loan guarantee programs:

- Israel Loan Guarantee Program
- Middle East Northern Africa (MENA) 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, 2024 and 2023 are as follows (*in thousands*):

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding (2024):		
Israel	\$ 1,952,351	\$ 1,952,351
MENA	500,000	500,000
Total	\$ 2,452,351	\$ 2,452,351
Guaranteed Loans Outstanding (2023):		
Israel	\$ 4,132,436	\$ 4,132,436
MENA	500,000	500,000
Total	\$ 4,632,436	\$ 4,632,436

Liability for Loan Guarantees as of September 30, 2024 and 2023 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, 2024:		
Israel	\$ 299,087	\$ 299,087
MENA	148,873	148,873
Total	\$ 447,960	\$ 447,960
Liability for Loan Guarantees as of September 30, 2023:		
Israel	\$ 566,973	\$ 566,973
MENA	167,563	167,563
Total	\$ 734,536	\$ 734,536

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SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2024 and 2023 are as follows (*in thousands*):

Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Modifications and Reestimates (2024):				
Israel	\$ –	\$ –	\$ (300,602)	\$ (300,602)
MENA	–	–	(23,515)	(23,515)
Total	\$ –	\$ –	\$ (324,117)	\$ (324,117)
Modifications and Reestimates (2023):				
Israel	\$ –	\$ –	\$ (295,801)	\$ (295,801)
MENA	–	–	22,281	22,281
Total	\$ –	\$ –	\$ (273,520)	\$ (273,520)

Total Loan Guarantee Subsidy Expense as of September 30, 2024 and 2023 are as follows (*in thousands*):

Loan Guarantee Programs	2024	2023
Israel	\$ (300,602)	\$ (295,801)
MENA	(23,515)	22,281
Total	\$ (324,117)	\$ (273,520)

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	–	–	–	–	–
MENA	–	–	–	–	–

(continued on next page)

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees) as of September 30, 2024 and 2023 are as follows (*in thousands*):

2024: Post-1991 Loan Guarantees			
	Israel	MENA	Total
Beginning Balance of the Loan Guarantee Liabilities	\$ 566,973	\$ 167,563	\$ 734,536
Add:			
Fees received	–	–	–
Interest expense on entity borrowings	–	–	–
Subsidy expense	–	–	–
Upward reestimate	174	–	174
Less:			
Claim payments to lenders	–	–	–
Interest supplements paid	–	–	–
Interest revenue on uninvested funds	32,715	4,826	37,541
Negative subsidy payments	–	–	–
Downward reestimates	(300,776)	(23,515)	(324,291)
Loan guarantee modifications	–	–	–
Other	–	–	–
Ending Balance of the Loan Guarantee Liabilities	\$ 299,086	\$ 148,874	\$ 447,960

2023: Post-1991 Loan Guarantees			
	Israel	MENA	Total
Beginning Balance of the Loan Guarantee Liabilities	\$ 815,544	\$ 141,215	\$ 956,759
Add:			
Fees received	–	–	–
Interest expense on entity borrowings	–	–	–
Subsidy expense	–	–	–
Upward reestimate	–	22,281	22,281
Less:			
Claim payments to lenders	–	–	–
Interest supplements paid	–	–	–
Interest revenue on uninvested funds	47,230	4,067	51,297
Negative subsidy payments	–	–	–
Downward reestimates	(295,801)	–	(295,801)
Loan guarantee modifications	–	–	–
Other	–	–	–
Ending Balance of the Loan Guarantee Liabilities	\$ 566,973	\$ 167,563	\$ 734,536

Administrative Expense as of September 30, 2024 and 2023 are as follows (*in thousands*):

	2024	2023
Loan Guarantee Program*	\$ 109	\$ 71
Total	\$ 109	\$ 71

* USAID receives appropriations for administering its 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.

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OTHER INFORMATION

Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2025. 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 \$2.4 billion (this is further detailed under the Management's Discussion and Analysis – Sovereign Bond Guarantees (SBGs) section of this AFR).

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, 2024 and 2023 are as follows (*in thousands*):

	2024	2023
Items Held for Use		
Office Supplies	\$ 2,013	\$ 3,487
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies	12,043	8,883
Birth Control Supplies	13,549	7,598
Total Inventory and Related Property (Net)	\$ 27,605	\$ 19,968

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 on a basis that reasonably approximates historical cost. At any time during

the year, inventory may include excess, obsolete, or unserviceable operating materials and supplies. Items costing less than \$25,000 are expensed as incurred.

NOTE 8. GENERAL AND RIGHT-TO-USE PP&E, NET

The components of General and Right-to-Use PP&E, Net as of September 30, 2024 and 2023 are as follows (*in thousands*):

2024	Useful Life	Cost	Accumulated Depreciation/Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	\$ 57,419	\$ (48,367)	\$ 9,052
Buildings, Improvements, and Renovations	5 to 20 years	84,720	(54,598)	30,122
Land and Land Rights*	N/A	7,203	N/A	7,203
Lessee Right-to-Use Asset (Note 9)	3 to 30 years	298,676	(40,339)	258,337
Internal Use Software	3 to 5 years	144,322	(143,733)	589
Total		\$ 592,340	\$ (287,037)	\$ 305,303

* Land and Land Rights consists of property owned by USAID in foreign countries. Land is generally procured with the intent of constructing buildings. Under FASAB SFFAS 59, *Accounting and Reporting of Government Land*, land values will be removed from the Balance Sheet beginning FY 2026, however, information concerning estimated land acreage is discussed in unaudited required supplementary information.

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2023	Useful Life	Cost	Accumulated Depreciation/Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	\$ 61,278	\$ (49,043)	\$ 12,235
Buildings, Improvements, and Renovations	5 to 20 years	84,568	(51,575)	32,993
Land and Land Rights	N/A	7,203	N/A	7,203
Internal Use Software	3 to 5 years	144,322	(142,326)	1,996
Total		\$ 297,371	\$ (242,944)	\$ 54,427

Schedule of General and Right-to-Use PP&E, Net as of September 30, 2024 and 2023 is as follows (in thousands):

	2024	2023
Beginning Balance, Unadjusted	\$ 54,427	\$ 59,437
Effects of implementation of SFFAS 54*	259,741	–
Beginning Balance, Adjusted	314,168	59,437
Right-to-Use Lease Assets, Current Year Activity	37,494	–
Current Year Amortization of Right-to-Use Lease Assets	(38,898)	–
Capital Acquisition	4,116	9,195
Dispositions	(942)	(442)
Depreciation Expense	(10,635)	(13,763)
Ending Balance	\$ 305,303	\$ 54,427

* Starting in FY 2024, federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, no-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying PP&E asset for a period of time in exchange for consideration under the terms of the contract or agreement. For additional details on the implementation of FASAB SFFAS 54 refer to Note I, Summary of Significant Accounting Policies, Section M, Leases.

Equipment consists primarily of electric generators, Automatic Data Processing 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 the building resides.

NOTE 9. LEASES

Current and Future Fiscal Year Lessee Lease Expenses as of September 30, 2024 are shown in the following tables (*in thousands*):

CURRENT YEAR (FY 2024)

Type of Lease	2024
Short-Term Leases	\$ 11,385
Intragovernmental Leases	42,419
Total Lessee Lease Expenses	\$ 53,804

FUTURE YEARS (FY 2025 AND BEYOND)

Type of Lease	Fiscal Year Payment Due	Total
Intragovernmental Leases*	2025	\$ 60,766
	2026	59,471
	2027	59,321
	2028	59,727
	2029	58,736
	2030 and Beyond	267,973
Total Intragovernmental Future Lease Payments		\$ 565,994

* Future intragovernmental lease payments total \$566.0 million for the USAID Headquarter buildings in D.C. metro area. These current lease agreements are with GSA and provide approximately 893,888 sq. feet of space for use by USAID and extend out until FY 2039. In accordance with SFFAS 54, USAID is recognizing the lease payments for intragovernmental leases as an expense in the appropriate reporting period based on the specifics of the lease provisions.

Type of Lease	Fiscal Year Payment Due	Principal	Interest*	Total
Other Than Short-Term Leases, Contracts or Agreements that Transfer Ownership, and Intragovernment Leases:**				
Domestic Non Federal	2025	\$ 49	\$ 8	\$ 57
	2026	53	5	58
	2027	56	2	58
	2028	20	–	20
Total Domestic Commercial Future Lease Payments		\$ 178	\$ 15	\$ 193
Overseas Housing Pool – State Allocated	2025	\$ 37,133	\$ 10,612	\$ 47,745
	2026	34,796	8,889	43,685
	2027	30,208	7,343	37,551
	2028	24,976	6,026	31,002
	2029	21,123	4,940	26,063
	2030 – 2034	58,966	13,917	72,883
	2035 – 2039	16,517	5,955	22,472
	2040 – 2044	8,640	3,108	11,748
	2045 – 2049	6,025	1,408	7,433
	2050 – 2054	2,679	227	2,906
Total Overseas Housing Pool – State Allocated Future Lease Payments		\$ 241,063	\$ 62,425	\$ 303,488

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Type of Lease	Fiscal Year Payment Due	Principal	Interest*	Total
Overseas Housing – USAID Dedicated	2025	\$ 3,314	\$ 826	\$ 4,140
	2026	3,244	670	3,914
	2027	2,274	531	2,805
	2028	2,044	428	2,472
	2029	1,850	338	2,188
	2030 – 2034	3,649	880	4,529
	2035 – 2039	1,020	443	1,463
	2040 – 2044	824	238	1,062
	2045 – 2049	431	78	509
	2050 – 2054	148	11	159
	Total Overseas Housing – USAID Dedicated Future Lease Payments		\$ 18,798	\$ 4,443
Total Future Lease Payments		\$ 260,039	\$ 66,883	\$ 326,922

* The interest rates used to discount the future lease payments were consistent with the interest rate on marketable Treasury securities at the commencement of the lease term or designated financial reporting date as provided within the SFFAS guidance. The Treasury rates used range from 4.14 percent through 5.00 percent with the longest Treasury maturity rate of 30 years.

** Currently, USAID has one domestic non-federal lease for contingent operation purposes and approximately 1,148 overseas real property leases, which are assigned by the Interagency Housing Board and administered by ICASS in conjunction with the State Department. The number of housing pool leases can vary throughout the year based upon the housing needs of USAID personnel at overseas locations. USAID funds approximately 60 overseas real property leases dedicated for the exclusive use by USAID.

Effective FY 2024, USAID recognized lease liabilities and right-to-use assets for their domestic non-federal and overseas housing leases in accordance with SFFAS 54 for financial reporting purposes. Based upon the collaborative efforts between State, OMB, Treasury, FASAB, and multiple occupant agencies, a determination was made that the overall housing pool lease costs would be allocated between the occupying agencies on a quarterly

basis. The State Department provides USAID with quarterly reporting of actual lease costs for both the overseas real property leases and the dedicated leases used exclusively by USAID. Refer to Note 1, Section M, *Leases*, for further guidance on the implementation of SFFAS 54. Note 11, *Other Liabilities*, provides additional details regarding the funded and unfunded portions of the lease liability.

NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2024 and 2023 Liabilities Not Covered by Budgetary Resources were as follows
(in thousands):

	2024	2023
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Unfunded FECA Liability (Note 12)	\$ 6,294	\$ 6,377
Other Unfunded Employment Related Liability (Note 11)	5	10
Total Intragovernmental	\$ 6,299	\$ 6,387
Unfunded Lease Liability* (Note 11)	218,215	–
Accrued Unfunded Annual Leave (Note 11)	92,558	84,811
FSN Separation Pay Liability (Note 11)	3,188	–
Future Workers' Compensation Benefits (Note 12)	26,010	24,531
Total Liabilities Not Covered by Budgetary Resources	346,270	115,729
Total Liabilities Covered by Budgetary Resources	6,399,178	5,463,240
Total Liabilities	\$ 6,745,448	\$ 5,578,969

* In accordance with SFFAS 54, USAID determined that the overall lessee lease liability for FY 2024 is \$ 260.1 million, which consists of the funded portion of \$41.9 million and the unfunded portion of \$218.2 million as presented in this note. The unfunded lessee lease liability balance includes liabilities not covered by budgetary resources for which budgetary resources have not yet been provided (regardless of whether the lease contract underlying the liability contains a cancellation clause that could be exercised in the future.)

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 II. OTHER LIABILITIES

As of September 30, 2024 and 2023 Other Liabilities consisted of the following *(in thousands)*:

	2024	2023
Intragovernmental		
IPAC Suspense	\$ 6,976	\$ 5,964
Unfunded FECA Liability (Note 12)	6,294	6,377
Custodial Liability	44	45
Employer Contributions & Payroll Taxes Payable	4,425	9,638
Other Unfunded Employment Related Liability (Note 10)	5	10
Other Liabilities Without Related Budgetary Resources	2,333	–
Total Other Liabilities	20,077	22,034
Advances from Others and Deferred Revenue	1,325,570	942,722
Total Intragovernmental	\$ 1,345,647	\$ 964,756
Other than Intragovernmental		
Accrued Funded Payroll and Leave	\$ 61,016	\$ 46,179
Accrued Unfunded Annual Leave (Note 10)	92,558	84,811
FSN Separation Pay Liability (Note 10)	3,188	–
Foreign Currency Trust Fund (Note 5)	109,171	138,518
Funded Lessee Lease Liability	41,878	–
Unfunded Lessee Lease Liability (Note 10)	218,215	–
Other Liabilities With Related Budgetary Resources	985	9,360
Other Liabilities Without Related Budgetary Resources	147,540	143,445
Liability For Non-Fiduciary Deposit Funds and Undeposited Collections	(31,455)	(21,969)
Total Other Liabilities	643,096	400,344
Advances from Others and Deferred Revenue	11,702	11,719
Total Liabilities Other than Intragovernmental	\$ 654,798	\$ 412,063
Total Other Liabilities	\$ 2,000,445	\$ 1,376,819

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

NOTE 12. FEDERAL EMPLOYEES BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2024 and 2023 are indicated in the table below (*in thousands*):

	2024	2023
Intragovernmental		
Unfunded FECA Liability (Note 10)	\$ 6,294	\$ 6,377
Total Intragovernmental	\$ 6,294	\$ 6,377
Other than Intragovernmental		
Future Workers' Compensation Benefits (Note 10)	\$ 26,010	\$ 24,531
Total Other than Intragovernmental	\$ 26,010	\$ 24,531
Total Unfunded Workers' Compensation Benefits	\$ 32,304	\$ 30,908

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 2024, USAID's total FECA liability was \$32 million, comprised of unpaid FECA billings for \$6 million and estimated future FECA costs of \$26 million. For FY 2023, USAID's total FECA liability was \$31 million, comprised of unpaid FECA billings for \$6 million and estimated future FECA costs of \$24 million.

The actuarial estimate for the FECA unfunded liability is determined by 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 13. 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, 2024 and 2023 there were three pending cases.

The schedule below details the accrued liabilities and estimated range of loss for pending legal cases as of September 30, 2024 and 2023 (*in thousands*):

	2024		2023	
	Estimated Range of Loss		Estimated Range of Loss	
	Lower End	Upper End	Lower End	Upper End
Legal Contingencies:				
Probable	\$ -	\$ -	\$ -	\$ -
Reasonably Possible	1,900	4,300	1,900	4,300
Total Accrued Liabilities and Estimated Range of Loss	\$ 1,900	\$ 4,300	\$ 1,900	\$ 4,300

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 14. COMBINED STATEMENTS OF BUDGETARY RESOURCES

The Combined Statements of Budgetary Resources present information about total budgetary resources available to USAID and the status of those resources, as of September 30, 2024 and 2023. USAID’s total budgetary resources were \$45.2 billion and \$51.7 billion as of September 30, 2024 and 2023, 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):

	2024	2023
Category A, Direct	\$ 1,876,286	\$ 1,847,938
Category B, Direct	23,220,270	36,366,403
Category A, Reimbursable	105,107	105,219
Category B, Reimbursable	425,634	496,822
Total	\$ 25,627,297	\$ 38,816,382

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 2024 and FY 2023. 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).

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E. UNDELIVERED ORDERS AT THE END OF THE YEAR:

Budgetary Resources obligated for Undelivered Orders as of September 30, 2024 and 2023, were \$26.5 billion and \$26.3 billion, respectively.

	2024	2023
Federal		
Obligations Paid	\$ 59,851	\$ 61,932
Obligations Unpaid	2,192,988	690,953
Total Federal	\$ 2,252,839	\$ 752,885
Non-Federal		
Obligations Paid	\$ 572,790	\$ 720,206
Obligations Unpaid	23,678,552	24,788,209
Total Non-Federal	\$ 24,251,342	\$ 25,508,415
Total Undelivered Orders at End of Year	\$ 26,504,181	\$ 26,261,300

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, 2023 because submission of the Budget for FY 2026, which presents the execution of the FY 2024 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 2025.

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 \$27.7 billion. This fact is corroborated by the State Department 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.

2023	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 51,679,646	\$ 38,816,382	\$ (729,610)	\$ 37,343,280
Funds Reported in SBR, Not Attributed to USAID in the President’s Budget	(27,698,000)	(22,812,000)	–	(21,595,000)
Other Differences	545,354	564,618	–	1,042,720
Budget of the U.S. Government	\$ 24,527,000	\$ 16,569,000	\$ (729,610)	\$ 16,791,000

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G. SCHEDULE OF CHANGE IN UNOBLIGATED BALANCES BROUGHT FORWARD
(in thousands):

The following schedule provides a reconciliation of the Unobligated Balance, End of Year, as of September 30, 2023 and the Unobligated Balances from Prior Year Budget Authority, Net, as of September 30, 2024.

	Budgetary	Non-Budgetary
Unobligated Balance from Prior Year Budget Authority, Net, as of September 30, 2024	\$ 12,025,522	\$ 1,008,057
Allocation Transfers of Prior-Year Balances	(16,474)	–
Transfers – Prior-Year Balances	124,757	–
Balance Transfers – Extension of Availability Other Than Reappropriations	16,731	–
Canceled Authority	177,590	–
Downward Adjustments of Prior-Year Unpaid Undelivered Orders – Obligations, Recoveries	(431,358)	–
Downward Adjustments of Prior-Year Unpaid Delivered Orders – Obligations, Recoveries	(27,647)	–
Downward Adjustments of Prior-Year Paid Delivered Orders – Obligations, Refunds Collected	(13,913)	–
Ending Unobligated Balance as of September 30, 2023	\$ 11,855,207	\$ 1,008,057

Differences between the Ending Unobligated Balance and Beginning Unobligated Balance Brought Forward are due to a change in the

FY 2018 revision of OMB Circular A-136 which streamlined the reporting of the SBR to reflect requirements of FASAB standards.

NOTE 15. SCHEDULES OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

The Schedules 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 meet the criteria for responsibility segments. These bureaus directly support the Agency's 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 2024 Consolidated Statements 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 six Pillar Bureaus are Bureau for Humanitarian Assistance; Conflict Prevention & Stabilization; Democracy, Human Rights, and Governance; Global Health; Inclusive Growth, Partnerships, and Innovation; and Resilience, Environment, and Food Security.

The Schedules of Costs by SPSD for the years ended September 30, 2024 and 2023 are indicated in the table on the following pages (*in thousands*):

Categories	2024										2023	
	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	Consolidated Total
DR—Democracy, Human Rights, and Governance												
DR.1—Rule of Law (ROL)												
Gross Costs	\$ 13,613	\$ 35,571	\$ -	\$ -	\$ 125	\$ 39,845	\$ -	\$ 3,394	\$ 71,488	\$ 12,821	\$ -	\$ 168,361
Less: Earned Revenue	(152)	(331)	-	-	(3)	(80)	-	(62)	(727)	(136)	-	(1,111)
Net Program Costs	13,461	35,240	-	-	122	39,765	-	3,332	70,761	12,685	-	175,366
DR.2—Good Governance												
Gross Costs	80,712	114,239	-	102	32,634	228,688	-	9,546	214,549	81,143	-	704,199
Less: Earned Revenue	(764)	(1,044)	-	(2)	(180)	(584)	-	(128)	(2,490)	(833)	-	(4,827)
Net Program Costs	79,948	113,195	-	100	32,454	228,104	-	9,418	212,059	80,310	-	755,588
DR.3—Political Competition and Consensus-Building												
Gross Costs	55,183	21,805	1,477	3,682	8,008	39,657	-	3,493	23,227	17,568	-	159,279
Less: Earned Revenue	(458)	(192)	(1)	(27)	(287)	(102)	-	(141)	(243)	(174)	-	(1,170)
Net Program Costs	54,725	21,613	1,476	3,655	7,721	39,555	-	3,352	22,984	17,394	-	158,109
DR.4—Civil Society												
Gross Costs	90,923	125,258	432	4,498	19,527	89,875	-	4,483	74,952	94,518	-	476,920
Less: Earned Revenue	(821)	(1,132)	-	(33)	(191)	(216)	-	(87)	(825)	(919)	-	(3,187)
Net Program Costs	90,102	124,126	432	4,465	19,336	89,659	-	4,396	74,127	93,599	-	473,733
DR.5—Independent Media and Free Flow of Information												
Gross Costs	21,327	28,863	-	-	21,859	59,267	-	1,038	19,657	1,464	-	115,987
Less: Earned Revenue	(185)	(292)	-	-	(172)	(153)	-	(41)	(229)	(11)	-	(542)
Net Program Costs	21,142	28,571	-	-	21,687	59,114	-	997	19,428	1,453	-	115,445
DR.6—Human Rights												
Gross Costs	14,970	47,040	42	1,071	11,569	13,706	-	48,190	70,316	23,985	-	230,889
Less: Earned Revenue	(147)	(386)	-	(12)	(134)	(26)	-	(300)	(789)	(226)	-	(1,621)
Net Program Costs	14,823	46,654	42	1,059	11,435	13,680	-	47,890	69,527	23,759	-	228,869
Total Democracy, Human Rights, and Governance	274,201	369,399	1,950	9,279	92,755	469,877	-	69,385	468,886	229,200	-	1,984,932
EG—Economic Growth												
EG.1—Macroeconomic Foundation for Growth												
Gross Costs	2,331	5,859	-	-	-	4,009,071	-	-	3,210	907,636	17	15,962,614
Less: Earned Revenue	(29)	(4,765)	-	-	-	(4,178)	-	-	(101)	(28,453)	(1)	(96,399)
Net Program Costs	2,302	1,094	-	-	-	4,004,893	-	-	3,109	879,183	16	15,866,215
EG.2—Trade and Investment												
Gross Costs	71,310	42,942	-	-	-	84,941	-	22,087	4,975	22,620	-	208,358
Less: Earned Revenue	(657)	(467)	-	-	-	(200)	-	(203)	(67)	(203)	-	(1,408)
Net Program Costs	70,653	42,475	-	-	-	84,741	-	21,884	4,908	22,417	-	206,950
EG.3—Agriculture												
Gross Costs	700,688	198,469	-	-	-	41,677	-	16,100	85,202	47,108	353,807	1,673,977
Less: Earned Revenue	(6,844)	(2,393)	-	-	-	(117)	-	(100)	(958)	(417)	(2,078)	(9,207)
Net Program Costs	693,844	196,076	-	-	-	41,560	-	16,000	84,244	46,691	351,729	1,664,770
EG.4—Financial Sector												
Gross Costs	21	6,295	-	-	-	19,180	-	-	82	2,313	-	16,514
Less: Earned Revenue	-	(69)	-	-	-	(36)	-	-	(4)	(24)	-	(91)
Net Program Costs	21	6,226	-	-	-	19,144	-	-	78	2,289	-	16,423

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Categories	2024										2023 Consolidated Total	
	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East		REFS
EG.5—Private Sector Productivity												
Gross Costs	12,127	99,994	10,118	2,852	—	265,235	—	148,342	43,166	145,116	—	726,950
Less: Earned Revenue	(129)	(987)	—	—	—	(690)	—	(38,562)	(492)	(1,443)	—	(42,303)
Net Program Costs	11,998	99,007	10,118	2,852	—	264,545	—	109,780	42,674	143,673	—	684,647
EG.6—Workforce Development												
Gross Costs	1,777	14,277	—	—	—	10,471	—	34,993	22,190	33,492	—	117,200
Less: Earned Revenue	(18)	(153)	—	—	—	(57)	—	(303)	(233)	(316)	—	(1,080)
Net Program Costs	1,759	14,124	—	—	—	10,414	—	34,690	21,957	33,176	—	116,120
EG.7—Modern Energy Services												
Gross Costs	18,605	67,942	—	—	—	709,356	—	414	19,750	43,614	—	859,681
Less: Earned Revenue	(161)	(668)	—	—	—	(1,878)	—	(4)	(212)	(484)	—	(3,407)
Net Program Costs	18,444	67,274	—	—	—	707,478	—	410	19,538	43,130	—	856,274
EG.8—Information and Communications Technology Services												
Gross Costs	2,723	19,253	—	—	—	26,941	—	13,706	3,391	1,556	—	67,570
Less: Earned Revenue	(23)	(167)	—	—	—	(79)	—	(39)	(35)	(13)	—	(356)
Net Program Costs	2,700	19,086	—	—	—	26,862	—	13,667	3,356	1,543	—	67,214
EG.9—Transport Services												
Gross Costs	1,413	23,544	—	—	—	81,584	—	593	4,489	700	54	112,377
Less: Earned Revenue	(16)	(195)	—	—	—	(279)	—	(5)	(42)	(8)	—	(545)
Net Program Costs	1,397	23,349	—	—	—	81,305	—	588	4,447	692	54	111,832
EG.10—Environment												
Gross Costs	154,086	135,022	9	—	—	835	—	44,385	100,304	8,136	1,953	444,730
Less: Earned Revenue	(1,343)	(1,222)	—	—	—	(3)	—	(248)	(1,197)	(73)	(1)	(4,087)
Net Program Costs	152,743	133,800	9	—	—	832	—	44,137	99,107	8,063	1,952	440,643
EG.11—Climate Change – Adaptation												
Gross Costs	16,683	28,844	—	—	—	—	—	3,728	22,248	22,273	6,441	100,217
Less: Earned Revenue	(141)	(243)	—	—	—	—	—	(7)	(213)	(219)	(27)	(850)
Net Program Costs	16,542	28,601	—	—	—	—	—	3,721	22,035	22,054	6,414	99,367
EG.12—Climate Change – Clean Energy												
Gross Costs	68,208	87,115	—	—	—	9,922	—	10,585	19,040	10,539	6,384	211,793
Less: Earned Revenue	(534)	(600)	—	—	—	(22)	—	(30)	(184)	(103)	(5)	(1,478)
Net Program Costs	67,674	86,515	—	—	—	9,900	—	10,555	18,856	10,436	6,379	210,315
EG.13—Climate Change – Sustainable Landscapes												
Gross Costs	14,550	52,516	—	—	—	—	—	13,491	54,679	—	1,406	136,642
Less: Earned Revenue	(149)	(455)	—	—	—	—	—	(59)	(582)	—	(6)	(1,251)
Net Program Costs	14,401	52,061	—	—	—	—	—	13,432	54,097	—	1,400	135,391
Total Economic Growth	1,054,478	769,688	10,127	2,852	—	5,251,674	—	268,864	378,406	1,213,347	367,944	9,317,380
ES—Education and Social Services												
ES.1—Basic Education												
Gross Costs	303,537	148,807	616	—	—	25,611	—	170,826	87,067	252,664	—	989,128
Less: Earned Revenue	(2,804)	(1,266)	—	—	—	(22)	—	(114)	(965)	(2,756)	—	(7,927)
Net Program Costs	300,733	147,541	616	—	—	25,589	—	170,712	86,102	249,908	—	981,201

(continued on next page)

(continued)

Categories	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	2024 Consolidated Total	2023 Consolidated Total
ES.2—Higher Education													
Gross Costs	32,562	67,936	6	—	—	749	—	74,941	7,005	89,199	—	272,398	152,997
Less: Earned Revenue	(267)	(591)	—	—	—	(2)	—	(690)	(79)	(835)	—	(2,464)	(1,074)
Net Program Costs	32,295	67,345	6	—	—	747	—	74,251	6,926	88,364	—	269,934	151,923
ES.3—Social Policies, Regulations, and Systems													
Gross Costs	—	2,800	—	—	1	70	—	17	20,378	1,242	—	24,508	21,255
Less: Earned Revenue	—	(34)	—	—	—	—	—	(1)	(241)	(12)	—	(288)	(193)
Net Program Costs	—	2,766	—	—	1	70	—	16	20,137	1,230	—	24,220	21,062
ES.4—Social Services													
Gross Costs	—	37,029	—	9,104	215	9,341	265	53,635	13,582	31,276	—	154,447	159,592
Less: Earned Revenue	—	(374)	—	(124)	(9)	(24)	(11)	(278)	(180)	(261)	—	(1,261)	(1,159)
Net Program Costs	—	36,655	—	8,980	206	9,317	254	53,357	13,402	31,015	—	153,186	158,433
ES.5—Social Assistance													
Gross Costs	16,990	5,491	—	—	6	431	—	103	1,832	35,033	—	59,886	65,354
Less: Earned Revenue	(159)	(42)	—	—	—	(1)	—	(4)	(23)	(391)	—	(620)	(521)
Net Program Costs	16,831	5,449	—	—	6	430	—	99	1,809	34,642	—	59,266	64,833
Total Education and Social Service	349,859	259,756	622	8,980	213	36,153	254	298,435	128,376	405,159	—	1,487,807	1,416,283
HA—Humanitarian Assistance													
HA.1—Protection, Assistance and Solutions													
Gross Costs	—	9,026	5,766,171	103	—	1,434	—	—	—	5,786	—	5,782,520	8,506,459
Less: Earned Revenue	—	(92)	(2,452)	(1)	—	(5)	—	—	—	(52)	—	(2,602)	(1,477)
Net Program Costs	—	8,934	5,763,719	102	—	1,429	—	—	—	5,734	—	5,779,918	8,504,982
HA.2—Disaster Readiness													
Gross Costs	10,809	1,173	380,097	—	—	—	—	—	7,977	872	—	400,928	319,985
Less: Earned Revenue	(103)	(18)	(151)	—	—	—	—	—	(100)	(13)	—	(385)	(205)
Net Program Costs	10,706	1,155	379,946	—	—	—	—	—	7,877	859	—	400,543	319,780
HA.3—Migration Management													
Gross Costs	—	—	—	—	—	—	—	—	39,801	—	—	39,801	59,062
Less: Earned Revenue	—	—	—	—	—	—	—	—	(487)	—	—	(487)	(578)
Net Program Costs	—	—	—	—	—	—	—	—	39,314	—	—	39,314	58,484
Total Humanitarian Assistance	10,706	10,089	6,143,665	102	—	1,429	—	—	47,191	6,593	—	6,219,775	8,883,246
HL—Health													
HL.1—HIV/AIDS													
Gross Costs	330,490	—	—	—	—	829	761,011	12	25,664	7,132	—	1,125,138	1,329,633
Less: Earned Revenue	(12,984)	—	—	—	—	(34)	(733,509)	(1)	(1,015)	(82)	—	(747,625)	(534,037)
Net Program Costs	317,506	—	—	—	—	795	27,502	11	24,649	7,050	—	377,513	795,596
HL.2—Tuberculosis													
Gross Costs	30,067	30,127	—	—	—	432	7,590	—	199	54	—	68,469	78,966
Less: Earned Revenue	(1,216)	(1,277)	—	—	—	(17)	(307)	—	(8)	(1)	—	(2,826)	(2,274)
Net Program Costs	28,851	28,850	—	—	—	415	7,283	—	191	53	—	65,643	76,692

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(continued)

Categories	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	2024 Consolidated Total	2023 Consolidated Total
HL.3–Malaria													
Gross Costs	150,559	4,725	-	-	-	-	66,333	-	1,288	258	-	223,163	210,593
Less: Earned Revenue	(6,089)	(192)	-	-	-	-	(228)	-	(52)	(3)	-	(6,564)	(6,085)
Net Program Costs	144,470	4,533	-	-	-	-	66,105	-	1,236	255	-	216,599	204,508
HL.4–Pandemic Influenza and Other Emerging Threats (PIOET)													
Gross Costs	133,605	31,723	-	-	-	10,650	52,974	1	16,566	12,343	-	257,862	1,003,594
Less: Earned Revenue	(2,353)	(637)	-	-	-	(38)	(638)	-	(479)	(208)	-	(4,353)	(7,608)
Net Program Costs	131,252	31,086	-	-	-	10,612	52,336	1	16,087	12,135	-	253,509	995,986
HL.5–Other Public Health Threats													
Gross Costs	508	1,522	-	-	-	39,026	7,165	35,741	10	50,106	-	134,078	47,054
Less: Earned Revenue	(10)	(12)	-	-	-	(116)	(290)	(293)	-	(503)	-	(1,224)	(597)
Net Program Costs	498	1,510	-	-	-	38,910	6,875	35,448	10	49,603	-	132,854	46,457
HL.6–Maternal and Child Health													
Gross Costs	101,183	61,333	-	-	-	1,247	54,917	3	13,237	23,488	-	255,408	279,259
Less: Earned Revenue	(4,056)	(1,302)	-	-	-	(1)	(2,176)	-	(535)	(314)	-	(8,384)	(7,117)
Net Program Costs	97,127	60,031	-	-	-	1,246	52,741	3	12,702	23,174	-	247,024	272,142
HL.7–Family Planning and Reproductive Health													
Gross Costs	82,482	43,854	-	-	-	-	10,753	1	6,311	52,990	-	196,391	192,266
Less: Earned Revenue	(3,321)	(902)	-	-	-	-	(435)	-	(255)	(624)	-	(5,537)	(4,348)
Net Program Costs	79,161	42,952	-	-	-	-	10,318	1	6,056	52,366	-	190,854	187,918
HL.8–Water Supply and Sanitation													
Gross Costs	253,205	39,962	-	-	-	-	199	1,118	15,054	364,174	12,682	686,394	422,619
Less: Earned Revenue	(2,152)	(356)	-	-	-	-	(7)	(20)	(163)	(3,553)	(69)	(6,320)	(2,984)
Net Program Costs	251,053	39,606	-	-	-	-	192	1,098	14,891	360,621	12,613	680,074	419,635
HL.9–Nutrition													
Gross Costs	37,539	22,573	-	-	-	-	1,121	-	1,730	7,304	-	70,267	65,967
Less: Earned Revenue	(1,074)	(320)	-	-	-	-	(45)	-	(70)	(64)	-	(1,573)	(1,119)
Net Program Costs	36,465	22,253	-	-	-	-	1,076	-	1,660	7,240	-	68,694	64,848
Total Health	1,086,383	230,821	-	-	-	51,978	224,428	36,562	77,482	512,497	12,613	2,232,764	3,063,782
PO–Program Development and Oversight													
PO.1–Program Design and Learning													
Gross Costs	77,655	31,312	114,169	2,499	5,611	19,852	-	40,010	40,827	50,256	7,954	390,145	374,686
Less: Earned Revenue	(1,000)	(335)	(47)	(20)	(65)	(43)	-	(266)	(524)	(495)	(54)	(2,849)	(2,148)
Net Program Costs	76,655	30,977	114,122	2,479	5,546	19,809	-	39,744	40,303	49,761	7,900	387,296	372,538
PO.2–Administration and Oversight													
Gross Costs	228,393	113,303	289,940	57,900	16,051	43,105	-	80,011	105,787	70,259	45,964	1,050,713	924,020
Less: Earned Revenue	(3,325)	(1,200)	(107)	(435)	(123)	(85)	-	(294)	(1,289)	(666)	(112)	(7,636)	(4,974)
Net Program Costs	225,068	112,103	289,833	57,465	15,928	43,020	-	79,717	104,498	69,593	45,852	1,043,077	919,046
PO.3–Evaluation													
Gross Costs	18,226	8,970	-	4,303	728	4,109	-	5,578	18,055	5,265	-	65,234	59,391
Less: Earned Revenue	(261)	(99)	-	(31)	(11)	(9)	-	(60)	(223)	(56)	-	(750)	(534)
Net Program Costs	17,965	8,871	-	4,272	717	4,100	-	5,518	17,832	5,209	-	64,484	58,857
Total Program Development and Oversight	319,688	151,951	403,955	64,216	22,191	66,929	-	124,979	162,633	124,563	53,752	1,494,857	1,350,441

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(continued)

Categories	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	2024 Consolidated Total	2023 Consolidated Total
PS—Peace and Security													
PS.1—Counterterrorism													
Gross Costs	9,880	1,821	-	221	-	19	-	709	-	49	-	12,699	15,392
Less: Earned Revenue	(87)	(11)	-	-	-	-	-	(29)	-	-	-	(127)	(134)
Net Program Costs	9,793	1,810	-	221	-	19	-	680	-	49	-	12,572	15,258
PS.2—Combating Weapons of Mass Destruction (WMD)													
Gross Costs	-	-	-	-	-	81	-	-	-	-	-	81	2,568
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-	(1)
Net Program Costs	-	-	-	-	-	81	-	-	-	-	-	81	2,567
PS.3—Counter narcotics													
Gross Costs	-	354	-	-	-	-	-	-	88,148	-	-	88,502	110,674
Less: Earned Revenue	-	(1)	-	-	-	-	-	-	(1,096)	-	-	(1,097)	(1,147)
Net Program Costs	-	353	-	-	-	-	-	-	87,052	-	-	87,405	109,527
PS.4—Transnational Threats and Crime													
Gross Costs	-	-	-	-	-	55,009	-	-	-	-	-	55,009	31,351
Less: Earned Revenue	-	-	-	-	-	(173)	-	-	-	-	-	(173)	(12)
Net Program Costs	-	-	-	-	-	54,836	-	-	-	-	-	54,836	31,339
PS.5—Trafficking in Persons													
Gross Costs	1,723	17,525	-	-	4	6,089	-	101	1,388	1,455	-	28,285	27,009
Less: Earned Revenue	(16)	(153)	-	-	-	(18)	-	(1)	(14)	(4)	-	(206)	(155)
Net Program Costs	1,707	17,372	-	-	4	6,071	-	100	1,374	1,451	-	28,079	26,854
PS.6—Conflict Mitigation and Stabilization													
Gross Costs	37,039	36,931	531	254,673	-	13,962	-	575	20,480	153,546	-	517,737	530,913
Less: Earned Revenue	(363)	(390)	(1)	(1,978)	-	(35)	-	(7)	(266)	(1,391)	-	(4,431)	(2,941)
Net Program Costs	36,676	36,541	530	252,695	-	13,927	-	568	20,214	152,155	-	513,306	527,972
Total Peace and Security	48,176	56,076	530	252,916	4	74,934	-	1,348	108,640	153,655	-	696,279	713,517
Net Cost of Operations	\$3,143,491	\$1,847,780	\$6,560,849	\$338,345	\$115,163	\$5,952,974	\$224,682	\$799,573	\$1,371,614	\$2,645,014	\$434,309	\$23,433,794	\$36,843,601

NOTE 16. 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 present increases and decreases in assets and liabilities, respectively. Some sections are used for assets that are reported on the Balance Sheets, 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 Statements 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.

The Schedules of Reconciliation of Net Cost of Operations to Net Costs of Budgetary Outlays for the years ended September 30, 2024 and 2023 are indicated in the table below (*in thousands*):

	2024	2023
NET COST	\$ 23,433,794	\$ 36,843,601
Components of Net Cost That Are Not Part of Net Outlays:		
General and Right-to-Use PP&E Depreciation and Amortization	(51,201)	(13,875)
General and Right-to-Use PP&E Disposal and Revaluation	(2,274)	(442)
Other	324,291	295,802
Increase/(Decrease) in Assets:		
Accounts Receivable	26,027	(341,950)
Other Assets	(217,559)	130,857
(Increase)/Decrease in Liabilities:		
Accounts Payable	(799,464)	34,507
Salaries and Benefits	5,301	(825)
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	(351,950)	161,067
Other Financing Sources:		
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(97,796)	(95,581)
Transfers Out/In Without Reimbursement	(662,684)	(301,631)
Donated Revenue	(60,175)	(66,478)
Total Components of Net Operating Cost That Are Not Part of Net Outlays	(1,887,484)	(198,550)
Components of Net Outlays That Are Not Part of Net Cost:		
Miscellaneous Items	586,229	698,229
Total Components of Net Outlays That Are Not Part of Net Cost	586,229	698,229
NET OUTLAYS	\$ 22,132,538	\$ 37,343,280
Distributed Offsetting Receipts	(410,355)	(729,610)
AGENCY OUTLAYS, NET	\$ 21,722,183	\$ 36,613,670

NOTE 17. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS

To prepare the Financial Report of the U.S. Government (FR), 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 Statement of Net Cost and a Reclassified Statement of Changes in Net Position. Treasury eliminates 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. A copy of the 2024 FR can be found here: [Financial Report of the United States](#)

Government – Financial Statements of the United States Government for the Fiscal Years Ended September 30, 2024, and 2023 ([treasury.gov](https://www.treasury.gov)) and a copy of the 2024 Financial Report will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of Federal Government. The term "non-federal" is used in this note to refer to Federal Government amounts that result from transactions with non-federal entities. These include transactions with individuals, businesses, non-profit entities, and state, local, and foreign governments.

The Reclassification of the Statement of Net Cost and the Statement of Changes in Net Position for the year ended September 30, 2024 are presented in the tables on the following pages (*in thousands*):

**Reclassification of Statement of Net Cost to Line Items Used
for the Government-wide Statement of Net Cost
For the Year Ending September 30, 2024**

**Line Items Used to Prepare
FY 2024 Government-wide
Statement of Net Cost**

FY 2024 USAID Statement of Net Cost			Line Items Used to Prepare FY 2024 Government-wide Statement of Net Cost	
Financial Statement Line	Amounts	Other than Dedicated Collections (with Elimination)	Amounts	Reclassified Financial Statement Line
Gross Cost	\$ 24,375,692	\$ –	\$ 22,817,743	Non-Federal Gross Cost
				Intragovernmental Costs:
			187,781	Benefit Program Costs
			97,796	Imputed Costs
			1,272,350	Buy/Sell Cost
			21	Other Expenses (Without Reciprocals)
			1,557,948	Total Intragovernmental Cost
Total Gross Cost	24,375,692	–	24,375,691	Total Reclassified Gross Cost
Earned Revenue	(941,898)		(54,600)	Non-Federal Earned Revenue
				Intragovernmental Revenue:
			(849,756)	Buy/Sell Revenue
			(37,541)	Borrowing and Other Interest Revenue
			(887,297)	Total Intragovernmental Earned Revenue
Total Earned Revenue	(941,898)	–	(941,897)	Total Reclassified Earned Revenue
Net Cost of Operations	\$ 23,433,794	\$ –	\$ 23,433,794	Net Cost of Operations

Reclassification of Statement of Changes in Net Position to Line Items Used for Government-wide Statement of Operations and Changes in Net Position For the Year Ending September 30, 2024

FY 2024 USAID Statement of Changes in Net Position			Line Items Used to Prepare FY 2024 Government-wide Statement of Changes in Net Position	
Financial Statement Line	Amounts	Other than Dedicated Collections (with Elimination)	Amounts	Reclassified Financial Statement Line
UNEXPENDED APPROPRIATIONS:				UNEXPENDED APPROPRIATIONS:
Unexpended Appropriations, Beginning Balance	\$ 35,175,707	\$ –	\$ 35,175,707	Unexpended Appropriations, Beginning Balance
Appropriations Received	30,768,615		30,558,840	Appropriations Received, as Adjusted
Other Adjustments	(209,776)			Other Adjustments
Appropriations Transferred In/Out	95,570	(7,830,031)	8,075,700	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		7,818,395	(7,980,131)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
Appropriations Used	(23,745,973)		(23,745,973)	Appropriations Used (Federal)
Total Unexpended Appropriations	\$ 42,084,143	\$ (11,636)	\$ 42,084,143	Total Unexpended Appropriations
CUMULATIVE RESULTS OF OPERATIONS:				CUMULATIVE RESULTS OF OPERATIONS:
Cumulative Results, Beginning Balance	\$ 1,486,801	\$ –	\$ 1,486,801	Cumulative Results, Beginning Balance
Appropriations Used	23,745,973		23,745,973	Appropriations Used (Federal)
Non-Exchange Revenues			70,437	Non-Federal Non-Exchange Revenues
			(28,489)	Other Taxes and Receipts
			(417,508)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
Donations and Forfeitures of Property	10,263	(66,039)	290,550	Non-Entity Collections Transferred to the General Fund of the U.S. Government
		66,039	(66,039)	Donations and Forfeitures of Property
		(102,247)	113,883	Expenditure Transfers-In of Financing Sources
		113,883	(113,883)	Expenditure Transfers-Out of Financing Sources
		(324,291)	324,291	Non-Expenditure Transfer-In of Financing Sources – Capital Transfers (RC II)
Transfers in/out Without Reimbursement	224,501	324,291	(324,300)	Non-Expenditure Transfers-Out of Financing Sources – Capital Transfers (RC II)
Other	(445,997)			Transfers-In Without Reimbursement
Donations and Forfeitures of Cash and Cash Equivalents	60,175			Transfers-Out Without Reimbursement
Imputed Financing	97,796		97,796	Other
				Donations and Forfeitures of Cash and Cash Equivalents
				Imputed Financing Sources
Total Financing Sources	23,692,711	11,636	23,692,711	Total Financing Sources
Net Cost of Operations	(23,433,794)		(23,433,794)	Net Cost of Operations
Ending Balance – Cumulative Results of Operations	\$ 1,745,718	\$ 11,636	\$ 1,745,718	Ending Balance – Cumulative Results of Operations
Total Net Position	\$ 43,829,861	\$ –	\$ 43,829,861	Net Position

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FINANCIAL SECTION REQUIRED SUPPLEMENTARY INFORMATION





(Preceding page) Esthela Noteno, a young Kichwa Indigenous woman in Ecuador, launched beverage brand **Andi Wayusa** based on her grandmother's guayusa recipe and expanded the business with **USAID** support.
PHOTO: JOEL HEIM FOR USAID

(Above) Beekeepers in Jenin tending to the beehives as part of a **USAID** Conflict Management and Mitigation project to help 120 Israeli and Palestinian almond farmers develop and apply research on irrigation and plant protection to increase productivity. Palestinian women received beekeeping training to support almond farmers to improve pollination.
PHOTO: USAID/WEST BANK AND GAZA

STATEMENT OF BUDGETARY RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2024

(in thousands)

	Operating	Civilian Stabilization Initiative	Assistance for Europe, Eurasia and Central Asia	Assistance for Eastern Europe	Development Assistance	International Disaster Assistance	Economic Support Fund	Assistance for New Independent States	Child Survival and Disease Programs Funds	Credit Financing	Other	Parent Fund	Combined Total
	1000	0305	0306	1010	1021	1035	1037	1093	1095				
Budgetary Resources:													
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 300,387	\$ 1,152	\$ 483,469	\$ 514	\$ 4,612,151	\$ 856,009	\$ 3,334,227	\$ 3,594	\$ 33,426	\$ 1,008,057	\$ 725,614	\$ 1,674,979	\$ 13,033,579
Appropriations (Discretionary and Mandatory)	1,734,000	–	2,345,334	–	3,931,000	10,434,000	11,636,904	–	–	–	639,418	–	30,720,656
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	99,154	–	(300)	–	–	150,000	106,593	–	–	59,822	1,037,434	20,550	1,473,253
Total Budgetary Resources	\$ 2,133,541	\$ 1,152	\$ 2,828,503	\$ 514	\$ 8,543,151	\$ 11,440,009	\$ 15,077,724	\$ 3,594	\$ 33,426	\$ 1,067,879	\$ 2,402,466	\$ 1,695,529	\$ 45,227,488
Status of Budgetary Resources:													
New Obligations and Upward Adjustments (Total) (Note 14)	1,884,002	–	828,832	–	4,378,188	7,780,765	7,045,784	2,826	10,100	295,802	1,782,033	1,618,965	25,627,297
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	34,821	1	1,996,748	514	1,928,827	3,658,517	8,006,785	768	23,325	132,221	273,849	45,173	16,101,549
Unapportioned, Unexpired Accounts	106,706	1,151	1,069	–	2,223,293	727	(12,949)	–	1	639,856	336,477	2,604	3,298,935
Unexpired Unobligated Balance, End of Year	141,527	1,152	1,997,817	514	4,152,120	3,659,244	7,993,836	768	23,326	772,077	610,326	47,777	19,400,484
Expired Unobligated Balance, End of Year	108,012	–	1,854	–	12,843	–	38,104	–	–	–	10,107	28,787	199,707
Total Unobligated Balance, End of Year	249,539	1,152	1,999,671	514	4,164,963	3,659,244	8,031,940	768	23,326	772,077	620,433	76,564	19,600,191
Total Budgetary Resources	\$ 2,133,541	\$ 1,152	\$ 2,828,503	\$ 514	\$ 8,543,151	\$ 11,440,009	\$ 15,077,724	\$ 3,594	\$ 33,426	\$ 1,067,879	\$ 2,402,466	\$ 1,695,529	\$ 45,227,488
Outlays, Net and Disbursements, Net:													
Outlays, Net (Total) (Discretionary and Mandatory)	1,838,485	–	633,446	91	3,545,916	6,390,386	8,285,041	114	2	–	(783)	1,439,840	22,132,538
Distributed Offsetting Receipts (-)	–	–	–	–	–	–	–	–	–	–	(410,355)	–	(410,355)
Agency Outlays, Net (Discretionary and Mandatory)	\$ 1,838,485	\$ –	\$ 633,446	\$ 91	\$ 3,545,916	\$ 6,390,386	\$ 8,285,041	\$ 114	\$ 2	\$ –	\$ (411,138)	\$ 1,439,840	\$ 21,722,183
Disbursement, Net (Total) (Mandatory)										\$ 235,979			\$ 235,979

MAJOR FUNDS

Operating Funds

1000 Operating Expenses of USAID

Program Funds

0305 Civilian Stabilization Initiative
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 the Newly Independent
States of the Former Soviet Union
1095 Child Survival and Disease Programs Funds

CREDIT FINANCING FUNDS

4119 Israel Guarantee Financing Account
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 (DA)
1035 International Disaster Assistance
1037 Economic Support Fund (ESF)
1093 Assistance for the Newly 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

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