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

Audit of USAID's Financial Statements for Fiscal Year 2025

Audit Report 0-000-26-004-C
January 16, 2026

Office of Audits, Inspections, and Evaluations

MEMORANDUM

DATE: January 16, 2026

TO: Eric Ueland

Performing the Duties of Administrator and Chief Operating Officer

U.S. Agency for International Development

FROM: Khadija Walker /s/

Deputy Assistant Inspector General for Audits, Inspections and Evaluations

SUBJECT: Audit of USAID's Financial Statements for Fiscal Year 2025 (0-000-26-004-C)

Enclosed is the final report on the audit of USAID's financial statements for fiscal year 2025. 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 (OMB) 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. 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, 2025, were presented fairly, in all material respects; (2) evaluate USAID's internal controls 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 2025 financial statements.

The audit firm concluded that they were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion due to USAID's failure to maintain adequate processes, controls, and records in support of financial transaction and account balances. For fiscal year 2025, the audit firm noted the following:

1. Four material weaknesses in internal control over financial reporting.
   - Lack of proper recordkeeping and data integrity for significant financial statement accounts
   - Disconnect between written policies and actual procedures
   - Inability to produce a reliable trial balance, financial statements and notes
   - Ineffective entity-level controls

2. Three significant deficiencies in internal control over financial reporting.
   - Lack of documentation of information technology general controls
   - Weaknesses in financial reporting pertaining to personnel and payroll actions (modified repeat finding)
   - Lack of a plan for lease reporting in accordance with Statements of Federal Financial Accounting Standards (SFFAS) 54. (modified repat finding)

3. Two instances of noncompliance with the Federal Manager's Financial Integrity Act of 1982 (FMFIA) and the Government Management Reform Act of 1994 (GMRA).

To address the material weaknesses, significant deficiencies, and noncompliance identified in the fiscal year 2025 report, we recommend that USAID's Chief Financial Officer:

Recommendation 1. Identify key balances, such as high-risk balances or high dollar value items and ensure that supporting schedules in Phoenix agree with stated balances. Where balances and supporting schedules don't agree, research and resolve differences.

Recommendation 2. For material transactions that sample support cannot be located, obtain alternative evidence such as confirmations from vendors, grantees, or banks.

Recommendation 3. Develop and document retention controls that take into consideration USAID's current structure.

Recommendation 4. Develop a document that identifies critical processes, assigns responsibilities, and references existing policies where applicable. The document should also document what interim procedures are in place, and any compensating controls, focusing on high-risk areas.

Recommendation 5. Apply scaled internal control principles from OMB Circular A-123 and GAO Green Book, documenting exceptions and compensating controls where segregation of duties is not feasible.

Recommendation 6. Create an Agency Closeout Checklist, or similar document, covering reconciliations, financial statement certification, record transfer, and communication of residual risks.

Recommendation 7. Communicate simplified procedures to remaining staff and confirm understanding through briefings or written guidance.

Recommendation 8. Establish and implement a financial reporting process to ensure timely preparation of quarterly and annual financial statements in compliance with OMB Circular A-136 that is appropriate for its current size, staffing levels, and mission.

Recommendation 9. Address personnel gaps in its financial reporting function especially as it related to preparation of an Annual Financial Report (AFR) or a Performance and Accountability Report as required by OMB implementation guidance.

Recommendation 10. Implement monitoring mechanisms to ensure adherence to federal financial management requirements and timely corrective action for deficiencies.

Recommendation 11. Implement alternative solutions to provide internal control support, including FMFIA/OMB Circular A-123 testing, documentation updates, and corrective action tracking, to compensate for limited staff capacity and ensure continuity during the wind-down period.

Recommendation 12. Develop and implement a streamlined internal control plan focused on the drawdown of operations, prioritizing high-risk areas such as disbursements, grants, and closeout procedures to maintain compliance and financial integrity.

Recommendation 13. Strengthen communication and accountability by issuing clear written guidance on roles and responsibilities for remaining personnel and establishing a simple escalation process for unresolved control issues.

Recommendation 14. Establish and implement procedures to consistently document and retain the design, implementation, and operating effectiveness of general information technology controls supporting Phoenix.

Recommendation 15. Develop a plan for completing the fiscal year 2026 internal controls assessment, Enterprise Risk Management process, and resulting assurance statements, including the timing and who is responsible for completing the assessment.

Recommendation 16. Perform the fiscal year 2026 internal controls assessment and prepare the resulting assurance statements in accordance with Federal requirements and within the required due date.

Recommendation 17. Establish and implement a financial reporting process to ensure timely preparation of an OMB Circular A-136-compliant AFR that is appropriate for its current size, staffing levels, and mission.

Recommendation 18. Address personnel gaps in its financial reporting function.

Recommendation 19. Develop performance goals that align with its current mission and measure performance against those goals.

Recommendation 20. Develop procedures to analyze systems, controls, and legal compliance to the extent necessary to prepare management's assurances related to FMFIA.

Williams Adley determined that USAID did not address the three prior year personnel and payroll action recommendations. However, as a result of the Agency's wind-down and the significant reduction in personnel, USAID no longer possessed the requisite expertise to discuss the controls related to personnel and payroll processing. Consequently, the prior year recommendations are no longer actionable. In addition, the six prior year lease reporting recommendations are no longer actionable due to the wind-down of the Agency and related discontinuation of USAID leases.

In finalizing the report, we evaluated USAID's response to the recommendations. Based on our evaluation, we consider recommendations 1 through 20 closed due to the wind-down of the Agency.

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

Table of Contents

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 2025 financial statements of United States Agency for International Development (USAID), we:

- were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
- noted four material weaknesses[1] and three significant deficiencies[2] in internal control over financial reporting as of September 30, 2025.
- noted two instances of noncompliance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and the Government Management Reform Act of 1994 (GMRA).

The following sections discuss in more detail (1) our report on the financial statements with emphasis of matter paragraphs on the single year presentation and the wind-down of the agency and an other matter paragraph on the required supplemental information;[3] (2) our report on internal control over financial reporting; (3) our report on compliance and other matters; and (4) agency comments.

[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] 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

[3] The only Required Supplementary Information (RSI) included is the Combining Statement of Budgetary Resources.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of USAID, which comprise the consolidated balance sheet as of September 30, 2025; and the related consolidated statement of net cost, consolidated statement of changes in net position, and combined statement of budgetary resources for the fiscal year then ended; and the related notes to the financial statements (hereinafter referred to as the "financial statements").

We do not express an opinion on the accompanying financial statements of USAID. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

USAID could not provide sufficient appropriate evidential matter in a timely manner to support the amounts in the consolidated financial statements due to inadequate processes, controls, and records to support transaction and account balances. As a result, we cannot determine the effect of the lack of sufficient appropriate audit evidence on USAID's consolidated financial statements on the fiscal year 2025 financial statements, specifically:

- USAID was unable to provide supporting documentation for certain material recorded amounts (material weakness I)
- USAID was unable to provide suitable populations to support the balances reported on their financial statements (material weaknesses I, II and III)
- USAID did not provide a response from its Office of General Counsel to our request for a legal letter regarding litigation, claims, and assessments. Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether litigation and other legal contingencies exist that may require disclosure or accrual in the financial statements
- USAID did not maintain effective entity-level controls necessary to establish a consistent and reliable internal control across the organization (material weakness IV)

Due to these limitations, we were not able to perform the required tests of controls and compliance.

Emphasis-of-Matters

As discussed in Note 1 – *Summary of Significant Accounting Policies* to the financial statements, the USAID implemented the revised financial reporting framework as required by Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, for fiscal year 2025. The revised framework required a single year financial statements presentation of current fiscal year financial data, rather than comparative financial statements as presented in the prior fiscal year.

As discussed in Note 1a to the financial statements, USAID is subject to an approved restructuring pursuant to enacted legislation and related executive actions, which are expected to result in the orderly wind-down of the Agency's operations. Management has disclosed its plans for addressing the effects of this dissolution, including the disposition of assets and transition of remaining program activities. These conditions raise substantial doubt about the Agency's ability to continue as a going concern beyond the period contemplated in management's plans. The financial statements have been prepared on the basis that the Agency will continue operations for the duration necessary to carry out this wind-down and do not include any adjustments that might result from the outcome of this uncertainty.

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;
- 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 responsibility is to conduct an audit of USAID's financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (GAGAS); and guidance contained in Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, and to issue an auditors' report. However, because of the significance of matters described in the "Basis for Disclaimer of Opinion" section, we were not able to obtain sufficient, appropriate evidence in a timely manner to provide a basis for an audit opinion on the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit. We are also required to be independent of USAID and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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.

U.S. generally accepted government auditing standards require that we apply certain limited procedures to the RSI. These procedures consist of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our 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.

USAID elected not to present all required supplementary information, specifically the Management Discussion and Analysis, to supplement its fiscal year 2025 financial statements. Therefore, we were unable to apply the limited procedures required by U.S. generally accepted government auditing standards.

Report on Internal Control over Financial Reporting

In connection with our engagement to audit USAID's financial statements, upon which we disclaimed an opinion because of the matters described above, we attempted to consider USAID's internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USAID's internal control over financial reporting.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. The material weaknesses discussed in this audit report resulted in ineffective internal control over financial reporting. Consequently, USAID's internal control did not provide reasonable assurance that a material misstatement of the consolidated financial statements would be prevented, or detected and corrected, on a timely basis. As described in Appendices I and II, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

In addition, during our fiscal year 2025 audit, we identified deficiencies in USAID's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant USAID's management's attention. We have communicated these matters to USAID management and have reported them separately.

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

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

Responsibilities of Management for Internal Control over Financial Reporting

USAID's 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 financial statements as of and for the fiscal year ended September 30, 2025, 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 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 engagement to audit USAID’s financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements 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 disclosed two instances of noncompliance for fiscal year 2025 that would be reportable under U.S. generally accepted government auditing standards (See *Appendix III*).

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.

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements were limited by certain material weaknesses and scope limitations discussed above. If the scope of our work had been sufficient to enable us to express an opinion on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

<u>Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

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

<u>Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

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

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

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to USAID that have a direct effect on the determination of material amounts and disclosures in USAID's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USAID. We caution that noncompliance may occur and not be detected by these tests. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

<u>Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

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

Agency Comments

We provided a draft of this audit report to USAID officials, who provided comments that are included in Appendix V. USAID’s response was not audited and accordingly, we express no opinion on it.

Williams, Adley & Company-DC, LLP

Washington, District of Columbia
January 14, 2026

Appendix I - Material Weaknesses

I. Lack of Proper Recordkeeping and Data Integrity for Significant Financial Statement Accounts

Condition: USAID was unable to provide sufficient and appropriate supporting documentation for the majority of the transactions underlying the balances of significant accounts reported in the fiscal year 2025 financial statements. Missing documentation included critical evidence such as invoices, contracts, receiving reports, approval signatures, and system-generated records necessary to verify the validity, accuracy, and completeness of these transactions. For example:

- *Travel Vouchers* – Of the 45 travel vouchers sampled, 42 lacked sufficient supporting documentation, limiting our ability to confirm the appropriateness of related expenditures.
- *Vehicles* – Insufficient documentation was provided for 23 out of 45 items sampled.
- *Accounts Receivable* – USAID did not provide supporting documentation for selected delinquent receivables.
- *Settlement Costs* – While USAID furnished listings of settlement costs paid and accrued, it was unable to provide supporting documentation for the sampled transactions, hindering validation of the accrual and expense balances.

In many of these cases, system screenshots, listings, or reports from Phoenix were provided, but supporting documentation such as invoices, contracts, and other items needed to support the accuracy of the transaction were not provided.

In addition, USAID was unable to provide complete and accurate populations of transactions for certain line items selected for testing, including payroll adjustments and the population of the cash receipts.

Lastly, instances exist where current supporting documentation for select financial reporting items was not used and/or not provided as evidence to the auditors. For example:

- The third-party contractor's reports on inventory at the warehouses and the consideration of a write-down for obsolete/unusable inventory.
- The use of September 30, 2025 bank statements for the local currency trust funds balances to supplement the last entries made prior to the missions' closings.
- No write-down or retirement of PP&E items was made. Based upon an internal USAID memo, all property was deemed retired for financial statement purposes except for what was to be transferred to State or given away.

Criteria: Standards for Internal Controls in the Federal Government, section 10.03 states:

> *"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."*

USAID's Automated Directives System (ADS) Chapter 502, *The USAID Records Management Program*, Section 502.2 states:

> *"The Administrator is responsible for creating and preserving records that adequately and properly document the organization, functions, policies, decisions, procedures, and essential transactions of USAID. This responsibility is delegated to the Director, Bureau for Management, Office of Management Services (M/MS)."*

Section 502.3.4.5, *Storing Award Documents in ASIST*[4], states:

> *"All USAID staff in the Washington Bureaus/Mission Technical Offices, Executive Offices (EXOs), and the Bureau for Management, Office of Acquisition & Assistance (M/OAA) in Washington/Overseas that make awards, and all Agreement Officer Representatives (AORs) and Contracting Officer Representatives (CORs), are required to file award documents in ASIST. Award documents include all required post-award reports and other deliverables. All A&A awards issued on or after April 3, 2014, must use the ASIST system to maintain the official award file in its entirety."*

Cause: Although the ADS required award data be retained in ASIST, this practice was not performed consistently across all overseas Missions and operating units after March 2025 during the closing. When the overseas Missions were closed in July and August 2025, and Mission personnel departed post, much of the documentation not stored in ASIST was not retained in a manner that was readily retrievable.

Furthermore, significant workforce reductions within the agency created challenges in responding to audit requests promptly. These staffing constraints contributed to significant and substantial delays in providing vast majority of the key documentation such as trial balances, populations, and control information, often weeks or months after the requested due dates, which represents over 94% of the requested documents. Because these delays occurred early and throughout the audit process, the overall timeline for completing audit procedures was compressed. As a result, for several documentation requests, the Agency did not have sufficient manpower to retrieve the requested support in sufficient time for testing.

Additionally, prior to the Agency restructuring, USAID utilized contract personnel to compile relevant data based on supporting schedules and other financial data. When these contracts were either terminated or not renewed, the personnel were no longer available to generate transaction populations for certain line items nor act as subject matter experts. As a result, the remaining USAID staff made efforts to provide the requested populations; however, some were incomplete or inaccurate, and in a few cases, populations could not be provided because the necessary knowledge and access were not available internally.

The ASIST documentation challenges in combination with the workforce reductions, contractor terminations, and access issues resulted in USAID's inability to provide some of the supporting documentation for the reported balances.

---

[4] USAID's ASIST (Acquisition and Assistance System) is the Agency's official system for managing, documenting, and tracking acquisition and assistance actions, including contracts, grants, and cooperative agreements, throughout their lifecycle.

Effect: The absence of supporting documentation for material transactions, coupled with the lack of schedules that reconcile to the trial balance, severely impairs the ability of both USAID management and external auditors to obtain reasonable assurance regarding the completeness, accuracy, and validity of the financial statements.

Without verifiable evidence, management cannot substantiate that recorded transactions occurred, were properly authorized, and are free from material misstatement. Similarly, auditors cannot perform essential procedures to confirm account balances or verify that populations tested are complete.

Furthermore, it undermines the reliability of financial reporting, diminishes stakeholder confidence, and exposes the Agency to potential noncompliance with federal recordkeeping and internal control requirements, which are critical for accountability and transparency in the use of public funds.

The inability to produce transaction-level documentation to reported balances also represents a pervasive breakdown in recordkeeping and internal control over financial reporting. These deficiencies significantly impaired the auditor's ability to obtain sufficient, appropriate audit evidence as required under GAGAS and created a material scope limitation.

Recommendations: We recommend the USAID Chief Financial Officer (CFO) to work with USAID leadership to:

1. Identify key balances, such as high-risk balances or high dollar value items and ensure that supporting schedules in Phoenix[5] agree with stated balances. Where balances and supporting schedules don't agree, research and resolve differences.
2. For material transactions that sample support cannot be located, obtain alternative evidence such as confirmations from vendors, grantees, or banks.
3. Develop and document retention controls that take into consideration USAID's current structure.

II. Disconnect Between Written Policies and Actual Procedures

Condition: USAID's documented policies and procedures do not reflect the current organizational structure, workflows, or control responsibilities following the 2025 restructuring and transition of functions. USAID underwent massive structural changes in Quarter 2, 2025, including significant personnel separations, closure of overseas Missions, and the transfer of certain functions to the Department of State. These changes fundamentally altered the Agency's organizational structure and operational processes.

Despite these changes, USAID did not update its ADS or documented new procedures to reflect the structure or workflows in place during Quarters 2 and beyond. In addition, when asked to provide evidence of their processes, USAID was unable to provide appropriate and sufficient supporting documents for the processes in place.

[5] USAID's Phoenix system is the agency's integrated financial management system used to record, process, and report financial transactions, including obligations, expenditures, payments, and financial reporting data.

During our walkthroughs and testing of key controls, we noted that several documented controls were not operating as written throughout the year, and several new or revised key operational controls, as a result of the agency structural changes, were not formally documented. For example, for our selected samples for certain months and quarters, it was noted that the controls over budgetary reconciliation were not performed by the agency, controls for USAID's write-off of accounts deemed to be uncollectible was not performed and also controls surrounding foreign currency trust fund were not fully executed.

Criteria: Government Accountability Office's **(**GAO's) Green Book, Section 12.02 states:

> *"Management documents in policies the internal control responsibilities of the organization."*

Section 12.05 states:

> *"Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology.*

Section 9.03 states:

> *"Conditions affecting the entity and its environment continually change. Management can anticipate and plan for significant changes by using a forward-looking process for identifying change. Management identifies, on a timely basis, significant changes to internal and external conditions that have already occurred or are expected to occur. Changes in internal conditions include changes to the entity's programs or activities, oversight structure, organizational structure, personnel, and technology. Changes in external conditions include changes in the governmental, economic, technological, legal, regulatory, and physical environments. Identified significant changes are communicated across the entity through established reporting lines to appropriate personnel."*

Cause: Following the 2025 restructuring, previous controls were no longer practical, due to the large workforce reductions, leaving a limited number of personnel to perform key duties. However, USAID did not update its policies and procedures to reflect new organizational roles, workflows, and control responsibilities. In addition, the scale of the changes and the evolving nature of the Agency's mission made written revision of key processes difficult.

Effect: The disconnect between written policies and actual procedures created uncertainty about whether internal controls were properly designed and implemented and presents a reasonable possibility that a material misstatement of USAID's financial statements will not be prevented, or detected and corrected, on a timely basis. It also limits the auditor's ability to rely on documented controls and assess their effectiveness.

Recommendations: We recommend the USAID CFO to work with USAID leadership to:

1. Develop a document that identifies critical processes, assigns responsibilities, and references existing policies where applicable. The document should also document what

interim procedures are in place, and any compensating controls, focusing on high-risk areas.

2. Apply scaled internal control principles from OMB Circular A-123 and GAO Green Book, documenting exceptions and compensating controls where segregation of duties is not feasible.
3. Create an *Agency Closeout Checklist*, or similar document, covering reconciliations, financial statement certification, record transfer, and communication of residual risks.
4. Communicate simplified procedures to remaining staff and confirm understanding through briefings or written guidance.

III. Inability to Produce a Reliable Trial Balance, Financial Statements and Notes

Condition: USAID was unable to produce a reliable trial balance for fiscal year 2025. The initial trial balance provided for audit contained numerous errors and omissions in key accounts such as Property, Plant and Equipment and Other Liabilities. Material adjustments continued to be identified and recorded well after fiscal year-end, with four trial balance revisions and approximately $368 million in post-closing entries processed up to 2 months after fiscal year-end. Additionally, USAID did not prepare second-quarter or third-quarter financial statements, limiting management's ability to monitor financial performance and identify errors in a timely manner. Additionally, it was noted that the balance of some of the accounts, such as Accounts Receivable, as presented on the notes to the financial statements required further revisions. These deficiencies indicate a fundamental breakdown in USAID's financial reporting processes and systems, which failed to produce reliable data for audit purposes.

Criteria: OMB Circular A-123 (July 15, 2016), *Management's Responsibility for Enterprise Risk Management and Internal Control* states:

> *"Management is also responsible for establishing and maintaining internal controls to achieve specific internal control objectives related to operations, reporting, and compliance."*

USAID's ADS 620, Financial Management Principles and Standards, Section 620.3.4, Financial Statements, states:

> *"USAID must submit audited financial statements to the Director of OMB 45 days after the close of the fiscal year […] and unaudited quarterly financial statements to OMB 21 days after the close of each fiscal quarter. M/CFO/CAR has the primary responsibility for preparing the Agency's financial statements."*

Cause: Significant staffing reductions, termination of the financial statement preparation support contract, and organizational restructuring during fiscal year 2025 resulted in inadequate resources and processes to maintain timely and accurate financial reporting.

Effect: USAID utilizes the trial balance to produce its financial statements. Therefore, the inability to produce a reliable trial balance may result in unreliable financial statements. Unreliable financial statements may result in lack of accountability, further undermines the integrity of USAID's financial reporting, limits management's ability to monitor financial performance, and increases the risk of material misstatement and noncompliance with federal reporting requirements.

Additionally, this deficiency prevents the auditor to express an opinion under GAGAS. As a result, we were unable to perform many of the required audit procedures to support an opinion on USAID's fiscal year 2025 financial statements.

Recommendations: We recommend the USAID CFO to work with USAID leadership to:

1. Establish and implement a financial reporting process to ensure timely preparation of quarterly and annual financial statements in compliance with OMB Circular A-136 that is appropriate for its current size, staffing levels, and mission.
2. Address personnel gaps in its financial reporting function.
3. Implement monitoring mechanisms to ensure adherence to federal financial management requirements and timely corrective action for deficiencies.

IV. Entity-Level Controls

Condition: USAID did not maintain effective entity-level controls necessary to establish a consistent and reliable internal control environment across the organization. The control environment, comprising governance, oversight, and communication, was insufficient to support financial reporting objectives and compliance requirements. This weakness undermines the tone at the top and creates systemic risk across all operational levels. Specifically:

- Governance bodies responsible for internal control oversight faced significant challenges following the 2025 restructuring, including high leadership turnover, prolonged vacancies in key positions, and organizational confusion regarding roles and responsibilities. While management made efforts to sustain oversight, updates to policies were not made timely and monitoring of internal control activities was not sufficiently performed.
- The FMFIA/OMB Circular A-123[6] assessment was not performed in fiscal year 2025.
- Communication of internal control priorities was inconsistent and fragmented, leading to uneven implementation across operating units.
- Corrective actions related to prior-year audit findings were not implemented, leaving previously identified deficiencies unresolved and compounding the risk of control failures during the current fiscal year.

Criteria: Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* Section 10.09 states:

> *"Entity-level controls are controls that have a pervasive effect on an entity's internal control system and may pertain to multiple components. Entity-level controls may include*

[6] OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (M-16-17)

> *controls related to the entity's risk assessment process, control environment, service organizations, management override, and monitoring."*

The FMFIA, codified at 31 U.S. Code (U.S.C.) § 3512, states:

> *"Consistent with standards the Comptroller General prescribes, the head of each executive agency shall establish internal accounting and administrative controls that reasonably ensure that—*
>
> > *(A) obligations and costs comply with applicable law;*
> >
> > *(B) all assets are safeguarded against waste, loss, unauthorized use, and misappropriation; and*
> >
> > *(C) revenues and expenditures applicable to agency operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained."*

Cause: Significant organizational disruption following USAID's 2025 restructuring and realignment of its mission introduced widespread turnover, prolonged vacancies in key leadership and financial management positions, and uncertainty regarding roles and responsibilities. While management worked to maintain continuity, the pace and scale of the restructuring created challenges in updating governance processes, internal control frameworks, and communication channels in a timely manner.

Effect: Lack of effective entity-level controls increases the risk that financial reporting is not accurate and/or complete, compliance with laws and regulations is not maintained, and misuse of funds would not be promptly detected and prevented.

Recommendations: We recommend the USAID CFO to work with USAID leadership to:

1. Implement alternative solutions to provide internal control support, including FMFIA/OMB Circular A-123 testing, documentation updates, and corrective action tracking, to compensate for limited staff capacity and ensure continuity during the wind-down period.

2. Develop and implement a streamlined internal control plan focused on the drawdown of operations, prioritizing high-risk areas such as disbursements, grants, and closeout procedures to maintain compliance and financial integrity.

3. Strengthen communication and accountability by issuing clear written guidance on roles and responsibilities for remaining personnel and establishing a simple escalation process for unresolved control issues.

Appendix II - Significant Deficiency

I. Information Technology General Controls

Condition: USAID did not provide documentation required to demonstrate the design, implementation, and operating effectiveness of general information technology controls for the Phoenix financial management system (Phoenix).

Key documentation not provided included, but was not limited to:

- Information Technology Systems Accreditation Risk Management; Framework Handbook for Phoenix
- Plan of Action and Milestones Management Guide
- System-generated listing of Phoenix users to validate user access and segregation of duties
- Supporting documentation for a sample of non-emergency changes made to the Phoenix application to confirm adherence to change management protocols
- Evidence of implemented access control parameters restricting access to Phoenix program libraries
- Documentation for a sample of patches applied to the Phoenix Production and Reporting databases to verify timely and authorized patch management
- System-generated list of emergency changes made to Phoenix during the audit period
- Evidence supporting reviews of Monthly Conflicting Roles Reports to ensure proper monitoring of incompatible access.

Criteria: The GAO *Standards for Internal Control in the Federal Government* (Green Book) Section 2 - Establishing an Effective Internal Control System, states the following:

> *"OV2.11 Documentation is required for the effective design, implementation, and operating effectiveness of an entity's internal control system. Management develops and maintains documentation of its internal control system."*

Cause: A large number of USAID's staff were placed on administrative leave or separated from the Agency, limiting management's ability to provide documentation we needed to complete our audit work. Nonetheless, we determined that USAID did not establish and implement procedures to consistently document and retain the design, implementation, and operating effectiveness of general information technology controls supporting Phoenix.

Effect: The lack of documentation about the design, implementation, and operating effectiveness of general information technology controls for Phoenix results in reduced assurance related to the confidentiality, integrity, and availability of financial data processed by the system. Also, there is increased risk that errors or unauthorized activities could occur, remain undetected, and adversely impact the reliability of financial reporting.

Recommendation: We recommend the USAID CFO to work with USAID leadership to establish and implement procedures to consistently document and retain the design, implementation, and operating effectiveness of general information technology controls supporting Phoenix.

Refer to **Appendix IV –** *Status of Prior Year Findings and Recommendations*, for the remaining two significant deficiencies 1) USAID Needs to Strengthen Controls Surrounding Processing of Personnel and Payroll Actions 2) USAID Needs to Strengthen its Process for Adoption and Implementation of SFFAS 54, which been reissued to USAID during FY2025.

Appendix III – Non-compliances and Other Matters

During our engagement to audit the fiscal year 2025 financial statements of USAID, we identified two instances of noncompliance as described in this Appendix.

I. Federal Managers' Financial Integrity Act of 1982

Condition: The Federal Managers' Financial Integrity Act of 1982 (FMFIA) establishes management's statutory responsibility to maintain effective internal control and to assess and report on the adequacy of those controls. OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, implements FMFIA by providing detailed guidance on management's responsibility for internal control over operations, reporting, and compliance, including the processes for evaluating, documenting, and reporting control effectiveness.

As discussed in Material Weakness 4, *Entity-Level Controls,* in Appendix I of this report, USAID's entity-level controls do not fully comply with FMFIA requirements. Specifically, USAID did not:

- Plan and perform an OMB Circular A-123 internal controls over financial reporting assessment (including entity level and process level controls), nor document the controls and assessment procedures as required by OMB Circular A-123, Appendix A.
- Complete FMFIA Section 2 and Section 4 evaluations and issue the Statement of Assurance signed by the Administrator, which—by statute—must state whether internal accounting and administrative controls comply with FMFIA's objectives and whether financial systems conform to prescribed standards.
- Effectively implement its Enterprise Risk Management framework, including related risk identification and mitigation.

Furthermore, USAID did not comply with its internal policies and procedures, as stated in the ADS 596, regarding FMFIA compliance such as:

- Obtaining FMFIA certification letters from each accountable unit, providing reasonable assurance that internal control is achieving the intended objectives.
- Completing the Uniform Risk and Internal Control Assessment tool, which is designed to assess or evaluate the entity-level identification and pyritization of risk and internal control and to decide if deficiencies have a pervasive effect on the organization.
- Assessing and monitoring controls and using applicable data, sources, and/or documentation.
- Designing corrective action plans for identified internal deficiencies and ensure that the weaknesses are corrected.

Criteria: FMFIA (Public Law 97-255), section 2 states:

- Internal controls shall provide reasonable assurance that *"(i) obligations and costs are in compliance with applicable law; (ii) funds, property, and other assets are safeguarded…; and (iii) revenues and expenditures… are properly recorded and accounted for…"*

- *"By December 31 of each succeeding year, the head of each executive agency shall… prepare a statement—(A) that the agency's systems of internal accounting and administrative control fully comply… or (B) that such systems do not fully comply…"*

OMB Circular A-123 – *Management's Responsibility for Enterprise Risk Management and Internal Control* states:

- *"Management is also responsible for establishing and maintaining internal controls to achieve specific internal control objectives related to operations, reporting, and compliance."*

- *"The statement of assurance represents the Agency head's informed judgment as to the overall adequacy and effectiveness of internal control within the Agency related to operations, reporting, and compliance."*

Cause: In fiscal year 2025, the Administration moved to reduce the scope of USAID, transfer select awards to the Department of State, and offboard the majority of direct hire and contractor staff by September 2, 2025. As such, USAID did not have the staff to complete the FMFIA exercise for fiscal year 2025. In addition, per instruction provided as part of Closing USAID Mission Checklist and ADS Series 400, Human Resources, for all non-U.S. direct hire staff, Mission Directors had to begin the termination process and implement separation plan with all separation actions to be completed by August 15, 2025.

Effect: Lack of performing the required assessment and procedures as described above prevents management from determining whether the established agency internal controls are designed, implemented, and operating effectively, and that financial systems can be relied upon and accurate financial data can be produced.

Furthermore, when management's failure to produce FMFIA assurances, supported by documented evaluations, limits the management's ability to place reliance on controls and elevates the risk that material misstatements will not be prevented or detected timely.

Lastly, because management did not provide foundational evidence asserting the effectiveness of internal controls or the reliability of financial management systems, it limited the external auditor's ability to rely on internal controls. The absence of required evaluations and statements creates a noncompliance with federal statutes and OMB requirements, undermining accountability and transparency in financial management.

Recommendations: We recommend the USAID CFO to work with USAID leadership to:

1. Develop a plan for completing the fiscal year 2026 internal controls assessment, Enterprise Risk Management process, and resulting assurance statements, including the timing and who is responsible for completing the assessment.

2. Perform the fiscal year 2026 internal controls assessment and prepare the resulting assurance statements in accordance with Federal requirements and within the required due date.

II. Government Management Reform Act of 1994

Condition: The Government Management Reform Act of 1994 (GMRA) requires Agencies to prepare financial statements each year using the form and content prescribed by the Office of Management and Budget (OMB). However, USAID management decided not to prepare its financial reporting package in accordance with OMB guidance for fiscal year 2025. Instead of preparing an Annual Financial Report (AFR) or a Performance and Accountability Report (PAR) as required by OMB implementation guidance, USAID decided to prepare financial statements and notes only. Accordingly, USAID's financial reporting package did not fully comply with OMB Circular A-136 requirements, which requires sections such as Management's Discussion and Analysis (MD&A) and Other Information to be included in addition to basic financial statements and notes.

Criteria: Government Management Reform Act of 1994 Section 405. Annual Financial Reports states:

> *"(a) FINANCIAL STATEMENTS.—Section 3515 of title 31, United States Code, is amended to read as follows:*
>
> *[…]*
>
> *''(d) The Director of the Office of Management and Budget shall prescribe the form and content of the financial statements of executive agencies under this section, consistent with applicable accounting and financial reporting principles, standards, and requirements."*

OMB Circular A-136 (July 14, 2025 revision), *Financial Reporting Requirements*, prescribes the form and content referenced under GMRA Section 405 and 31 U.S.C. Section 3515, as amended by GMRA. Specifically, Section II.1.1 states the required contents of the AFR or PAR are:

- *(2) Agency Head Transmittal Letter*
- *(3) Management's Discussion and Analysis (MD&A) (Section 1)*
- *(4) Performance Section (PAR Section 3)*
- *(5) Financial Section (AFR Section 2 or PAR Section 3)*
- *(6) Other Information (AFR Section 3 or PAR Section 4)*

Cause: Significant staffing reductions, termination of the financial statement preparation support contract, and organizational restructuring during fiscal year 2025 resulted in inadequate resources and processes to produce an AFR in accordance with GMRA and OMB guidance. Management did not design alternative processes utilizing available resources.

Furthermore, the significant change in USAID's mission over the year posed additional challenges to preparing information required by OMB Circular A-136, Statement of Federal Financial Accounting Standards (SFFAS) 64, *Management's Discussion and Analysis*, and SFFAS 15, *Management's Discussion and Analysis*,[7] such as performance results, objectives, and goals.

---

[7] SFFAS 64, issued September 27, 2024, replaced SFFAS 15 and is effective for reporting periods beginning after September 30, 2025. However, early implementation is permitted. Therefore, either standard could be applicable for FY 2025.

In addition, USAID did not analyze systems, controls, and legal compliance to the extent necessary to prepare management's assurances related to FMFIA as required by OMB Circulars A-136, section II.2.4 and OMB Circular A-123, section VI, paragraph A.

Effect: The inability to produce a full AFR results in lack of accountability, and does not allow for full transparency related to USAID's mission, goals, objectives, and results.

Recommendation: We recommend the USAID CFO to work with USAID leadership to:

1. Establish and implement a financial reporting process to ensure timely preparation of an OMB Circular A-136-compliant AFR that is appropriate for its current size, staffing levels, and mission.
2. Address personnel gaps in its financial reporting function especially as it related to preparation of an AFR or a PAR as required by OMB implementation guidance.
3. Develop performance goals that align with its current mission and measure performance against those goals.
4. Develop procedures to analyze systems, controls, and legal compliance to the extent necessary to prepare management's assurances related to FMFIA.

Appendix IV – Status of Prior Year Findings and Recommendations

Our assessment of the current status of the prior year's findings is presented below.

I. USAID Needs to Strengthen its Process for Adoption and Implementation of SFFAS 54 (Modified, Repeat Finding)

Condition:

<u>Prior Year Condition:</u>

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. 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.

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).

- **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.

- **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.

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.

<u>FY 2025 Update:</u>

Early in calendar year 2025 several contracts including leases were cancelled, and the missions were instructed to close operations. The closing of missions including personnel departures affected SFFAS 54 leases related to housing, office space, and warehouses. These leases were directly managed by USAID/OMD and Department of State Housing Pool. Per discussion with Department of State auditors and review of quarterly reporting, USAID's previous percentage decreased to approximately 3% from 7% in FY 25. The percentage is expected to decrease throughout FY 26.

Additionally, per inquiry of USAID personnel, management did not implement the recommendations to address this condition in FY 2025. USAID relied on the Department of State reporting and controls as the basis for the amounts recorded on the financial statements.

Criteria: 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.*

FY 2025 Update:

Although, OMB Circular A-136 was updated on July 14, 2025, only minor changes were made to the wording of the criteria cited above. The overarching requirement remains unchanged.

Cause: 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.

FY 2025 Update

Due to the 2025 restructuring of the Agency and the ultimate wind-down of Agency operations and transition of leases to Department of State, USAID did not prioritize the implementation of corrective actions related to leases.

Effect: 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.

Recommendations:
Prior Year Recommendations:

We recommend the USAID CFO to work with USAID leadership to:

1. 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[11] portion of SFFAS 54.

2. 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.

3. 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.

4. 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.

5. 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).

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

FY 2025 Update:

Based on the wind down of the agency and therefore the discontinuation of USAID leases, these recommendations are no longer applicable. As such, we do not offer recommendations for this condition and the prior recommendations will be closed.

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

Condition:

Prior Year Condition:

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, we noted records that were incomplete and/or employee information in the National Finance Center (NFC)7 Payroll/ Personnel System (PPS) did not agree to underlying records. We identified the following:
    - For 29 samples, we determined the Standard Form 52, Request for Personnel Action, was missing elements or was not fully approved.

    - For 17 samples, we determined 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, we determined 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. We identified the following:

    - For one sample, we determined 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 recalculate 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 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 NFC8 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

FY 2025 Update:

Per USAID management, corrective actions were not implemented for this condition. We requested payroll samples for FY 2025 and were not provided with support for these samples in a timely manner.

Criteria: 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 entitle 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."

Cause: 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.

FY 2025 Update:

Additionally, due to the 2025 restructuring of the Agency and the resulting shortages of direct hire and contract personnel, USAID did not design or implement corrective actions to address the condition.

Effect: 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.

Also, as personnel depart, it is critical to their placement with other government agencies or retirements that payroll documentation is complete and accurate to ensure the proper payouts and information transfers.

Recommendations: We recommend the USAID CFO 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.

FY2025 Update:

During FY 2025, USAID informed us that no corrective actions have been taken to address these recommendations communicated during the current audit year. Moreover, based on the wind down of the agency and the significant reduction in personnel, USAID no longer possessed the requisite expertise to discuss the controls related to personnel and payroll processing. Consequently, the prior year recommendations are no longer actionable and as a result they can be considered as closed. The underlying issues have been reflected in Material Weaknesses I and II, in Appendix I.

Appendix V – Management's Response

January 14, 2026

The U.S. Agency for International Development (USAID) appreciates the opportunity to provide comments on the audit report for the Fiscal Year 2025, including the auditors findings and recommendations, and would like to thank the Office of the Inspector General (OIG) and the Williams Adley audit teams for their partnership and support during this annual audit. Under President Trump, USAID is now committed to strong financial stewardship, operational excellence, and accountability as the Agency continues closing down operations.

For fiscal year 2025, USAID received a disclaimer of opinion from its independent auditors due to the auditors determination that there was a decline in financial controls and governance in the prior fiscal year, resulting in material weaknesses across several areas, and preventing management from providing reasonable assurance on USAID's consolidated financial statements.

We acknowledge the nine findings and the proposed recommendations offered by the OIG and Williams Adley. This is no surprise given the rampant fraud, waste, and abuse over the years at this agency that was weaponized against the American people. Notwithstanding these observations, we attest that an effective control environment was maintained in FY 2025. Despite USAID's programmatic transition phase to the Department of State and our internal wind-down of operations, the Agency maintained robust mitigating controls through active central oversight, supervisory review, and risk-based monitoring to prevent and detect fraud, waste, and abuse.

Under President Trump, USAID is now committed to continuing sound financial management and maintaining a control environment that protects taxpayer dollars through planned termination of the Agency, and the pending transition of remaining functions and programs to the Department of State. While developing corrective action plans for each finding is not a feasible or fiscally responsible use of U.S. taxpayer dollars, the Agency will maintain continued oversight of each taxpayer dollar through the closure of the Agency.

Eric Ueland
PTDO Administrator and Chief Operating Officer

USAID
FROM THE AMERICAN PEOPLE

FISCAL YEAR 2025

AGENCY FINANCIAL STATEMENTS AND FOOTNOTES

PROGRESS BEYOND PROGRAMS: EMBRACING NEW PARTNERSHIPS

U.S. Agency for International Development
CONSOLIDATED BALANCE SHEET
As of September 30, 2025
(In Thousands)

	2025
ASSETS:	
Intragovernmental:	
Fund Balance with Treasury (Note 2)	$ 39,804,330
Accounts Receivable, Net (Note 3)	22,853
Advances and Prepayments (Note 4)	2,114,934
Total Intragovernmental	41,942,117
Other than Intragovernmental:	
Cash and Other Monetary Assets (Note 5)	87,814
Accounts Receivable, Net (Note 3)	72,019
Loans Receivables, Net (Note 6)	19,606,233
Inventory and Related Property, Net (Note 7)	16,076
General and Right-to-Use PP&E, Net (Note 8)	64,585
Advances and Prepayments (Note 4)	339,058
Total Other than Intragovernmental	20,185,785
Total Assets	**$ 62,127,902**
LIABILITIES:	
Intragovernmental:	
Downward Reestimate Payable to the Treasury	$ 333,454
Accounts Payable	36,909
Debt (Note 6)	20,000,000
Advances from Others and Deferred Revenue (Note 11)	2,502,184
Other Liabilities (Note 11)	21,620
Total Intragovernmental	22,894,167
Other than Intragovernmental:	
Accounts Payable	2,222,341
Loan Guarantee Liabilities	136,020
Federal Employee Benefits Payable (Note 12)	23,094
Advances from Others and Deferred Revenue (Note 11)	11,702
Lessee Lease Liabilities (Note 11)	43,064
Other Liabilities (Note 11)	10,664
Total Other than Intragovernmental	2,446,885
Total Liabilities	**25,341,052**
Commitments and Contingencies (Note 13)	
NET POSITION:	
Unexpended Appropriations	34,794,087
Cumulative Results of Operations	1,992,763
Total Net Position	**36,786,850**
Total Liabilities and Net Position	**$ 62,127,902**

The accompanying notes are an integral part of these statements.

USAID Financial Statements for Fiscal Year 2025

U.S. Agency for International Development
CONSOLIDATED STATEMENT OF NET COST
For the Year Ended September 30, 2025
(In Thousands)

Category		2025
DR-Democracy, Human Rights and Governance		
Gross Costs	$	1,211,049
Less: Earned Revenues		(10,381)
Net Program Costs		1,200,668
EG-Economic Growth		
Gross Costs		7,866,506
Less: Earned Revenues		(944,718)
Net Program Costs		6,921,788
ES-Education and Social Services		
Gross Costs		970,368
Less: Earned Revenues		(9,298)
Net Program Costs		961,070
HA-Humanitarian Assistance		
Gross Costs		4,714,183
Less: Earned Revenues		(2,656)
Net Program Costs		4,711,527
HL-Health		
Gross Costs		2,297,983
Less: Earned Revenues		(718,373)
Net Program Costs		1,579,610
PO-Program Development and Oversight		
Gross Costs		1,037,597
Less: Earned Revenues		(7,658)
Net Program Costs		1,029,939
PS-Peace and Security		
Gross Costs		358,923
Less: Earned Revenues		(3,506)
Net Program Costs		355,417
Net Costs of Operations (Note 15)	**$**	**16,760,019**

The accompanying notes are an integral part of these statements.

U.S. Agency for International Development
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
For the Year Ended September 30, 2025
(In Thousands)

		2025
Unexpended Appropriations:		
Beginning Balance	$	42,084,141
Appropriations Received		15,540,508
Appropriations Transferred-in/out		(131,396)
Other Adjustments		(5,660,624)
Appropriations Used		(17,038,542)
Change in Unexpended Appropriations		(7,290,054)
Total Unexpended Appropriations, Ending Balance	**$**	**34,794,087**
Cumulative Results of Operations:		
Beginning Balance	$	1,745,718
Appropriations Used		17,038,542
Donations and Forfeitures of Cash and Cash Equivalents		(22,394)
Transfers in/out Without Reimbursement		293,362
Donations and Forfeitures of Property		6,550
Imputed Financing		40,525
Other		(349,521)
Net Cost of Operations (Note 15)		(16,760,019)
Net Change in Cumulative Results of Operations		247,045
Total Cumulative Results of Operations, Ending Balance	**$**	**1,992,763**
Net Position	**$**	**36,786,850**

The accompanying notes are an integral part of these statements.

USAID Financial Statements for Fiscal Year 2025

U.S. Agency for International Development
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the Year Ended September 30, 2025
(In Thousands)

	Budgetary	Non- Budgetary Credit Reform Financing Accounts
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 19,164,975	$ 772,077
Appropriations (Discretionary and Mandatory)	8,737,016	-
Borrowing authority (Discretionary and Nandatory) (Note 11)	-	20,000,000
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	2,535,066	1,295,695
Total Budgetary Resources	**$ 30,437,057**	**$ 22,067,772**
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total) (Note 14)	$ 15,848,302	$ 21,204,531
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts (Note 2)	8,922,202	-
Unapportioned, Unexpired Accounts (Note 2)	5,355,724	863,241
Unexpired Unobligated Balance, End of Year	**14,277,926**	**863,241**
Expired Unobligated Balance, End of Year	310,829	-
Total Unobligated Balance, End of Year	14,588,755	863,241
Total Budgetary Resources	**$ 30,437,057**	**$ 22,067,772**
Outlays, Net and Disbursements, Net		
Outlays, Net (Total) (Discretionary and Mandatory)	$ 19,268,693	-
Distributed Offsetting Receipts (-)	(382,929)	-
Agency Outlays, Net (Discretionary and Mandatory)	**$ 18,885,764**	**-**
Disbursement, Net (Total) (Mandatory)	**-**	**$ 19,908,836**

The accompanying notes are an integral part of these statements.

U.S. Agency for International Development
SCHEDULE OF BUDGETARY RESOURCES
REQUIRED SUPPLEMENTARY INFORMATION: COMBINING STATEMENT OF BUDGETARY RESOURCES
For the Year Ended September 30, 2025
(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)	$ 373,639	$ 1,152	$ 1,482,384	$ 514	$ 4,310,875	$ 3,676,130	$ 7,177,842	$ 780	$ 23,330	$ 772,077	$ 1,187,805	$ 930,524	$ 19,937,052
Appropriations (Discretionary and Mandatory)	1,570,000	-	334	-	1,431,000	3,533,000	1,787,904	-	-	-	414,778	-	8,737,016
Borrowing authority (discretionary and mandatory) (Note 11)	-	-	-	-	-	-	-	-	-	20,000,000	-	-	20,000,000
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	96,969	-	-	-	-	-	19,162	-	-	1,295,695	738,246	1,680,689	3,830,761
Total Budgetary Resources	**$ 2,040,608**	**$ 1,152**	**$ 1,482,718**	**$ 514**	**$ 5,741,875**	**$ 7,209,130**	**$ 8,984,908**	**$ 780**	**$ 23,330**	**$ 22,067,772**	**$ 2,340,829**	**$2,611,213**	**$ 52,504,829**
Status of Budgetary Resources:													
New Obligations and Upward Adjustments (Total) (Note 14)	$ 1,568,357	$ -	$ 1,468,396	$ 50	$ 859,786	$ 2,524,510	$ 6,873,128	$ 227	$ 6,818	$ 21,204,531	$ 1,780,445	$ 766,585	$ 37,052,833
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	32,313	-	1,989	464	1,583,849	4,684,094	2,023,095	553	16,511	-	398,875	180,459	8,922,202
Unapportioned, Unexpired Accounts	292,759	1,152	10,356	-	3,286,338	526	62,418	-	1	863,241	150,737	1,551,437	6,218,965
Unexpired Unobligated Balance, End of Year	**325,072**	**1,152**	**12,345**	**464**	**4,870,187**	**4,684,620**	**2,085,513**	**553**	**16,512**	**863,241**	**549,612**	**1,731,896**	**15,141,167**
Expired Unobligated Balance, End of Year	147,179	-	1,977	-	11,902	-	26,267	-	-	-	10,772	112,732	310,829
Total Unobligated Balance, End of Year	**472,251**	**1,152**	**14,322**	**464**	**4,882,089**	**4,684,620**	**2,111,780**	**553**	**16,512**	**863,241**	**560,384**	**1,844,628**	**15,451,996**
Total Budgetary Resources	**$ 2,040,608**	**$ 1,152**	**$ 1,482,718**	**$ 514**	**$ 5,741,875**	**$ 7,209,130**	**$ 8,984,908**	**$ 780**	**$ 23,330**	**$ 22,067,772**	**$ 2,340,829**	**$2,611,213**	**$ 52,504,829**
	-	-	-	-	-	-	-	-	-	-	-	-	-
Outlays, Net and Disbursements, Net:													
Outlays, Net (Total) (Discretionary and Mandatory)	$ 1,645,680	$ 1	$ 513,083	$ 295	$ 2,483,386	$ 5,765,195	$ 8,332,859	$ 2,713	$ 599		$ 1,177,456	$ (652,574)	$ 19,268,693
Distributed Offsetting Receipts (-)	-	-	-	-	-	-	-	-	-	-	(382,929)	-	(382,929)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 1,645,680**	**$ 1**	**$ 513,083**	**$ 295**	**$ 2,483,386**	**$ 5,765,195**	**$ 8,332,859**	**$ 2,713**	**$ 599**	**-**	**$ 794,527**	**$ (652,574)**	**$ 18,885,764**
Disbursement, Net (Total) (Mandatory)	**-**									**$ 19,908,836**			**$ 19,908,836**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. 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.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for federal entities, as prescribed by the Federal Accounting Standards Advisory Board (FASAB) and the guidance set forth in OMB Circular A136 (May 2024). The agency continues to apply the accrual basis of accounting and recognizes revenues when earned and expenses when incurred, without adopting a liquidation basis of accounting.

During FY 2025, USAID began the process of winding down activities pursuant to executive authority. Legacy operations will continue through FY 2026 to ensure proper program and financial closeout. Shutdown costs, including severance, contract termination, and asset disposition, are accrued when both probable and reasonably estimable in accordance with SFFAS 5 (Liabilities) and SFFAS 6 (PP&E). Assets designated for transfer to successor entities remain classified in their existing categories until legal title passes.

All other accounting policies, including those for Fund Balance with Treasury, intragovernmental transactions, and property capitalization thresholds, remain unchanged from prior years.

PROGRAM FUNDS

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

Development Assistance

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

International Disaster Assistance

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

Global Health/Child Survival and HIV/AIDS

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

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.

- *Extraordinary Revenue Acceleration (ERA) Loan Guarantee for Ukraine:*

Section 7030 of the FY 2024 Department of State, Foreign Operations, and Related Programs Appropriations Act (SFOAA) (P.L. 118-47, Division F) authorized the use of Economic Support Fund (ESF) and Assistance for Europe, Eurasia, and Central Asia (AEECA) resources, including prior-year funds, to cover the subsidy costs of loan guarantees for eligible countries, including Ukraine. USAID administers loan guarantees under this authority.

Pursuant to this authority, the United States guaranteed a $20 billion Extraordinary Revenue Acceleration (ERA) loan for Ukraine under the G7 ERA Loan Framework. Congress appropriated approximately $535 million to fund the subsidy cost, enabling USAID to issue a guarantee to the Federal Financing Bank (FFB) on December 10, 2024. Loan proceeds were transferred to a World Bank administered trust fund.

USAID guarantees repayment of principal, interest, and capitalized interest, when and as due. Loan repayment is structured to rely primarily on earnings derived from immobilized Russian sovereign assets rather than Ukraine's budgetary resources. The guarantee provides near-term budgetary support while limiting U.S. government credit exposure.

- *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 Department of State, 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 –*

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

Sovereign Bond Guarantees (SBG) section of this AFR for details. The loans for Jordan have matured in FY 2025, and there are no other active loans under the MENA programs as of September 30, 2025.

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.

Certain funds are in the process of reconciliation, closure, or transition as part of Agency wind-down activities; however, classification of fund types remains unchanged until legal closure or transfer occurs.

B. BASIS OF PRESENTATION

The accompanying principal financial statement reports USAID's financial position and results of operation. 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. Beginning in FY 2025, USAID adopted a single-year presentation format for its principal financial statements and related notes. Under this approach, comparative prior-year financial statements are no longer presented. This change is consistent with updated guidance issued by the Office of Management and Budget (OMB) in Circular A-136, Financial Reporting Requirements. The

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

single-year presentation is intended to focus financial reporting on current-year financial position and results of operations. Prior-year amounts remain available through previously issued audited financial statements. 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.

The statements have not been prepared on a liquidation basis of accounting. Events occurring after year-end that may affect financial statements are evaluated and disclosed in accordance with federal accounting standards.

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 Sheet, Statement of Net Cost, and Statement of Changes in Net Position have been prepared on an accrual basis. The Statement of Budgetary Resources has been prepared in accordance with budgetary accounting rules.

D. BUDGETS AND BUDGETARY ACCOUNTING

The components of USAID's budgetary resources include current budgetary authority (that is, appropriations and borrowing authority) and unobligated balances remaining from multiyear and no-year budget authority received in prior years. Budget authority is the authorization provided by law to enter 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

known as "7011" authority. Under this authority, funds shall remain available for obligation for an extended period if such funds are initially obligated within their initial period of availability.

E. REVENUES AND OTHER FINANCING SOURCES

USAID receives the majority of its funding through Congressional appropriations - annual, multi-year, and no-year (non-expiring) appropriations - that may be used within statutory limits. Appropriations are recognized as a financing source (i.e., Appropriations used) on the 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 the U.S. Department of Agriculture (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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

G. FOREIGN CURRENCY

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

H. ACCOUNTS RECEIVABLE

Accounts receivable consists 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."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

L. PROPERTY, PLANT AND EQUIPMENT

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

Certain assets are in the process of disposal or transfer as part of wind-down activities; however, assets remain classified as PP&E until legal disposal or transfer occurs.

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.

The implementation of this standard results in significant accounting changes to the financial reporting standards for federal lease accounting by USAID. 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 statement 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 has both intragovernmental and non-federal domestic leases that needed to be accounted for within their proprietary accounting. USAID management is responsible for exercising professional judgment and collaborating within its agency to reach certain determinations before establishing proprietary accounting treatment, to include: 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).

In addition, USAID participates in the overseas residential housing pools where the Department of State is deemed to act as an agent on behalf of USAID, in accordance with FASAB Technical Release 22, Leases Implementation Guidance Updates. The State collaborated with FASAB, the Office of Management and Budget (OMB), the Department of Treasury, and agencies participating in the overseas residential housing pool to meet the reporting requirements for overseas residential leases. On February 16, 2024, the Department of State's Bureau of the Comptroller and Global Financial Services (CGFS) issued a "Lease Occupant Agency Memo," to the Federal Deputy Chief Financial Officers whose agencies participate in the overseas residential housing pools to summarize the State's efforts to assist participating agencies.

The Department of State provided additional SFFAS 54 implementation guidance in June 2024 entitled "Real Property Leases Managed by the Department of State Overseas, Reporting Methodology and Procedures." This guidance describes the housing pool allocation methodology, and steps performed by State to provide USAID relevant allocation data for the residential housing pool lease balances (liability, corresponding Right to Use Asset, and amortization) where USAID personnel occupy the leased property. The housing pool allocation is based on USAID's share of the estimated expenses for the next fiscal year and will be applied to the entire USAID population of housing pool leases in the net present value (NPV) calculations. The CGFS intends on evaluating the data inputs on a periodic basis to achieve accurate allocations so each participating agency can meet its SFFAS 54 reporting requirements.

Lease modifications or terminations resulting from mission closures or wind-down actions are recognized when they occur in accordance with SFFAS 54.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

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

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

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

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. The Office of Personnel Management (OPM) administers these benefits and provides the factors that USAID applies to calculate the cost. The excess of the pension expense over the amount contributed by USAID and employees represents the amount being financed directly through the Civil Service Retirement System and the Federal Employees Retirement System administered by OPM. This cost is considered an imputed cost to USAID.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are also charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Per OMB Circular A-136 guidance, parent transfer activities are to be included, and child transfer activities are to be excluded in trial balances. Exceptions to this general rule affecting USAID include the Executive Office of the President, for whom USAID is the child in the allocation transfer but, per OMB guidance, will report all activity relative to these allocation transfers in USAID's financial statements. In addition to these funds, USAID allocates funds as the parent to:

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

USAID receives allocation transfers as the child from:

- Department of State
- Department of Agriculture, Commodity Credit Corporation

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2025 consisted of the following (*in thousands)* :

Status of Fund Balance with Treasury	FY 2025
Unobligated Balance	
Available	$ 8,922,202
Unavailable	6,529,794
Obligated and Other Balances Not Yet Disbursed (Net)	24,352,334
Total	$ 39,804,330

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

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

All unliquidated obligations associated with closed or transferred programs are expected to be deobligated in FY 2026.

NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID’s Accounts Receivable, Net as of September 30, 2025 are as follows (*in thousands*):

		Receivable Net FY 2025
Intragovernmental		
Accounts Receivable from Federal Agencies	$	356,307
Less: Intra-Agency Receivables		(333,454)
Total Intragovernmental Accounts Receivable		22,853
Accounts Receivable from the Public		72,019
Total Accounts Receivable, Net	$	94,872

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. Intra-Agency accounts receivables total $333 million, and are primarily associated with the FCRA subsidy reestimates accrual. These receivables eliminate with reciprocal Intra-Agency payables on the Balance Sheet, and have no impact on net receivables.

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 uncollectible accounts related to these receivables is calculated based on a historical analysis of collectability.

Activities related to the identification, reconciliation, and resolution of receivables continued as part of Agency wind-down actions.

NOTE 4. ADVANCES AND PREPAYMENTS

Advances and Prepayments as of September 30, 2025 consisted of the following *(in thousands)*:

		FY 2025
Intragovernmental		
Advances to Federal Agencies	$	2,114,934
Total Intragovernmental		2,114,934
Other than Intragovernmental		
Advances to Contractors/Grantees		256,252
Advances to Host Country Governments and Institutions		82,806
Total Other than Intragovernmental		339,058
Total Advances and Prepayments	$	2,453,992

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.

All outstanding advances are expected to be liquidated or transferred to successor agencies in FY 2026.

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2025 are as follows (*in thousands*):

		FY 2025
Cash and Other Monetary Assets		
Other Cash	$	-
Foreign Currencies	$	87,814
Total Cash and Other Monetary Assets	$	87,814

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled $88 million in FY 2025, as disclosed in Note 11. The Agency operates in over 40 countries and therefore exchanged U.S. dollars (USD) for various local currencies to support program activities. The value of Foreign Currency fluctuates relative to the value of the USD.

As the result of the executive/administrative action to dismantle the Agency, all USAID missions were closed in August 2025. All foreign currency accounts are being reconciled and closed in coordination with the Department of State and Treasury's International Treasury Services.

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES

USAID operates the following direct loan and loan guarantee programs:

Ukraine Extraordinary Revenue Acceleration (ERA) Loan

Israel Loan Guarantee Program

Middle East Northern Africa (MENA) Loan Guarentee 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 is provided in the following sections.

DIRECT LOAN AND GUARANTEED LOANS OUTSTANDING

Direct Loan and Guaranteed Loans Outstanding as of September 30, 2025 is as follows (*in thousands*).	**Outstanding Principal of Direct and Guaranteed Loans, Face Value**	**Amount of Outstanding Principal for Direct and Guaranteed Loans**
Ukraine	$ 20,092,920	$ 20,092,920
Israel	$ 771,450	$ 771,450
Total	$ 20,864,370	$ 20,864,370

New Direct Loan Disbursed as of September 30, 2025 is as follows *(in thousands*).	**Outstanding Principal of Direct and Guaranteed Loans, Face Value**	**Amount of Outstanding Principal for Direct and Guaranteed Loans**
Ukraine	$ 20,000,000	$ 20,000,000
Total	$ 20,000,000	$ 20,000,000

USAID Financial Statement for Fiscal Year 2025

Interest receivables for Direct Loan Program as of September 30, 2025 is as follows (*in thousands*).	Interest Receivable for Post-1991 Direct Loan, Present Value	Interest Receivable
Ukraine	$ 79,544	$ 79,544
Total	$ 79,544	$ 79,544

Liability for Loan Guarantee Program as of September 30, 2025 is as follows (*in thousands*).	Liability for Post-1991 Guarantee, Present Value	Loan Guarantee Liability
Israel	$ 136,020	$ 136,020
Total	$ 136,020	$ 136,020

SUBSIDY EXPENSE FOR DIRECT LOAN AND LOAN GUARANTEE PROGRAMS BY PROGRAM AND COMPONENT

Subsidy Expense for Direct Loan Program (2025)	Interest Supplements	Defaults	Fees and Other Collections	Other	Total Subsidy Expense
Ukraine	$ -	-	-	$ 535,245	$ 535,245
Israel	$ -	-	-	$ -	$ -
MENA	$ -	-	-	$ -	$ -
Total	$ -	$ -	$ -	$ 535,245	$ 535,245

Modifications and Reestimates: (2025)	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Ukraine	$ -	$ -	-	$ -
Israel	$ -	$ -	180,293	$ 180,293
MENA	$ -	$ -	153,161	153,161
Total	$ -	$ -	$ 333,454	$ 333,454

Total Direct Loan and Loan Guarantee Subsidy Expense:	FY 2025
Ukraine	$ 535,245
Israel	$ 180,293
MENA	$ 153,161
Total	$ 868,699

USAID Financial Statement for Fiscal Year 2025

SUBSIDY RATES FOR DIRECT LOAN AND LOAN GUARANTEES BY PROGRAM AND COMPONENT

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

Loan Guarantee Progra	Interest Supplements (%)	Defaults (%)	Fees and Other Collections (%)	Other (%)	Total (%)
Ukraine	-2.353%	5.029%	-	-	2.676%

Administrative Expense:	FY 2025
Combined Loan Guarantee and Direct Loans*	$ 71
Total	$ 71

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

Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans):	FY 2025 Ukraine	FY 2025 Total
Beginning balance of the subsidy Cost Allowance	$ -	$ -
Add:		
Total Subsidy Expense for Direct Loans	535,245	535,245
Adjustments:	-	-
Loan modifications	-	-
Fees received	-	-
Foreclosed Property Acquired	-	-
Loans written off	-	-
Subsidy allowance amortization	-	-
Other	30,986	30,986
Ending balance of the Subsidy Cost Allowance Before Reestimates	566,231	566,231
Subsidy Reestimates	-	-
Ending balance of the Subsidy Cost Allowance	$ 566,231	$ 566,231

USAID Financial Statement for Fiscal Year 2025

Schedule for Reconciling Direct Loan Receivable Balances (Post-1991 Direct Loans):	FY 2025 Ukraine	Total
Beginning Balance of the Direct Loans	$ -	$ -
Add:		
Loan disbursements	20,000,000	20,000,000
Defaulted loan claim payments	-	-
Interest accruals	79,544	79,544
Downward reestimate	-	-
Capitalized interest	92,920	92,920
Less:		
Fees received	-	-
Subsidy expense	(535,245)	(535,245)
Upward reestimates	-	-
Direct loan modifications	-	-
Other	(30,986)	(30,986)
Ending Balance of the Direct Loan Receivable	$ 19,606,233	$ 19,606,233

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees):	FY 2025 Israel	MENA	Total
Beginning Balance of the Loan Guarantee Liability	$ 299,086	$ 148,874	$ 447,960
Add:			
Fees received	-	-	-
Interest expense on entity borrowings	-	-	-
Subsidy expense	-	-	-
Upward reestimate	-	-	-
Less:			
Claim payments to lenders	-	-	-
Interest supplements paid	-	-	-
Interest revenue on uninvested funds	17,227	4,287	21,514
Negative subsidy payments	-	-	-
Downward reestimates	(180,293)	(153,161)	(333,454)
Loan guarantee modifications	-	-	-
Other	-	-	-
Ending Balance of the Loan Guarantee Liability	$ 136,020	$ -	$ 136,020

USAID Financial Statement for Fiscal Year 2025

OTHER INFORMATION

Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2026. 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 $1 billion (this is further detailed under the Management's Discussion and Analysis - Sovereign Bond Guarantees (SBG) section of this report).

During fiscal year 2025, $20 billion in new Ukraine Extraordinary Revenue Acceleration (ERA) Loan were disbursed. 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

An upward reestimate of $266,555,000 of newly disbursed Ukraine Extraordinary Revenue Acceleration (ERA) Loan was not finalized in time for inclusion in the fiscal year 2025 Financial Statements. This adjustment willl be recorded in fiscal year 2026.

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, 2025 are as follows (*in thousands*):

		FY 2025
Items Held for Use		
Office Supplies	$	-
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies		13,564
Birth Control Supplies		2,512
Total Inventory and Related Property (Net)	$	16,076

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.

Assets identified for transfer to successor entities will be derecognized upon legal transfer.

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

The components of General and Right-to-Use Assets, Net as of September 30, 2025 are as follows (*in thousands*):

2025	Useful Life	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	$ 38,441	$ (31,622)	$ 6,819
Buildings, Improvements, and Renovations	5 to 20 years	63,914	(56,087)	7,827
Land and Land Rights[1]	N/A	7,045	N/A	7,045
Lessee Right-to-Use Asset (Note 9)	3 to 30 years	57,609	(15,062)	42,547
Construction in Progress	N/A	-	-	-
Internal Use Software	3 to 5 years	144,322	(143,975)	347
Total		**$ 311,331**	**$ (246,746)**	**$ 64,585**

Schedule of Property, Plant, and Equipment (PP&E), Net as of September 30, 2025 is as follows *(in thousands)*	**FY 2025**
Beginning Balance, Adjusted	$ 305,303
Right-to-use Lease Assets, CY Activty	(241,067)
CY Amortization of Right-to-Use Lease Assets	25,277
Capital Acquisition	11,243
Dispositions	(24,847)
Transfers out without Reimbursement	(3,232)
Depreciation Expense	(8,092)
Ending Balance	**$ 64,585**

Equipment consists primarily of electric generators, Automatic Data Processing (ADP) hardware, vehicles, and copiers located at the overseas field Missions. Assets identified for transfer to successor entities (primarily IT and office equipment) will be derecognized upon legal transfer.

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.

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

[1]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.

NOTE 9. LEASES

Current and Future FY Lessee Lease Expenses as of September 30, 2025 are shown in the following tables (*in thousands*):

Current Year (FY 2025)

Type of Lease		Total
Short-Term Leases	$	4,275
Intragovernmental Leases[1]		13,720
Total Lessee Lease Expenses	$	17,995

[1]During FY 2025, all lease arrangements with the General Services Administration (GSA) were terminated due to the downsizing of USAID. The GSA lease agreements provide approximately 893,888 sq. feet of space for use by USAID and extend out until FY 2039. In accordance with SFFAS 54, USAID recognized the FY 2025 lease payments for

Future Years (FY 2025 and Beyond)[2]

Type of Lease	Fiscal Year Payment Due		Principal		Interest[3]		Total
Overseas Housing	2026	$	5,522	$	1,442	$	6,964
	2027		5,026		1,203		6,229
	2028		4,222		990		5,212
	2029		3,602		813		4,415
	2030		2,991		663		3,654
	2031 - 2035		7,881		1,885		9,766
	2036 - 2040		2,409		829		3,238
	2041 - 2045		1,258		409		1,667
	2046 - 2050		833		166		999
	2051 - 2055		260		22		282
Total Overseas Housing Pool -		$	34,004	$	8,422	$	42,426
Overseas Housing	2026	$	1,801	$	404	$	2,205
	2027		1,033		328		1,361
	2028		940		281		1,221
	2029		860		238		1,098
	2030		627		199		826
	2031 - 2035		949		792		1,741
	2036 - 2040		922		584		1,506
	2041 - 2045		1,002		363		1,365
	2046 - 2050		835		115		950
	2051 - 2055		92		5		97
Total Overseas Housing - USAID		$	9,061	$	3,309	$	12,370
Total Future Lease Payments		$	43,065	$	11,731	$	54,796

NOTE 9. LEASES - Cont

[2]Currently, USAID has approximately 204 overseas real property leases, which are assigned by the Interagency Housing Board and adminstered by ICASS in conjunction with the Department of State. The number of housing pool leases varies throughout the year based upon the housing needs USAID personnel at overseas locations, however there was a reduction of approximately 88 percent of housing pool leases during FY 2025 primarily due to the downsizing of USAID overseas missions. In addition, USAID funded overseas real property leases dedicated for the exclusive use by USAID was reduced by 87 percent.

[3]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% through 5.00% with the longest Treasury maturity rate of 30 years.

In FY 2025, USAID recognized lease liabilities and right-to-use assets for only their overseas housing leases in accordance with SFFAS 54 for financial reporting purposes, USAID terminated their domestic non-federal lease and GSA leases during FY 2025. 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 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. Footnote 10, "*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, 2025, Liabilities Not Covered by Budgetary Resources were as follows (*in thousands*):

		FY 2025
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Debt Payable to the FFB	$	20,000,000
Interest Payable to the FFB		-
Unfunded FECA Liability (Note 12)		6,218
Other Unfunded Employment Related Liability (Note 11)		2,681
Other Liabilities (Note 11)		-
Total Intragovernmental	$	20,008,899
Unfunded Lease Liability (Note 11)		35,768
Accrued Unfunded Annual Leave (Note 11)		29,079
FSN Separation Pay Liability (Note 11)		-
Future Workers' Compensation Benefits (Note 12)		23,094
Debt - Contingent Liabilities for Loan Guarantees		-
Total Liabilities Not Covered by Budgetary Resources		20,096,840
Total Liabilities Covered by Budgetary Resources		5,244,212
Total Liabilities not requiring Budgetary Resources		-
Total Liabilities	$	25,341,052

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 required 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 are expected to be funded as amounts become due with future budgetary resources during the Agency’s transition activities.

NOTE 11. OTHER LIABILITIES

As of September 30, 2025, Other Liabilities consisted of the following (*in thousands*):

		FY 2025
Intragovernmental		
IPAC Suspense	$	9,543
Unfunded FECA Liability (Note 12)		6,218
Custodial Liability		44
Employer Contributions & Payroll Taxes Payable		1,659
Other Unfunded Employment Related Liability (Note 10)		2,681
Other Liabilities Without Related Budgetary Resources		1,475
Total Other Liabilities		21,620
Advances from Others and Deferred Revenue		2,502,184
Total Intragovernmental	$	2,523,804
Other than Intragovernmental		
Accrued Funded Payroll and Leave	$	2,340
Accrued Unfunded Annual Leave (Note 10)		29,079
Foreign Currency Trust Fund (Note 5)		87,814
Funded Lease Liability		7,296
Unfunded Lease Liability (Note 10)		35,768
Other Liabilities With Related Budgetary Resources		134
Other Liabilities Without Related Budgetary Resources		131,550
Liability For Non-Fiduciary Deposit Funds and Undeposited Collections		(240,253)
Total Other Liabilities		53,728
Advances From Others and Deferrred Revenue		11,702
Total Liabilities Other than Intragovernmental	$	65,430
Total Other Liabilities	$	2,589,234

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

NOTE 12. FEDERAL EMPLOYEE BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2025 are indicated in the table below (*in thousands*):

		FY 2025
Intragovernmental		
Unfunded FECA Liability (Note 10)	$	6,218
Total Intragovernmental	$	6,218
Other than Intragovernmental		
Future Workers' Compensation Benefits (Note 10)	$	23,094
Total Other than Intragovernmental	$	23,094
Total Unfunded Workers' Compensation Benefits	$	29,312

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 2025, USAID's total FECA liability was $29 million, comprised of unpaid FECA billings for $6 million and estimated future FECA costs of $23 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

As of September 30, 2025, the U.S. Agency for International Development (USAID) is conducting an orderly shutdown and transition of operations in accordance with Executive-branch directives. The Agency continues to monitor open matters that originated in prior fiscal years as well as new cases arising from FY 2025 workforce reductions and contract terminations.

The schedule below details the accrued liabilities and estimated range of loss for pending legal cases as of September 30, 2025 (*in thousands*):

	2025	
	Estimated Range of Loss	
	Lower End	Upper End
Legal Contingencies:		
Probable	$ -	$ -
Reasonably Possible	11,900	26,300
Total Accrued Liabilities and Estimated Range of Loss	$ 11,900	$ 26,300

The Office of the General Counsel (GC) has identified several matters assessed as reasonably possible to result in adverse outcomes, with an aggregate estimated range of potential loss between $11.9 million and $26.3 million. These include three legacy cases carried forward from FY 2023–2024 (total $1.9 million–$4.3 million) and new shutdown-related personnel and contract cases identified in FY 2025 (total $10 million–$22 million).

No probable losses were identified or accrued. All other matters were evaluated as remote and therefore not disclosed. Based on information available at the reporting date, management believes the resolution of these cases will not materially affect the Agency’s financial position during its

Contractual and Operational Commitments
Consistent with the shutdown directive, USAID is terminating or transferring active grants, contracts, and interagency agreements to successor entities under Department of State oversight. All current obligations for FY 2025 are recorded and do not constitute contingent liabilities. No new treaty-type or bilateral commitments creating contingent liabilities have been executed subsequent to

Management Assessment
USAID management, in coordination with GC, continues to monitor pending litigation through final closeout in FY 2026. The aggregate exposure from both legacy and shutdown-related matters is not expected to be material to the Agency’s financial statements.

NOTE 14. COMBINED STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources presents information about total budgetary resources available to USAID and the status of those resources. As of September 30, 2025, USAID's total budgetary resources were $52.5 billion. Remaining unliquidated obligations are scheduled for deobligation and transfer to Treasury or successor agencies in FY 2026.

A. ADJUSTMENTS TO UNOBLIGATED BALANCES BROUGHT FORWARD (*in thousands*):

September 30, 2024 and the Unobligated Balances from Prior Year Budget Authority, Net, as of September 30, 2025.

	Budgetary	Non- Budgetary
Unobligated Balance from Prior Year Budget Authority, Net, as of September 30, 2025	**$ 19,164,975**	**$ 772,077**
Change in Beginning Unobligated Balance, FY 2025		
Transfers - Prior-Year Balances	(138,850)	-
Canceled Authority	(179,567)	-
Downward Adjustments of Prior-Year Unpaid Undelivered Orders - Obligations, Recoveries	495,893	-
Delivered Orders - Obligations, Paid	-	-
Downward Adjustments of Prior-Year Unpaid Delivered Orders - Obligations, Recoveries	2	-
Downward Adjustments of Prior-Year Paid Delivered Orders - Obligations, Refunds Collected	159,383	-
Total Change in Beginning Unobligated Balance	**336,861**	**-**
Unobligated Balance, End of Year, as of September 30, 2024	**$ 18,828,114**	**$ 772,077**

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.

B. TERMS OF BORROWING AUTHORITY USED:

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. AVAILABLE CONTRACT AND BORROWING AUTHORITY, END OF YEAR:

The Agency had $20 billion in available borrowing authority as of September 30, 2025.

NOTE 14. COMBINED STATEMENT OF BUDGETARY RESOURCES - Cont

D. RESOURCES OBLIGATED FOR UNDELIVERED ORDERS, END OF YEAR (*in thousands*):

The following schedule details the amounts obligated for Undelivered Orders as of September 30, 2025, which was $23.7 billion.

Federal		**FY 2025**
Obligations, Paid	$	358,168
Obligations, Unpaid		9,199,783
Total Federal	$	9,557,951
Non-Federal		
Obligations, Paid	$	2,095,776
Obligations, Unpaid		12,081,428
Total Non-Federal	$	14,177,204
Total Undelivered Orders at End of Year	**$**	**23,735,155**

E. 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.

F. 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).

NOTE 14. COMBINED STATEMENT OF BUDGETARY RESOURCES - Cont

G. 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 FY 2026 Budget of the U.S. Government (President's Budget) is presented below. This reconciliation is as of September 30, 2024 because submission of the Budget for FY 2027, which presents the execution of the FY 2025 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), where the new President's Budget will be available in February 2026 at the earliest.

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 $16.4 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 "Other Differences" line in the table below cannot be further defined because appropriation level detail is not provided in the Budget of the U.S. Government.

FY 2024	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary	$ 45,227,488	$ 25,627,297	$ (410,355)	$ 22,132,538
SBR Funds Not Attributed to USAID in the President's Budget	(17,277,000)	(8,996,000)		(9,945,000)
Other Differences	641,512	591,703		626,462
Budget of the U.S. Government	**$ 28,592,000**	**$ 17,223,000**	**$ (410,355)**	**$ 12,814,000**

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

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

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

The Statement of Net Cost presents costs by major program category. As of FY 2025, these categories include: Foreign Assistance Programs, Global Health and Humanitarian Response, Program Management, and Dismantlement Activities. Program costs are reduced by earned revenue where applicable.

Schedule of Costs by SPSD for the years ended September 30, 2025 is indicated in the table on the following pages (in thousands):

U.S.Agency for International Development
Schedule of Costs by Standardized Program Structure and Definition (SPSD)
For the Year Ended September 30, 2025
(in Thousands)

Categories	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	2025 Consolidated Total
DR-Democracy, Human Rights and Governance												
DR.1-Rule of Law (ROL)												
Gross Costs	$ 14,108	$ 20,202	$ -	$ -	$ 3,227	$ 9,221	$ -	$ 5,173	$ 40,571	$ 3,910	$ -	$ 96,412
Less:Earned Revenues	(136)	(159)	-	-	(64)	(13)	-	(163)	(404)	(33)	-	(972)
Net Program Costs	**13,972**	**20,043**	**-**	**-**	**3,163**	**9,208**	**-**	**5,010**	**40,167**	**3,877**	**-**	**95,440**
DR.2-Good Governance												
Gross Costs	64,505	52,391	-	-	33,507	113,770	-	5,689	151,401	64,799	-	486,062
Less:Earned Revenues	(592)	(505)	-	-	(350)	(102)	-	(131)	(1,632)	(564)	-	(3,876)
Net Program Costs	**63,913**	**51,886**	**-**	**-**	**33,157**	**113,668**	**-**	**5,558**	**149,769**	**64,235**	**-**	**482,186**
DR.3-Political Competition and Consensus-Building												
Gross Costs	25,962	12,708	435	785	14,011	25,883	-	835	9,945	10,738	-	101,302
Less:Earned Revenues	(258)	(134)	-	(11)	(470)	(24)	-	(32)	(110)	(106)	-	(1,145)
Net Program Costs	**25,704**	**12,574**	**435**	**774**	**13,541**	**25,859**	**-**	**803**	**9,835**	**10,632**	**-**	**100,157**
DR.4-Civil Society												
Gross Costs	80,093	90,112	513	3,999	17,017	41,506	-	1,530	42,401	36,301	-	313,472
Less:Earned Revenues	(772)	(787)	-	(46)	(284)	(45)	-	(2)	(501)	(341)	-	(2,778)
Net Program Costs	**79,321**	**89,325**	**513**	**3,953**	**16,733**	**41,461**	**-**	**1,528**	**41,900**	**35,960**	**-**	**310,694**
DR.5-Independent Media and Free Flow of Information												
Gross Costs	11,328	11,359	-	-	4,987	40,719	-	2	10,521	7,745	-	86,661
Less:Earned Revenues	(89)	(115)	-	-	(76)	(38)	-	-	(87)	(74)	-	(479)
Net Program Costs	**11,239**	**11,244**	**-**	**-**	**4,911**	**40,681**	**-**	**2**	**10,434**	**7,671**	**-**	**86,182**
DR.6-Human Rights												
Gross Costs	10,049	22,118	-	848	3,471	8,295	-	21,980	36,265	24,114	-	127,140
Less:Earned Revenues	(99)	(192)	-	(8)	(118)	(6)	-	(117)	(371)	(220)	-	(1,131)
Net Program Costs	**9,950**	**21,926**	**-**	**840**	**3,353**	**8,289**	**-**	**21,863**	**35,894**	**23,894**	**-**	**126,009**
Total Democracy, Human Rights and Governance	**204,099**	**206,998**	**948**	**5,567**	**74,858**	**239,166**	**-**	**34,764**	**287,999**	**146,269**	**-**	**1,200,668**
EG-Economic Growth												
EG.1-Macroeconomic Foundation for Growth												
Gross Costs	1,291	-	-	-	-	3,558,189	-	1,110,759	-	1,059,542	-	5,729,781
Less:Earned Revenues	(20)	-	-	-	-	(4,819)	-	(901,786)	-	(12,930)	-	(919,555)
Net Program Costs	**1,271**	**-**	**-**	**-**	**-**	**3,553,370**	**-**	**208,973**	**-**	**1,046,612**	**-**	**4,810,226**
EG.2-Trade and Investment												
Gross Costs	15,993	15,709	-	-	-	-	-	3,012	2,431	14,769	1,012	52,926
Less:Earned Revenues	(312)	(3,944)	-	-	-	-	-	(42)	(28)	(156)	-	(4,482)
Net Program Costs	**15,681**	**11,765**	**-**	**-**	**-**	**-**	**-**	**2,970**	**2,403**	**14,613**	**1,012**	**48,444**
EG.3-Agriculture												
Gross Costs	377,565	136,910	-	-	-	51,448	-	12,709	67,878	38,116	290,412	975,038
Less:Earned Revenues	(3,820)	(1,439)	-	-	-	(33)	-	(243)	(786)	(370)	(4,244)	(10,935)
Net Program Costs	**373,745**	**135,471**	**-**	**-**	**-**	**51,415**	**-**	**12,466**	**67,092**	**37,746**	**286,168**	**964,103**
EG.4-Financial Sector												
Gross Costs	1,533	528	-	-	-	1,381	-	19	71	3,573	-	7,105
Less:Earned Revenues	(21)	(2)	-	-	-	(2)	-	-	(1)	(25)	-	(51)
Net Program Costs	**1,512**	**526**	**-**	**-**	**-**	**1,379**	**-**	**19**	**70**	**3,548**	**-**	**7,054**

NOTE 15. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD) - Cont

Categories	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	2025 Consolidated Total
EG.5-Private Sector Productivity												
Gross Costs	3,418	43,875	10,894	1,582	-	52,067	-	67,071	37,514	110,745	113	327,279
Less:Earned Revenues	(38)	(425)	-	-	-	(197)	-	(649)	(432)	(985)	-	(2,726)
Net Program Costs	**3,380**	**43,450**	**10,894**	**1,582**	**-**	**51,870**	**-**	**66,422**	**37,082**	**109,760**	**113**	**324,553**
EG.6-Workforce Development												
Gross Costs	2,784	6,438	-	-	-	7,830	-	9,949	10,393	2,859	-	40,253
Less:Earned Revenues	(16)	(34)	-	-	-	(6)	-	(249)	(120)	(50)	-	(475)
Net Program Costs	**2,768**	**6,404**	**-**	**-**	**-**	**7,824**	**-**	**9,700**	**10,273**	**2,809**	**-**	**39,778**
EG.7-Modern Energy Services												
Gross Costs	9,627	4,211	-	-	-	-	-	112	1,834	-	-	15,784
Less:Earned Revenues	(96)	(67)	-	-	-	-	-	-	(40)	-	-	(203)
Net Program Costs	**9,531**	**4,144**	**-**	**-**	**-**	**-**	**-**	**112**	**1,794**	**-**	**-**	**15,581**
EG.8-Information and Communications Technology Services												
Gross Costs	1,455	4,925	-	-	-	16,656	-	8,678	509	-	-	32,223
Less:Earned Revenues	(26)	(48)	-	-	-	(14)	-	-	(7)	-	-	(95)
Net Program Costs	**1,429**	**4,877**	**-**	**-**	**-**	**16,642**	**-**	**8,678**	**502**	**-**	**-**	**32,128**
EG.9-Transport Services												
Gross Costs	249	590	-	-	-	-	-	-	-	-	91	930
Less:Earned Revenues	(2)	(14)	-	-	-	-	-	-	-	-	-	(16)
Net Program Costs	**247**	**576**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**91**	**914**
EG.10-Environment												
Gross Costs	71,318	148,963	-	-	-	-	-	27,590	74,175	1,695	15,258	338,999
Less:Earned Revenues	(701)	(1,033)	-	-	-	-	-	(376)	(746)	(20)	(1)	(2,877)
Net Program Costs	**70,617**	**147,930**	**-**	**-**	**-**	**-**	**-**	**27,214**	**73,429**	**1,675**	**15,257**	**336,122**
EG.11-Climate Change - Adaptation												
Gross Costs	15,712	23,560	-	-	-	-	-	2,318	38,611	5,312	5,267	90,780
Less:Earned Revenues	(208)	(201)	-	-	-	-	-	(4)	(406)	(88)	(49)	(956)
Net Program Costs	**15,504**	**23,359**	**-**	**-**	**-**	**-**	**-**	**2,314**	**38,205**	**5,224**	**5,218**	**89,824**
EG.12-Climate Change - Clean Energy												
Gross Costs	50,349	55,051	-	-	-	8,761	-	403	10,565	12,493	6,161	143,783
Less:Earned Revenues	(459)	(521)	-	-	-	(7)	-	-	(104)	(116)	(37)	(1,244)
Net Program Costs	**49,890**	**54,530**	**-**	**-**	**-**	**8,754**	**-**	**403**	**10,461**	**12,377**	**6,124**	**142,539**
EG.13-Climate Change - Sustainable Landscapes												
Gross Costs	17,625	36,068	-	-	-	-	-	3,550	50,055	-	4,327	111,625
Less:Earned Revenues	(189)	(299)	-	-	-	-	-	(1)	(612)	-	(2)	(1,103)
Net Program Costs	**17,436**	**35,769**	**-**	**-**	**-**	**-**	**-**	**3,549**	**49,443**	**-**	**4,325**	**110,522**
Total Economic Growth	**563,011**	**468,801**	**10,894**	**1,582**	**-**	**3,691,254**	**-**	**342,820**	**290,754**	**1,234,364**	**318,308**	**6,921,788**
ES-Education and Social Services												
ES.1-Basic Education												
Gross Costs	217,643	87,915	-	-	-	1,260	-	39,219	48,053	359,484	-	753,574
Less:Earned Revenues	(1,962)	(726)	-	-	-	(2)	-	(495)	(581)	(3,629)	-	(7,395)
Net Program Costs	**215,681**	**87,189**	**-**	**-**	**-**	**1,258**	**-**	**38,724**	**47,472**	**355,855**	**-**	**746,179**
ES.2-Higher Education												
Gross Costs	21,790	30,221	-	-	-	574	-	2,797	10,795	58,154	-	124,331
Less:Earned Revenues	(226)	(259)	-	-	-	(1)	-	(103)	(88)	(565)	-	(1,242)
Net Program Costs	**21,564**	**29,962**	**-**	**-**	**-**	**573**	**-**	**2,694**	**10,707**	**57,589**	**-**	**123,089**
ES.3-Social Policies, Regulations, and Systems												
Gross Costs	12	363	-	-	-	2	-	13	3,676	22	-	4,088
Less:Earned Revenues	-	(3)	-	-	-	-	-	-	(20)	-	-	(23)
Net Program Costs	**12**	**360**	**-**	**-**	**-**	**2**	**-**	**13**	**3,656**	**22**	**-**	**4,065**

Categories	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	2025 Consolidated Total
ES.4-Social Services												
Gross Costs	41	34,074	-	3,976	-	6,030	-	22,743	7,116	-	-	73,980
Less:Earned Revenues	(1)	(266)	-	(57)	-	(4)	-	(4)	(123)	-	-	(455)
Net Program Costs	**40**	**33,808**	**-**	**3,919**	**-**	**6,026**	**-**	**22,739**	**6,993**	**-**	**-**	**73,525**
ES.5-Social Assistance												
Gross Costs	3,858	1,660	-	-	-	9	-	79	173	8,616	-	14,395
Less:Earned Revenues	(33)	(11)	-	-	-	-	-	(1)	(30)	(108)	-	(183)
Net Program Costs	**3,825**	**1,649**	**-**	**-**	**-**	**9**	**-**	**78**	**143**	**8,508**	**-**	**14,212**
Total Education and Social Services	**241,122**	**152,968**	**-**	**3,919**	**-**	**7,868**	**-**	**64,248**	**68,971**	**421,974**	**-**	**961,070**
HA-Humanitarian Assistance												
HA.1-Protection, Assistance and Solutions												
Gross Costs	-	354	4,496,357	-	-	340	7	-	-	-	-	4,497,058
Less:Earned Revenues	-	(28)	(2,064)	-	-	-	-	-	-	-	-	(2,092)
Net Program Costs	**-**	**326**	**4,494,293**	**-**	**-**	**340**	**7**	**-**	**-**	**-**	**-**	**4,494,966**
HA.2-Disaster Readiness												
Gross Costs	716	146	176,728	-	-	-	-	-	2,100	-	-	179,690
Less:Earned Revenues	(6)	(7)	(104)	-	-	-	-	-	(21)	-	-	(138)
Net Program Costs	**710**	**139**	**176,624**	**-**	**-**	**-**	**-**	**-**	**2,079**	**-**	**-**	**179,552**
HA.3-Migration Management												
Gross Costs	-	-	-	-	-	-	-	-	37,435	-	-	37,435
Less:Earned Revenues	-	-	-	-	-	-	-	-	(426)	-	-	(426)
Net Program Costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37,009**	**-**	**-**	**37,009**
Total Humanitarian Assistance	**710**	**465**	**4,670,917**	**-**	**-**	**340**	**7**	**-**	**39,088**	**-**	**-**	**4,711,527**
HL-Health												
HL.1-HIV/AIDS												
Gross Costs	224,101	16,516	-	-	-	189	733,386	-	16,937	1,180	-	992,309
Less:Earned Revenues	(8,443)	(484)	-	-	-	(7)	(685,086)	-	(641)	(10)	-	(694,671)
Net Program Costs	**215,658**	**16,032**	**-**	**-**	**-**	**182**	**48,300**	**-**	**16,296**	**1,170**	**-**	**297,638**
HL.2-Tuberculosis												
Gross Costs	23,199	18,937	-	-	-	195	5,109	-	206	9	-	47,655
Less:Earned Revenues	(892)	(712)	-	-	-	(8)	(197)	-	(8)	-	-	(1,817)
Net Program Costs	**22,307**	**18,225**	**-**	**-**	**-**	**187**	**4,912**	**-**	**198**	**9**	**-**	**45,838**
HL.3-Malaria												
Gross Costs	102,626	3,344	-	-	-	-	200,229	-	725	43	-	306,967
Less:Earned Revenues	(3,945)	(124)	-	-	-	-	(370)	-	(28)	-	-	(4,467)
Net Program Costs	**98,681**	**3,220**	**-**	**-**	**-**	**-**	**199,859**	**-**	**697**	**43**	**-**	**302,500**
HL.4-Pandemic Influenza and Other Emerging Threats (PIOET)												
Gross Costs	75,828	24,670	-	-	-	2,447	56,520	-	8,152	1,561	-	169,178
Less:Earned Revenues	(1,281)	(524)	-	-	-	(8)	(1,642)	-	(223)	(34)	-	(3,712)
Net Program Costs	**74,547**	**24,146**	**-**	**-**	**-**	**2,439**	**54,878**	**-**	**7,929**	**1,527**	**-**	**165,466**
HL.5-Other Public Health Threats												
Gross Costs	297	3,800	-	-	-	12,526	4,606	-	1	40,624	-	61,854
Less:Earned Revenues	(3)	(29)	-	-	-	(12)	(178)	-	-	(450)	-	(672)
Net Program Costs	**294**	**3,771**	**-**	**-**	**-**	**12,514**	**4,428**	**-**	**1**	**40,174**	**-**	**61,182**
HL.6-Maternal and Child Health												
Gross Costs	67,578	18,594	-	-	-	-	35,199	-	5,984	21,061	-	148,416
Less:Earned Revenues	(2,569)	(512)	-	-	-	-	(1,393)	-	(230)	(200)	-	(4,904)
Net Program Costs	**65,009**	**18,082**	**-**	**-**	**-**	**-**	**33,806**	**-**	**5,754**	**20,861**	**-**	**143,512**

Categories	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	2025 Consolidated Total
HL.7-Family Planning and Reproductive Health												
Gross Costs	49,278	6,395	-	-	-	-	6,809	-	3,566	56,683	-	122,731
Less:Earned Revenues	(1,879)	(264)	-	-	-	-	(242)	-	(137)	(587)	-	(3,109)
Net Program Costs	**47,399**	**6,131**	**-**	**-**	**-**	**-**	**6,567**	**-**	**3,429**	**56,096**	**-**	**119,622**
HL.8-Water Supply and Sanitation												
Gross Costs	157,782	48,157	-	-	-	-	-	568	9,429	176,402	9,990	402,328
Less:Earned Revenues	(1,499)	(472)	-	-	-	-	-	(18)	(99)	(1,524)	(159)	(3,771)
Net Program Costs	**156,283**	**47,685**	**-**	**-**	**-**	**-**	**-**	**550**	**9,330**	**174,878**	**9,831**	**398,557**
HL.9-Nutrition												
Gross Costs	27,617	8,118	-	-	-	-	597	-	1,523	8,690	-	46,545
Less:Earned Revenues	(883)	(195)	-	-	-	-	(27)	-	(59)	(86)	-	(1,250)
Net Program Costs	**26,734**	**7,923**	**-**	**-**	**-**	**-**	**570**	**-**	**1,464**	**8,604**	**-**	**45,295**
Total Health	**706,912**	**145,215**	**-**	**-**	**-**	**15,322**	**353,320**	**550**	**45,098**	**303,362**	**9,831**	**1,579,610**
PO-Program Development and Oversight												
PO.1-Program Design and Learning												
Gross Costs	61,063	20,561	54,713	451	3,558	9,091	-	19,451	25,741	18,470	939	214,038
Less:Earned Revenues	(859)	(220)	(32)	(9)	(61)	(8)	-	(187)	(302)	(158)	(12)	(1,848)
Net Program Costs	**60,204**	**20,341**	**54,681**	**442**	**3,497**	**9,083**	**-**	**19,264**	**25,439**	**18,312**	**927**	**212,190**
PO.2-Administration and Oversight												
Gross Costs	182,523	76,433	190,518	32,191	17,082	36,455	1,234	50,579	95,306	53,084	43,569	778,974
Less:Earned Revenues	(2,349)	(661)	(90)	(314)	(180)	(26)	(48)	(221)	(826)	(411)	(109)	(5,235)
Net Program Costs	**180,174**	**75,772**	**190,428**	**31,877**	**16,902**	**36,429**	**1,186**	**50,358**	**94,480**	**52,673**	**43,460**	**773,739**
PO.3-Evaluation												
Gross Costs	15,503	7,144	-	1,226	507	2,680	-	5,961	9,890	1,616	58	44,585
Less:Earned Revenues	(197)	(82)	-	(22)	(14)	(3)	-	(122)	(116)	(18)	(1)	(575)
Net Program Costs	**15,306**	**7,062**	**-**	**1,204**	**493**	**2,677**	**-**	**5,839**	**9,774**	**1,598**	**57**	**44,010**
Total Program Development and Oversight	**255,684**	**103,175**	**245,109**	**33,523**	**20,892**	**48,189**	**1,186**	**75,461**	**129,693**	**72,583**	**44,444**	**1,029,939**
PS-Peace and Security												
PS.1-Counter-Terrorism												
Gross Costs	10,137	1,043	-	1,091	-	-	-	-	-	1,517	-	13,788
Less:Earned Revenues	(105)	(11)	-	(19)	-	-	-	-	-	(11)	-	(146)
Net Program Costs	**10,032**	**1,032**	**-**	**1,072**	**-**	**-**	**-**	**-**	**-**	**1,506**	**-**	**13,642**
PS.2-Combating Weapons of Mass Destruction (WMD)												
Gross Costs	-	-	-	116	-	511	-	-	-	-	-	627
Less:Earned Revenues	-	-	-	(1)	-	(1)	-	-	-	-	-	(2)
Net Program Costs	**-**	**-**	**-**	**115**	**-**	**510**	**-**	**-**	**-**	**-**	**-**	**625**
PS.3-Counter-Narcotics												
Gross Costs	-	1,031	-	-	-	-	-	-	33,165	-	-	34,196
Less:Earned Revenues	-	(14)	-	-	-	-	-	-	(335)	-	-	(349)
Net Program Costs	**-**	**1,017**	**-**	**-**	**-**	**-**	**-**	**-**	**32,830**	**-**	**-**	**33,847**
PS.4-Transnational Threats and Crime												
Gross Costs	-	-	-	-	-	25,238	-	-	-	-	-	25,238
Less:Earned Revenues	-	-	-	-	-	(25)	-	-	-	-	-	(25)
Net Program Costs	**-**	**-**	**-**	**-**	**-**	**25,213**	**-**	**-**	**-**	**-**	**-**	**25,213**
PS.5-Trafficking in Persons												
Gross Costs	827	11,720	-	-	-	1,129	-	-	2,218	52	-	15,946
Less:Earned Revenues	(13)	(98)	-	-	-	(1)	-	-	(25)	-	-	(137)
Net Program Costs	**814**	**11,622**	**-**	**-**	**-**	**1,128**	**-**	**-**	**2,193**	**52**	**-**	**15,809**

Categories	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	REFS	2025 Consolidated Total
PS.6-Conflict Mitigation and Stabilization												
Gross Costs	34,699	15,318	-	143,244	-	8,938	-	-	25,495	41,434	-	269,128
Less:Earned Revenues	(334)	(128)	-	(1,626)	-	(10)	-	-	(303)	(446)	-	(2,847)
Net Program Costs	**34,365**	**15,190**	**-**	**141,618**	**-**	**8,928**	**-**	**-**	**25,192**	**40,988**	**-**	**266,281**
PS.7-Conventional Weapons Security and ERW												
Gross Costs	-	-	-	-	-	-	-	-	-	-	-	-
Less:Earned Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
PS.8-Strengthening Military Partnerships and Capabilities												
Gross Costs	-	-	-	-	-	-	-	-	-	-	-	-
Less:Earned Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
PS.9-Citizen Security and Law Enforcement												
Gross Costs	-	-	-	-	-	-	-	-	-	-	-	-
Less:Earned Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Peace and Security	**45,211**	**28,861**	**-**	**142,805**	**-**	**35,779**	**-**	**-**	**60,215**	**42,546**	**-**	**355,417**
Net Cost of Operations	**2,016,749**	**1,106,483**	**4,927,868**	**187,396**	**95,750**	**4,037,918**	**354,513**	**517,843**	**921,818**	**2,221,098**	**372,583**	**16,760,019**

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.

SCHEDULES OF RECONCILIATION OF NET COST OF OPERATIONS TO NET COSTS OF BUDGETARY OUTLAYS (In Thousands):

The sections of this schedule detail 1) the components of Net Operating Cost that are not part of Net Budgetary Outlays; 2) the components of Net Budgetary Outlays that are not part of Net Cost; and 3) all Other Reconciling Items which are part of reconciling the Statement of Net Cost to the Statement of Budgetary Resources.

		2025
Net Cost	**$**	**16,760,019**
Components of Net Operating Cost Not Part of Net Outlays		
General and Right-to-Use PP&E		
General and Right-to-Use PP&E Depreciation and Amortization	$	(8,092)
General and Right-to-Use PP&E Disposal and Revaluation		(58,325)
Lessee Lease Amortization		(10,103)
Year-end credit reform subsidy accrual reestimates		(333,454)
Change in Assets		
Accounts Receivable		5,992
Other Assets		1,690,317
Change in Liabilities:		
Accounts Payable		1,687,666
Lessee Lease Liability		217,028
Federal Employee Salary, Leave, and Benefits Payable		128,186
Pensions, Other Post-Employment, and Veterans Benefits Payable		2,916
Other Liabilities		(874,882)
Financing Sources		
Imputed Cost		40,525
Total Components of Net Operating Cost Not Part of Net Outlays	**$**	**2,487,774**

NOTE 16. RECONCILIATION OF NET COST TO BUDGETARY OUTLAYS

SCHEDULES OF RECONCILIATION OF NET COST OF OPERATIONS TO NET COSTS OF BUDGETARY OUTLAYS (In Thousands):

Components of Net Outlays That Are Not Part of Net Cost		
Acquisition of Capital Assets	$	11,243
Other Financing Sources		
Donated Revenue		22,394
Transfers Out/In Without Reimbursement		(330,223)
Total Components of Net Outlays That Are Not Part of Net Cost	**$**	**(296,586)**
Other Reconciling Items		
Custodial/Non-Exchange Revenue	$	-
Non-Entity Activity	$	340,358
Temporary Timing Differences		(62,877)
Budget Vs. Proprietary Discount Rate Differences on Leases		
Appropriated Receipts for Trust/Special Funds		40,005
Total Other Reconciling Items	**$**	**317,486**
Net Outlays	**$**	**19,268,693**
Distributed Offsetting Receipts	$	(382,929)
Agency Outlays, Net	**$**	**18,885,764**

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

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified 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: Bureau of the Fiscal Service – Reports, Statements & Publications (https://fiscal.treasury.gov/reportsstatements/) and a copy of the 2025 FR 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 Governement. 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 Reclassificaton of the Statement of Net Cost, and the Statement of Changes in Net Position for the year end September 30, 2025 are presented in the following tables (*in thousands*).

USAID Financial Statements for Fiscal Year 2025

Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ending September 30, 2025

FY 2025 USAID Statement of Net Cost			Line Items Used to Prepare FY 2025 Government-wide Statement of Changes in Net Costs	
Financial Statement Line	**Amounts**	**Other than Dedicated Collections (with Elimination)**	**Amounts**	**Reclassified Financial Statement Line**
Gross Cost				**Non-Federal Gross Cost**
Unexpended Appropriations, Beginning Balance	$18,456,609	$ -		**Intragovernmental Costs:**
				Benefit Program Costs
				Imputed Costs
				Buy/Sell Cost
				Other Expenses (Without Reciprocals)
				Total Intragovernmental Cost
Total Gross Cost	$18,456,609	$ -	$ -	**Total Reclassified Gross Cost**
Earned Revenue	$ (1,696,590)	$ -		**Non-Federal Earned Revenue**
				Buy/Sell Revenue
				Borrowing and Other Interest Revenue
				Total Intragovernmental Earned Revenue
Total Earned Revenue	(1,696,590)			Total Reclassified Earned Revenue
Net Cost of Operations	**$16,760,019**	**$ -**		**Net Cost of Operations**

USAID Financial Statements for Fiscal Year 2025

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, 2025

FY 2025 USAID Statement of Changes in Net Position			Line Items Used to Prepare FY 2025 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, Beginnin	$ 42,084,141	$ -	$ 42,084,141	Unexpended Appropriations, Beginning Balance
Appropriations Received	15,540,508		9,879,884	Appropriations Received, as adjusted
Other Adjustments	(5,660,624)			Other Adjustments
Appropriations Transferred In/Out	(131,396)	(11,337,328)	11,345,495	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		11,329,782	(11,469,345)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
Appropriations Used	(17,038,542)		(17,038,542)	Appropriations Used (Federal)
Total Unexpended Appropriations	**$ 34,794,087**	**$ (7,546)**	**$ 34,801,633**	**Total Unexpended Appropriations**
CUMULATIVE RESULTS OF OPERATIONS:				**CUMULATIVE RESULTS OF OPERATIONS**
Cumulative Results, Beginning Bal	$ 1,745,718	$ -	$ 1,745,718	Cumulative Results, Beginning Balance
Appropriations Used	17,038,542		17,038,542	Appropriations Used (Federal)
Non-Exchange Revenues				Non-Federal Non-Exchange Revenues
			(15,844)	Other Taxes and Receipts
			(9,163)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
			(340,358)	Non-Entity Collections Transferred to the General Fund of the U.S. Government
Donations and Forfeitures of Property	6,550			Donations and Forfeitures of Property
		(9,472)	302,985	Expenditure Transfers-In of Financing Sources
		6,392	(6,392)	Expenditure Transfers-Out of Financing Sources
				Non-Expenditure Transfer-In of Financing Sources – Capital Transfers (RC 11)
				Non-Expenditure Transfers-Out of Financing Sources – Capital Transfers (RC 11)
		(325,947)	333,493	Transfers-In Without Reimbursement
Transfers in/out Without Reimburseme	293,362	336,573	(336,724)	Transfers-Out Without Reimbursement
Other	(349,521)			Other
Donations and Forfeitures of Cash and Cash Equivalents	(22,394)			Donations and Forfeitures of Cash and Cash Equivalents
Imputed Financing	40,525		40,525	Imputed Financing Sources
Total Financing Sources	**17,007,064**	**7,546**	**17,007,064**	**Total Financing Sources**
Net Cost of Operations	**(16,760,019)**		**(16,760,019)**	**Net Cost of Operations**
Ending Balance-Cumulative Results of Operations	**$ 1,992,763**	**$ 7,546**	**$ 1,992,763**	**Ending Balance-Cumulative Results of Operations**
Total Net Position	**$ 36,786,850**	**$ -**	**$ 36,794,396**	**Net Position**

NOTE 18. SUBSEQUENT EVENTS

USAID evaluated events occurring after September 30, 2025, through the date the financial statements were issued.

Subsequent to September 30, 2025, USAID implemented actions related to the shutdown of the Agency and the transition of certain functions to other federal entities. USAID missions closed in August 2025, and activities to wind down remaining operations continued after fiscal year-end.

These subsequent events did not result in adjustments to the amounts reported in the accompanying financial statements. The financial statements reflect USAID's financial position as of September 30, 2025, and do not include the effects of activities occurring after that date. USAID continued to operate under Congressional authority during fiscal year 2025.