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

Audit of USAID's Financial Statements for Fiscal Year 2026

Audit Report 0-000-27-001-C
November 16, 2026



Office of Audits, Inspections, and Evaluations

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

MEMORANDUM

DATE: November 16, 2026

TO: Bill Woolf
Performing the Duties of Administrator
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 2026 (0-000-27-001-C)

Enclosed is the final report on the audit of USAID's financial statements for fiscal year 2026. 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. Based on our review, 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, 2026, 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 2026 financial statements.

The audit firm concluded that it was 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 2026, the audit firm noted the following:

1. Three material weaknesses in internal control over financial reporting.
    - Lack of effective entity-level controls
    - Disconnect between written policies and actual procedures
    - Lack of proper supporting documentation for significant financial statements accounts
2. Two significant deficiencies in internal control over financial reporting.
    - Lack of consistent implementation of information technology general controls
    - Improper recording of refunds of advances and prepayments
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).

In finalizing the report, we evaluated USAID's response to the reported material weaknesses, significant deficiencies, and noncompliance. Based on our evaluation, we are not making any recommendations due to USAID's operating status and Agency leadership's response to the audit report stating that "formulating individual corrective action plans for each finding is neither feasible nor a responsible allocation of taxpayers funds."

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

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WILLIAMS ADLEY

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 2026 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 three material weaknesses[1] and two significant deficiencies[2] in internal control over financial reporting as of September 30, 2026.
- 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 with these financial statements 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, 2026; 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. 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 2026 financial statements, specifically:

- USAID did not maintain effective entity-level controls necessary to establish a consistent and reliable internal control across the organization (material weakness I)
- USAID's documented policies and procedures do not reflect the current organizational structure, workflows, or control responsibilities (material weakness II)
- USAID was unable to provide supporting documentation for certain material recorded amounts (material weakness 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

Due to these limitations, we were not able to perform the required testing procedures over controls, balance of significant accounts and compliance.

Emphasis-of-Matters

As discussed in Note 1 – *Summary of Significant Accounting Policies* to the financial statements, USAID has received an exception from the requirements set by OMB A-136 - *Financial Reporting Requirements* and has adopted a single-year presentation format for its principal financial statements and related notes during fiscal year 2026. Prior-year amounts remain available through previously issued financial statements.

As discussed in Note 1 to the financial statements, USAID is subject to wind-down pursuant to executive orders. Management has disclosed its plans for addressing the effects of this wind-down, including the disposition of assets and transition of remaining program activities. 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 matter.

Our report has not been modified with respect to these matters.

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 2026 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 2026 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, 2026, 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 2026 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.

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

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

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

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

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

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

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

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

Agency Comments

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

Williams, Adley & Company-DC, LLP

Washington, District of Columbia
November 12, 2026

Appendix I - Material Weaknesses

I. Lack of Effective 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, that was also identified last year, 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 bifurcation of various processes and controls between USAID and other federal agencies created gaps in process understanding.
- The Federal Manager's Financial Integrity Act (FMFIA)/Office of Management and Budget (OMB) Circular A-123 assessment was not performed in fiscal year 2026.
- Communication of internal control priorities was inconsistent and fragmented, leading to uneven implementation across operating units.

The prior year audit resulted in identification of four material weaknesses, three significant deficiencies, two instances of material noncompliance and eight control deficiencies for which USAID did not implement any corrective actions in fiscal year 2026 compounding the risk of control failures during the current fiscal year.

Criteria: 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."*

Another reference is the Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* Section 10.16 which states:

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

Entity-level control activities may include controls related to the entity's risk assessment process, control environment, service organizations, management override, and performance or analytical reviews."

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.

In addition, with the planned transition of the remaining operations of the agency at September 30, 2026 to the State Department and OMB oversight, the remaining mission, financial management, and internal control roles and responsibilities became increasingly complex and bifurcated.

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.

Recommendation: No recommendations will be issued due to the agency's winddown status and USAID leadership's response to the prior year audit report indicating that "developing corrective action plans for each finding is not a feasible or fiscally responsible use of U.S. taxpayer dollars." USAID does not plan to implement any corrective actions for fiscal year 2026. Also, it should be noted that Recommendations are not mandatory under GAGAS.

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 and OMB. These changes fundamentally altered the Agency's organizational structure and operational processes.

Despite these changes, USAID did not update its Automated Directives System (ADS) or documented new procedures to reflect the structure or workflows in place after 2025. 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.

During our walkthroughs and testing of key controls during fiscal years 2025 and 2026, 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 sampled 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: OMB Circular No. A-123, Section III *Control Activities,* states:

> *"Control activities are the actions management establishes through policies and procedures to mitigate risks to achieving the entity's objectives to acceptable levels. They are designed to ensure proper execution of agency actions to achieve objectives and prevent or mitigate identified risks."*

Another reference is GAO's *Standards for Internal Control in the Federal Government*, May 2025 revision (GAO-25-107721), which at:

Section 12.02 states:

> *"Management establishes control activities by documenting in policies what is expected and in procedures specified actions that implement policies, to mitigate risks to achieving the entity's objectives to acceptable levels [documentation requirement]."*

Section 12.05 states:

> *"Management reviews policies, procedures, and related control activities on a periodic and ongoing basis for continued relevance and effectiveness in achieving the entity's objectives or mitigating 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, business processes, or information technology. A new law or regulation may change an entity's objectives or how an entity is to achieve an objective. Further, in the federal environment, this may occur through government-wide policy or guidance issued by entities like the Office of Management and Budget, Office of Personnel Management, and the Department of the Treasury. Management considers these changes in its periodic and ongoing reviews. Management also considers the results of its monitoring activities to determine whether control activities are designed and implemented effectively.".*

And Section 9.03 states:

> *"Conditions affecting the entity and its environment continually change. Management identifies, on a timely basis, significant changes to internal and external conditions that have already occurred or are expected to occur. Management anticipates and plans for significant changes that are expected to occur by using a forward-looking process to identify expected changes. This enables management to timely identify and analyze the impact of related risks."*

Cause: Following the 2025 restructuring, previous controls were no longer practical, due to the large workforce reductions, leaving a limited number of personnel performing 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. Furthermore, USAID's management elected to not implement corrective actions from the fiscal year 2025 findings.

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.

Recommendation: No recommendations will be issued due to the agency's winddown status and USAID leadership's response to the prior year audit report indicating that "developing corrective action plans for each finding is not a feasible or fiscally responsible use of U.S. taxpayer dollars." USAID does not plan to implement any corrective actions for fiscal year 2026. Also, it should be noted that Recommendations are not mandatory under GAGAS.

III. Lack of Proper Supporting Documents for Significant Financial Statement Accounts

Condition: USAID was unable to provide sufficient and appropriate supporting documentation in a timely manner for the majority of the transactions underlying the balances of significant accounts reported in the fiscal year 2026 financial statements.

To support our audit procedures, we requested documentation for selected transactions and balances comprising significant financial statement accounts. However, USAID could not provide the requested documentation in a complete and timely manner. In many instances, no supporting documentation was provided. In other cases, USAID provided only partial documentation that was insufficient to substantiate the transaction. Additionally, despite multiple requests and extensions provided by the audit team, certain supporting records were not submitted until after established audit deadlines. In other instances, documentation was submitted so late in the audit process that the audit team did not have sufficient time to perform the necessary procedures before report issuance. As a result, we were unable to determine whether the underlying transactions were valid, properly authorized, accurately recorded, complete, and in accordance with applicable accounting and reporting requirements.

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. Some examples include, but are not limited to:

- *Fund Balance with Treasury* - USAID could not provide us with the proper supporting documentation for 27 out of 50 reconciling items, totaling $1.8 billion, which were selected to verify the validity of the reconciliation.

- *Cash and Other Monetary Assets* - USAID could not provide us with the June 30, 2026 bank statements for its foreign currency trust funds totaling $88 million.

- *Budgetary Resources* - We selected a sample of 16 deobligations totaling $5.5 million and requested supporting documentation. However, USAID could not provide us with the requested supporting documentation for any of the sampled deobligations. Furthermore, we selected a sample of 211 undelivered orders, totaling $1.04 billion, and requested supporting documentation to determine whether the transactions represent valid obligations. USAID could not provide us with the supporting documentation for any of the items requested.

- *Earned Revenues* - During our audit, we selected a sample of 78 cash receipt transactions, totaling $3 billion, for which USAID could not provide us with the appropriate supporting documentation.

- *Accounts Payable* - We selected 85 accounts payable transactions to determine their validity and accuracy. USAID could not provide us with the supporting documents for any of the sample transactions.

- *Expenses* - We selected 36 potential duplicate disbursements and 5 potential improper payment samples and requested supporting documentation from USAID to validate the accuracy of the information reported. USAID could not provide us with the supporting documentation requested.

- *Payroll Costs and Related Liabilities* - During our audit, we selected a sample of 78 employees from the population provided by USAID. From the samples we selected, USAID could not provide us with all the requested supporting documents for the 78 samples.

- *Loans and Loan Guarantees* - USAID could not provide us with the quarterly reports from the Development Finance Corporation showing the balance of loan and loan guarantees to support the accuracy and reporting of the subsidy calculation and the related obligation during fiscal year 2026.

- *Intragovernmental Differences* - From a sample of 20 intragovernmental differences for second quarter, USAID could not provide supporting documents for seven samples to verify that they were mapped to the correct reciprocal category. Additionally, from the population provided to us, we also selected 20 high dollar differences (over $1 million) to ensure that each sample was related to USAID. The Agency could not provide us with the requested support for any of these transactions.

- *Grant, Other Advances, and Prepayments* - USAID could not provide us with the supporting documentation showing evidence of Agreement Officer approval for a sample of 46 grant advances, valued at $2 billion, selected for testing.

- *Property, Plant, and Equipment (PP&E) and Inventory* - USAID could not provide us with the quarterly reconciliation of its PP&E to other federal agency overseeing the transferred PP&E. Additionally, USAID could not provide us with the complete supporting documents requested for the PP&E additions/deletions/and transfers for a total of 179 samples valued at $31 million.

- *Financial Reporting* – USAID was unable to provide the September 30 trial balance used in the preparation of the financial statements in a timely manner, which limited our ability to review and test the reported account balances. Additionally, during our review of the agency June trial balance, we noted eight general ledger accounts with abnormal balances totaling more than $2.7 billion. USAID could not provide us with the reasons or supporting documentation for these abnormal balances.

Criteria: 44 U.S.C. Chapter 31, Records Management by Federal Agencies, Section 3101 states that:

> *"The head of each federal agency shall make and preserve records containing adequate and proper documentation of the organization, function, policies, decisions, procedures, and essential transactions of the agency and designed to furnish the information necessary to protect the legal and financial rights of the Government and of persons directly affected by the agency's activities."*

USAID 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)."*

USAID ADS.627.3.1 states that:

> *"Financial documentation is any documentation that impacts on or results in financial activity. For local currency trust funds, this would also include bank statements, reconcilements, and related material. Basic financial documentation retention rules include but are not limited to: If an action will result in a financial transaction, it must be documented; and source documentation must be readily available for audit (by either the Office of Inspector General or a responsible audit entity) or review by the Mission Office of Financial Management."*

Cause: 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 the vast majority of the key documentation such as trial balances, populations, and control information, often weeks or months after the requested due dates.

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 documents; however, some were incomplete or inaccurate, and in a few cases, supporting documents could not be provided because the necessary documents were held by another federal agency.

Although the ADS required supporting documents to be retained electronically, this practice was not performed consistently during fiscal year 2026 in a manner that allows agency to respond to the audit requests timely.

The supporting 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.

Effect: The absence of supporting documentation for material transactions severely impairs the ability of both USAID and the 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.

Recommendation: No recommendations will be issued due to the agency's winddown status and USAID leadership's response to the prior year audit report indicating that "developing corrective action plans for each finding is not a feasible or fiscally responsible use of U.S. taxpayer dollars." USAID does not plan to implement any corrective actions for fiscal year 2026. Also, it should be noted that recommendations are not mandatory under the GAGAS.

Appendix II - Significant Deficiency

I. Lack of Consistent Implementation of Information Technology General Controls (ITGC)

Condition: USAID did not consistently implement ITGCs or maintain sufficient documentation to demonstrate the operating effectiveness of ITGCs supporting its financial systems. We identified deficiencies in security management, access controls, segregation of duties, configuration management, and contingency planning, and the documentation of USAID's applicable complementary user entity controls as identified by its service provider.

Key examples include, but are not limited to:

Security Management

- Required security documentation for Phoenix[4] and Global Acquisition and Assistance System (GLAAS)[5] had not been reviewed and approved since 2024 and therefore, had not undergone the required annual review during the audit period.

Access Controls

- Required authorization documentation supporting one privileged account, eight sampled user accounts in Phoenix, and six sampled user accounts in GLAAS was not available.
- Eleven separated users retained access to GLAAS after their separation from USAID.
- One separated user retained access to Phoenix after their separation from USAID.

Segregation of Duties

- Segregation of duties waivers for GLAAS user assigned conflicting roles were not available.

Configuration Management

- USAID's system-level Configuration Management Plan had not been reviewed and approved since 2024 and therefore, had not undergone the required annual review during the audit period.

Contingency Planning

- Required contingency planning documentation for Phoenix and GLAAS had not been reviewed and approved since 2024 and therefore, had not undergone the required annual review during the audit period.
- Backup restoration and recovery testing activities for Phoenix and GLAAS were not consistently performed or adequately evidenced.

Complementary User Entity Controls

[4] 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

[5] GLAAS is USAID's primary procurement system that automates the procurement processes from planning to award closeout.

- Evidence demonstrating the implementation of the following complementary user entity controls supporting the Payment Management System (PMS[6]) was not available:
    - Awarding agencies are responsible for approving access and maintaining appropriate segregation of duties.
    - Awarding agencies remain responsible for timely notification of user account changes or terminations.
    - Awarding agencies are responsible for notifying Payment Management Services timely of grant recipient and agency accounts to be removed from the PMS.
    - Awarding agencies should conduct periodic reviews of their users' access to the PMS to ensure appropriateness of that access.

Criteria: National Institute of Standards and Technology Special Publication 800-53, Revision 5, establishes the following requirements:

- PL-2 System Security and Privacy Plans
    - Review the plans on an organization-defined frequency.
    - Update the plans to address changes to the system and environment of operation or problems identified during plan implementation or control assessments.
- CA-7 Continuous Monitoring
    - Develop a system-level continuous monitoring strategy and implement continuous monitoring in accordance with the organization-level continuous monitoring strategy.
- AC-2 Account Management
    - Require approvals by organization-defined personnel or roles for requests to create accounts.
    - Create, enable, modify, disable, and remove accounts in accordance with organization-defined policy, procedures, prerequisites, and criteria.
    - Authorize access to the system based on a valid access authorization, intended system usage, and organization-defined attributes.
- AC-5 Separation of Duties
    - Identify and document organization-defined duties of individuals requiring separation.
    - Define system access authorizations to support separation of duties.
- AC-6 Least Privilege
    - Employ the principle of least privilege, allowing only authorized accesses for users (or processes acting on behalf of users) that are necessary to accomplish assigned organizational tasks.
- CM-1 Policy and Procedures
    - Review and update the current configuration management policy and procedures on an organization-defined frequency and following organization-defined events.
- CP-1 Policy and Procedures
    - Review and update the current contingency planning policy and procedures on an organization-defined frequency and following organization-defined events
- CP-2 Contingency Plan
    - Review the contingency plan for the system on an organization-defined frequency.

[6] PMS was no longer utilized by USAID after December 2025.

  - Update the contingency plan to address changes to the organization, system, or environment of operation and problems encountered during contingency plan implementation, execution, or testing.
- CP-4 Contingency Plan Testing
  - Test the contingency plan for the system on an organization-defined frequency using organization-defined tests to determine the effectiveness of the plan and the readiness to execute
  - the plan.
- CP-9 (Control Enhancement 1) System Backup
  - Test backup information on an organization-defined frequency to verify media reliability and information integrity.

Collectively, these controls establish requirements for developing, documenting, implementing, maintaining, reviewing, monitoring, and assessing applicable security controls to support the confidentiality, integrity, and availability of information systems.

OMB Circular A-123, Management's Responsibility for Internal Control requires agencies to establish and maintain effective internal control systems. Section IV.A establishes management's responsibility for determining and maintaining sufficient documentation to support assessments of internal control effectiveness, including documentation of control design, implementation, and operating effectiveness.

The Department of Health and Human Services' PMS System and Organization Controls 1 Report for the period October 1, 2025, through June 30, 2026, identifies the following applicable complementary user entity controls for its user entities:

- Awarding agencies are responsible for approving access and maintaining appropriate segregation of duties.
- Awarding agencies remain responsible for timely notification of user account changes or terminations.
- Awarding agencies are responsible for notifying Payment Management Services timely of grant recipient and agency accounts to be removed from the PMS.
- Awarding agencies should conduct periodic reviews of their users' access to the PMS to ensure appropriateness of that access.

Cause: Given the wind-down of agency operations, USAID has not improved its procedures to consistently document and/or implement the ITGCs supporting its key financial systems.

Effect: The identified deficiencies related to ITGCs results in reduced assurance related to the confidentiality, integrity, and availability of financial data processed by the identified systems. Also, there is increased risk that errors or unauthorized activities could occur, remain undetected, and adversely impact the reliability of financial reporting.

Recommendation: No recommendations will be issued due to the agency's wind-down status and USAID leadership's response to the prior year audit report indicating that "developing corrective action plans for each finding is not a feasible or fiscally responsible use of U.S. taxpayer dollars." USAID does not plan to implement any corrective actions for fiscal year 2026. Also, it should be noted that recommendations are not mandatory under GAGAS.

II. Improper Recording of Refunds of Advances and Prepayments

Condition: As part of our review of USAID's accounting treatment of certain transactions posted to US Standard General Ledger (USSGL) 6100 - Operating Expenses/Program Costs, we identified refunds from cancelled projects/obligations that were recorded as credits to USSGL 6100, rather than to *Advances and Prepayments* (USSGL 1410). These refunds represented recoveries of previously issued advances to grant and project recipients and should not have been recorded as current-period expense reductions.

We selected a sample of 33 transactions posted to USSGL 6100 from October 1, 2025 to June 30, 2026 for testing. We noted 20 of these transactions, totaling $101.7 million, posted as credits to USSGL 61000. Our review of the supporting documents for these transactions and the detailed general ledger indicated that these items were refunds from advances and prepayments made by USAID for now-cancelled projects/obligations. Seventeen out of the 20 items mentioned above had a corresponding debit in Fund Balance with Treasury (USSGL 1010) indicating that USAID received refunds from cancelled projects/obligations for which advances and prepayments were made.

Criteria: Per the Treasury Financial Manual (TFM) Volume I, Part2 Chapter 1500, *Description of Accounts Relating to Financial Operations*, requires agencies to properly classify collections, refunds, and recoveries based on the nature of the transaction. Collections associated with canceled appropriations generally must be deposited into the General Fund of the U.S. Treasury as miscellaneous receipts and may not be used to offset current operating expenses.

Additionally, TFM guidance requires agencies to maintain accounting records that accurately reflect the economic substance of transactions and support reliable financial reporting.

Per OMB Circular A-136 – *Financial Reporting Requirements*, Agencies must ensure financial statements are presented in accordance with federal accounting standards and internal control requirements. Misclassifying refunds or credits as expense reductions violates the requirement to present accurate, reliable, and complete financial information.

Per Statement of Federal Financial Accounting Standards (SFFAS) 1, 4, & 7, Relevant federal accounting standards require:

- Expenses to be recognized in the period in which the related goods or services are received (SFFAS 1).
- Agencies to report the full cost of operations. Improperly reducing expenses through the recording of refunds of advances as expense credits understates program costs and impairs the reliability of cost information (SFFAS 4).
- Proper classification of exchange revenue and other financing sources (SFFAS 7), including ensuring that refunds are not improperly netted against expenses.

Cause: The misstatement occurred because USAID applied incorrect accounting treatment to refunds of advances. Specifically, refunds were recorded as offsets to expense accounts instead of being applied against the related advance.

Additionally, management controls over the review and approval of accounting entries were not sufficient to identify and prevent the misclassification of these transactions.

Effect: Recording these refunds as credits to the USSGL 6100 account understates operating expenses and overstates USSGL 1410 reported on the financial statements, obscuring the true cost of operations and impairing the reliability of financial information presented to stakeholders. Furthermore, this misstatement may also affect budget formulation, performance reporting, and statutory compliance requirements.

Recommendation: No recommendations will be issued due to the agency's winddown status and USAID leadership's response to the prior year audit report indicating that "developing corrective action plans for each finding is not a feasible or fiscally responsible use of U.S. taxpayer dollars." USAID does not plan to implement any corrective actions for fiscal year 2026. Also, it should be noted that Recommendations are not mandatory under the U.S. Government Accountability Office (GAO) Government Auditing Standards (the Yellow Book / GAGAS).

Appendix III – Non-compliances and Other Matters

I. Absence of FMFIA, FFMIA, and OMB Circular A-123 Internal Control Assessment and Assurance

Condition: USAID did not perform the required OMB Circular A-123 internal control assessment over financial reporting, did not evaluate compliance with the Federal Managers' Financial Integrity Act (FMFIA) Sections 2 and 4, did not assess compliance with the Federal Financial Management Improvement Act (FFMIA), and did not issue the annual Statement of Assurance. Taken together, these omissions indicate that management did not implement the enterprise level governance processes necessary to assert the effectiveness of internal controls and the reliability of financial management systems.

Specifically, USAID did not:

- Plan and perform an OMB Circular A-123 internal control 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.
- Determine and report FFMIA compliance (agency head determination and auditor reporting) against the three statutory requirements: federal financial management systems requirements, applicable federal accounting standards, and use of the U.S. Standard General Ledger at the transaction level.
- Effectively implement its enterprise risk management framework, including related risk identification and mitigation.
- Obtain FMFIA certification letters from each accountable unit, as required by agency policy, providing reasonable assurance that internal control is achieving the intended objectives.
- Complete the enterprise risk management tool, which is designed to assess or evaluate the entity-level identification and prioritization of risk and internal control and to decide if deficiencies have a pervasive effect on the organization.
- Assess and monitor controls and using applicable data, sources, and/or documentation.
- Design corrective action plans for identified internal deficiencies and ensure that the weaknesses are corrected.

Criteria: OMB Circular A-123 – Management's Responsibility for Internal Control (dated March 10, 2026) states:

> *"It is the policy of the Federal Government that agencies establish and maintain effective internal control systems that establish and achieve specific internal control objectives to provide reasonable assurance that programs achieve their goals and objectives, and that agency business processes operate efficiently and effectively, comply with applicable laws*

and regulations, safeguard federal assets, and produce reliable financial and performance information."

"Management will provide assurances on internal control effectiveness, to include information regarding identified material weaknesses and corrective action, as appropriate. These assurances must be provided annually in a single report in the Agency Financial Report (AFR), Performance and Accountability Report (PAR), or other management report labeled "Analysis of Entity's Systems, Controls and Legal Compliance."

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…"

FFMIA (31 U.S.C. § 3512 note) / OMB M-09-06 – Statutory compliance and determinations:

"Section 803(a) of the FFMIA requires each agency to implement and maintain financial systems that comply substantially with: Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level."

"The law further requires that the Head of the agency annually assess and the agency auditor report whether the agency's financial management systems comply with the law's essential requirements."

USAID ADS Chapter 596, Management's Responsibility for Enterprise Risk Management, states:

"Internal Control Assessment - To demonstrate compliance with the requirements of FMFIA and to support the Administrator's annual Statement of Assurance published in the AFR, each AU must perform an internal control assessment. This assessment requires a FMFIA certification letter generated by [Agency Secure Image and Storage Tracking] ASIST/ [Consolidated Audit and Compliance System] CACS; the completion of the Uniform Risk and Internal Control Assessment tool (URICA); and corrective action plans (CAPs) for all identified deficiencies - control deficiencies (CDs), significant deficiencies (SDs), and/or material weaknesses (MWs). The ASIST/CACS generated certification letter must include:

1. A statement that there is reasonable assurance that internal control is achieving the intended objectives;

2. A description of SDs and MWs that could adversely affect the AUs ability to meet its internal control objectives; and

3. CAPs with Specific, Measurable, Achievable, Realistic, and Time-bound (SMART) milestones and target completion dates."

Cause: Due to staffing shortages after its restructuring and the agency fiscal year 2026 winddown posture, USAID's management elected not to complete the agency assessment of its internal

controls, FMFIA, and FFMIA to ensure reliable financial reporting, effective operations, and compliance with federal laws and regulations.

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/FFMIA and OMB Circular A-123 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 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.

Recommendation: No recommendations will be issued due to the agency's winddown status and USAID leadership's response to the prior year audit report indicating that "developing corrective action plans for each finding is not a feasible or fiscally responsible use of U.S. taxpayer dollars." USAID does not plan to implement any corrective actions for fiscal year 2026. Also, it should be noted that Recommendations are not mandatory under GAGAS.

II. Agency Did not Produce an Annual Financial Report

Condition: The Government Management Reform Act of 1994 (GMRA) requires Agencies to prepare financial statements each year using the form and content prescribed by OMB. However, USAID management decided not to prepare its financial reporting package in accordance with OMB guidance for fiscal year 2026. Instead of preparing an 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 the requirements of OMB Circular A-136, *Financial Reporting 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 (May 29, 2026 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:

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

Cause: Significant staffing reductions and organizational restructuring during fiscal years 2025 and 2026 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 and Statement of Federal Financial Accounting Standards (SFFAS) 64, such as Management's Discussion and Analysis, performance results, objectives, and goals.

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: No recommendations will be issued due to the agency's winddown status and USAID leadership's response to the prior year audit report indicating that "developing corrective action plans for each finding is not a feasible or fiscally responsible use of U.S. taxpayer dollars." USAID does not plan to implement any corrective actions for fiscal year 2026. Also, it should be noted that Recommendations are not mandatory under GAGAS.

Appendix IV – Management's Response

The U.S. Agency for International Development (USAID) appreciates the opportunity to comment on the Fiscal Year 2026 audit report, including its findings and recommendations. We extend our sincere gratitude to the Office of the Inspector General (OIG) and the Williams Adley audit teams for their continued collaboration and professionalism throughout this review. As the Agency progresses through the wind-down of its operations, USAID remains steadfast in its dedication to rigorous financial stewardship and transparency.

For fiscal year 2026, independent auditors issued a disclaimer of opinion, citing a further decline in financial controls and governance from the preceding fiscal year. This resulted in material weaknesses across multiple domains, preventing management from providing reasonable assurance regarding USAID's consolidated financial statements.

We acknowledge the ten findings and corresponding recommendations put forward by the OIG and Williams Adley. Nevertheless, we affirm that an effective control environment was successfully maintained throughout FY 2026. Even as USAID navigated a major programmatic transition to the Department of State alongside internal operational changes, the Agency upheld essential mitigating controls—including active centralized oversight, supervisory reviews, and risk-focused monitoring—to prevent and detect fraud, waste, and abuse.

USAID remains devoted to prudent financial management and safeguarding taxpayer dollars during the planned operational termination and the transfer of Foreign Assistance programming and administration to the Department of State. While formulating individual corrective action plans for each finding is neither feasible nor a responsible allocation of taxpayer funds, the Agency will maintain continuous oversight of all remaining resources until operations conclude.

Nancy Mausolf /s/ November 13, 2026

Acting Deputy CFO, US Agency for International Development

USAID
FROM THE AMERICAN PEOPLE

FISCAL YEAR 2026

AGENCY FINANCIAL STATEMENTS AND FOOTNOTES











PROGRESS BEYOND PROGRAMS: EMBRACING NEW PARTNERSHIPS

USAID FY 2026 Financial Statements

U.S. Agency for International Development
CONSOLIDATED BALANCE SHEET
As of September 30, 2026
(In Thousands)

		2026
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$	30,970,888
Accounts Receivable, Net (Note 3)		23,874
Advances and Prepayments (Note 4)		2,656,656
Total Intragovernmental		33,651,418
Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 5)		79,867
Accounts Receivable, Net (Note 3)		71,704
Loans Receivables, Net (Note 6)		18,851,897
General and Right-to-Use PP&E, Net (Note 7)		2,935
Advances and Prepayments (Note 4)		538,576
Total Other than Intragovernmental		19,544,979
Total Assets	**$**	**53,196,397**
LIABILITIES:		
Intragovernmental:		
Downward Reestimate Payable to the Treasury (Note 6)	$	48,017
Accounts Payable		27,220
Debt (Note 8)		19,890,383
Advances from Others and Deferred Revenue (Note 9)		2,546,796
Other Liabilities (Note 9)		78,486
Total Intragovernmental		22,590,902
Other than Intragovernmental:		
Accounts Payable		757,658
Loan Guarantee Liabilities (Note 6)		96,097
Federal Employee Benefits Payable (Note 10)		21,402
Advances from Others and Deferred Revenue (Note 9)		11,651
Other Liabilities (Note 9)		131,127
Total Other than Intragovernmental		1,017,935
Total Liabilities		**23,608,837**
Commitments and Contingencies (Note 11)		
NET POSITION:		
Unexpended Appropriations		27,789,863
Cumulative Results of Operations		1,797,697
Total Net Position		**29,587,560**
Total Liabilities and Net Position	**$**	**53,196,397**

The accompanying notes are an integral part of these statements.

U.S. Agency for International Development
CONSOLIDATED STATEMENT OF NET COST
For the Year Ended September 30, 2026
(In Thousands)

Category		2026
DR-Democracy, Human Rights and Governance		
Gross Costs	$	(169,709)
Less: Earned Revenues		6,737
Net Program Costs		(162,972)
EG-Economic Growth		
Gross Costs		3,346,253
Less: Earned Revenues		(970,699)
Net Program Costs		2,375,554
ES-Education and Social Services		
Gross Costs		116,751
Less: Earned Revenues		(3,928)
Net Program Costs		112,823
HA-Humanitarian Assistance		
Gross Costs		2,679,285
Less: Earned Revenues		(3,307)
Net Program Costs		2,675,978
HL-Health		
Gross Costs		2,876,875
Less: Earned Revenues		(673,668)
Net Program Costs		2,203,207
PO-Program Development and Oversight		
Gross Costs		162,504
Less: Earned Revenues		(1,543)
Net Program Costs		160,961
PS-Peace and Security		
Gross Costs		156,514
Less: Earned Revenues		(8,592)
Net Program Costs		147,922
Net Costs of Operations (Note 13)	**$**	**7,513,473**

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, 2026
(In Thousands)

		2026
Unexpended Appropriations:		
Beginning Balance	$	34,794,087
Appropriations Received		441,043
Appropriations Transferred-in/out		228,038
Other Adjustments		(295,544)
Appropriations Used		(7,377,761)
Change in Unexpended Appropriations		(7,004,224)
Total Unexpended Appropriations, Ending Balance	**$**	**27,789,863**
Cumulative Results of Operations:		
Beginning Balance	$	1,992,763
Appropriations Used		7,377,761
Nonexchange Revenue		-
Donations and Forfeitures of Cash and Cash Equivalents		(8,212)
Transfers in/out Without Reimbursement		(18,570)
Donations and Forfeitures of Property		8,644
Imputed Financing		6,801
Other		(48,017)
Net Cost of Operations (Note 13)		(7,513,473)
Net Change in Cumulative Results of Operations		(195,066)
Total Cumulative Results of Operations, Ending Balance	**$**	**1,797,697**
Net Position	**$**	**29,587,560**

The accompanying notes are an integral part of these statements.

U.S. Agency for International Development
COMBINED STATEMENT OF BUDGETARY RESOURCES
For the Year Ended September 30, 2026
(In Thousands)

	2026	
	Budgetary	**Non- Budgetary Credit Reform Financing Accounts**
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 16,616,699	$ 753,624
Appropriations (Discretionary and Mandatory)	447,550	-
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,163,717	1,524,600
Total Budgetary Resources	**$ 18,227,966**	**$ 2,278,224**
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	$ 11,241,746	$ 1,211,308
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts (Note 2)	3,059,741	922,803
Unapportioned, Unexpired Accounts (Note 2)	258,204	144,113
Unexpired Unobligated Balance, End of Year	**3,317,945**	**1,066,916**
Expired Unobligated Balance, End of Year (Note 2)	3,668,275	-
Total Unobligated Balance, End of Year	6,986,220	1,066,916
Total Budgetary Resources	**$ 18,227,966**	**$ 2,278,224**
Outlays, Net and Disbursements, Net		
Outlays, Net (Total) (Discretionary and Mandatory)	$ 9,656,414	-
Distributed Offsetting Receipts (-)	(366,098)	-
Agency Outlays, Net (Discretionary and Mandatory	**$ 9,290,316**	**-**
Disbursement, Net (Total) (Mandatory)		$ (313,292)

The accompanying notes are an integral part of these statements.

USAID FY 2026 Financial 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, 2026
(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)	$ 465,465	$ 1,179	$ 86,606	$ 464	$ 4,738,572	$ 2,125,266	$ 2,623,480	$ 616	$ 16,513	$ 753,624	$ 580,096	$ 5,978,442	$ 17,370,323
Appropriations (Discretionary and Mandatory)	111,988	-	-	-	-	-	-	-	-	-	335,562	-	447,550
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	31	-	-	-	-	-	30,000	-	-	1,524,600	251,449	882,237	2,688,317
Total Budgetary Resources	**$ 577,484**	**$ 1,179**	**$ 86,606**	**$ 464**	**$ 4,738,572**	**$ 2,125,266**	**$ 2,653,480**	**$ 616**	**$ 16,513**	**$ 2,278,224**	**$ 1,167,107**	**$ 6,860,679**	**$ 20,506,190**
Status of Budgetary Resources:													
New Obligations and Upward Adjustments (Total)	$ 402,002	$ 13	$ 72,718	$ -	$ 1,343,914	$ 2,003,884	$ 2,525,838	$ -	$ 1	$ 1,211,308	$ 905,618	$ 3,987,758	$ 12,453,054
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	1,608	26	5,630	464	126,195	100,924	52,534	604	16,498	922,803	82,680	2,672,578	3,982,544
Unapportioned, Unexpired Accounts	5,870	1,140	6,002	-	24,234	20,458	41,781	12	14	144,113	155,550	3,143	402,317
Unexpired Unobligated Balance, End of Year	**7,478**	**1,166**	**11,632**	**464**	**150,429**	**121,382**	**94,315**	**616**	**16,512**	**1,066,916**	**238,230**	**2,675,721**	**4,384,861**
Expired Unobligated Balance, End of Year	168,004	-	2,256	-	3,244,229	-	33,327	-	-	-	23,259	197,200	3,668,275
Total Unobligated Balance, End of Year	**175,482**	**1,166**	**13,888**	**464**	**3,394,658**	**121,382**	**127,642**	**616**	**16,512**	**1,066,916**	**261,489**	**2,872,921**	**8,053,136**
Total Budgetary Resources	**$ 577,484**	**$ 1,179**	**$ 86,606**	**$ 464**	**$ 4,738,572**	**$ 2,125,266**	**$ 2,653,480**	**$ 616**	**$ 16,513**	**$ 2,278,224**	**$ 1,167,107**	**$ 6,860,679**	**$ 20,506,190**
	-	-	-	-	-	-	-	-	-	-	-	-	-
Outlays, Net and Disbursements, Net:													
Outlays, Net (Total) (Discretionary and Mandatory)	$ 427,977	$ (1)	$ 163,702	$ 112	$ 220,596	$ 4,191,050	$ 1,481,048	$ 9	$ (1)		$ 1,515,023	$ 1,656,899	$ 9,656,414
Distributed Offsetting Receipts (-)	-	-	-	-	-	-	-	-	-	-	(366,098)	-	(366,098)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 427,977**	**$ (1)**	**$ 163,702**	**$ 112**	**$ 220,596**	**$ 4,191,050**	**$ 1,481,048**	**$ 9**	**$ (1)**	**$ -**	**$ 1,148,925**	**$ 1,656,899**	**$ 9,290,316**
Disbursement, Net (Total) (Mandatory)										**$ (313,292)**			**$ (313,292)**

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

USAID is a component of the U.S. government. Accordingly, certain assets and liabilities reported by USAID may be eliminated in the preparation of government-wide financial statements because they are offset by corresponding balances reported by other federal entities.

Established in 1961 by President John F. Kennedy, USAID is an independent U.S. government agency responsible for administering foreign economic development and humanitarian assistance programs 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 reporting requirements established by OMB Circular A-136, *Financial Reporting Requirements* (May 2026). 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 fiscal year (FY) 2025, USAID began implementing executive branch directives affecting Agency operations, including the transition of certain functions and assets to other federal entities. Legacy operations continued through FY 2026 to support program and financial closeout activities, including contract terminations and asset dispositions. All other accounting policies, including those governing Fund Balance with Treasury, intragovernmental transactions, and property capitalization thresholds, remained unchanged except as otherwise disclosed.

Costs associated with contract terminations, employee separations, and other operational changes are recognized when the applicable liability recognition criteria are met, consistent with Statement of Federal Financial Accounting Standards (SFFAS) 5, *Accounting for Liabilities of the Federal Government*, and other applicable federal accounting standards.

Assets designated for transfer to other federal entities remain recognized in their respective asset categories until the applicable derecognition criteria are met. Assets transferred during FY 2026 were derecognized in accordance with applicable federal accounting standards.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

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. These funds support activities authorized under applicable foreign assistance legislation and are used throughout all foreign assistance programs categories. These classifications are consistent with the budget of the United States. During FY 2026, certain program activities were affected by operational changes and the transition of functions pursuant to executive branch directives.

Assistance for Europe, Eurasia, and Central Asia

These funds provide 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.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

Global Health/Child Survival and HIV/AIDS

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

Guaranteed Loans:

USAID's guaranteed loan programs include the Israel Loan Guarantee Program and the Extraordinary Revenue Acceleration (ERA) Loan Guarantee for Ukraine.

- *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 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.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

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 financial 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 authorizations 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.

During FY 2026, certain funds underwent reconciliation, closure, and transition because of changes in Agency operations pursuant to executive branch directives. Fund classifications remain unchanged until applicable requirements for closure or transfer are satisfied.

B. BASIS OF PRESENTATION

The accompanying principal financial statements report on USAID's financial position and results of operations. The statements have been prepared using USAID's books and records in accordance with Agency accounting policies and generally accepted accounting principles for federal entities.

USAID adopted a single-year presentation format for its principal financial statements and related notes. Under this approach, comparative financial statements are not presented as required by OMB circular A-136 and this matter has been allowed based on USAID communication with OMB.

The single-year presentation focuses on financial reporting on current year's financial position and results of operations. Prior-year amounts remain available through previously issued audited financial statements.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

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 financial 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 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.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

E. REVENUES AND OTHER FINANCING SOURCES

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

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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 Sheet and Statement of Net Costs.

H. ACCOUNTS RECEIVABLE

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

I. LOAN GUARANTEES

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

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

J. ADVANCES

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

K. 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. Refer to Section U, "Organizational,Changes and Transfer of Assets", within this Note for additional details related to PP&E.

L. LIABILITIES

Liabilities represent probable and measurable future outflows of resources resulting from past transactions or events. 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.

M. 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.

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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 the 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.

N. 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.

O. 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. 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.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

P. 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.

Q. 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.

R. 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.

S. 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.

T. 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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

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

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

USAID receives allocation transfers as the child from:

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

U. ORGANIZATIONAL CHANGES AND TRANSFER OF ASSETS

During fiscal year 2026, USAID completed the transfer of the following assets in accordance with the executive branch directives affecting Agency operations and the transfer of certain functions and assets to the Department of State.

- USAID completed the transfer of its remaining inventory to the Department of State. The transferred assets were derecognized in accordance with SFFAS 3, *Accounting for Inventory and Related Property*.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont

- USAID completed the transfer of its remaining land, buildings, and improvements to the Department of State, in accordance with the applicable federal accounting standards, including SFFAS 6, *Accounting for Property, Plant, and Equipment.*

- USAID overseas housing pool leases managed by the Department of State were also discontinued FY 2026, therefore all Right-to-Use Lease Assets and related Lessee Lease Liability balances were removed from USAID accounting records in accordance with the applicable federal accounting standards.

In addition, USAID completed the transfer of its remaining leases to the Department of State. The associated right-to-use lease assets and lease liabilities were derecognized in accordance with SFFAS 54, *Leases*, as amended.

Accordingly, as of September 30, 2026, USAID reported no remaining inventory, property, land and buildings, improvements, right-to-use lease assets, or associated lease liabilities.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2026 consisted of the following (in thousands):

Status of Fund Balance with Treasury		2026
Unobligated Balance		
Available	$	3,982,544
Unavailable		4,070,592
Obligated and Other Balances Not Yet Disbursed (Net)		22,917,752
Total	$	30,970,888

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 2027 or in fiscal year when the close out is completed.

NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's Accounts Receivable, Net as of September 30, 2026 are as follows (in thousands):

	Receivable Gross	Allowance Accounts	Receivable Net 2026
Intragovernmental			
Accounts Receivable from Federal Agencies	$ 187,574	N/A	$ 187,574
Less: Intra-Agency Receivables	(163,700)	N/A	(163,700)
Total Intragovernmental Accounts Receivable	23,874	N/A	23,874
Accounts Receivable from the Public	86,430	(14,726)	71,704
Total Accounts Receivable, Net	$ 110,304	$ (14,726)	$ 95,578

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 receivables total $164 million, and primarily represent amounts associated with the Federal Credit Reform Act subsidy reestimates. These balances are subject to elimination against corresponding intra-agency payables in preparing the Agency's financial statements. The Agency continues to reconcile these balances as part of its wind-down activities.

Accounts receivable from the public consists of amounts managed by USAID. 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 represent amounts disbursed to non-federal recipients for which the applicable period of performance has expired and the Agency has determined that the unused amounts are recoverable.

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, 2026 consisted of the following (in thousands):

		2026
Intragovernmental		
Advances to Federal Agencies	$	2,656,656
Total Intragovernmental		2,656,656
Other than Intragovernmental		
Advances to Contractors/Grantees		160,453
Advances to Host Country Governments and Institutions		378,123
Total Other than Intragovernmental		538,576
Total Advances and Prepayments	$	3,195,232

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 2027.

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2026 are as follows (in thousands):

		2026
Cash and Other Monetary Assets		
Foreign Currencies	$	79,867
Total Cash and Other Monetary Assets	$	79,867

Foreign currencies represent the value of the Foreign Currency Trust Funds which totaled $80 million in FY 2026, as disclosed in Note 9. The Agency previously operated in over 40 countries with Host Government (HG) arrangements that allowed local currency to be used for cost-sharing on FAA-authorized development programs. As the trustee, USAID holds the title to these trust funds, while the HG are the beneficiaries. Please note that the value of these foreign currencies fluctuates relative to the U.S. Dollar.

As a 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:

(1) Ukraine Extraordinary Revenue Acceleration (ERA) Loan
(2) Israel Loan Guarantee Program

A description of these credit programs and the accounting for them is detailed in Note 1 of this report. An analysis of loan guarantees, liability for loan guarantees, and the nature and amounts of the subsidy costs associated with the loan guarantees are provided in the following sections (in thousands):

A. Direct Loan and Guaranteed Loans Outstanding: (2026)

Direct Loans and Loan Guarantee Programs	Outstanding Principal of Direct & Guaranteed Loans, Face Value	Amount of Outstanding Direct Loans and Principal Guaranteed
Ukraine	$ 19,901,641	$ 19,901,641
Israel	467,591	467,591
Total	$ 20,369,232	$ 20,369,232

B. Direct Loans Obligated Post-1991: (2026)

Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Principal Received	Allowable for Subsidy Cost	Direct Loans, Net
Ukraine	$ 20,092,920	$ 101,142	$ (202,538)	$ (1,139,627)	$ 18,851,897

C. Total Amount of Direct Loans Disbursed Post-1991: (2026)

Direct Loan Programs	Current Year
	$ -
Total	$ -

D. Schedule for Reconciling Direct Loan Balances (Post-1991): (2026)

Beginning Balance of the Direct Loans		$ 20,092,920
Add:	Loan Disbursements	-
	Defaulted Loan Claim Payments	-
	Interest Accruals	89,883
	Downward Reestimate	-
	Capitalized Interest	11,259
Less:	Fees Received	-
	Allowance for Subsidy Cost	(1,139,627)
	Direct Loan Modifications	-
	Principal Received	(202,538)
Ending Balance of the Direct Loan		$ 18,851,897

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (Cont)

E. Subsidy Expense for Direct Loan Programs by Component: (2026)

E1. Subsidy Expense for New Direct Loans Disbursed: (2026)

Direct Loan Program	Interest Supplements	Defaults	Fees & Other Collections	Other	Total
	$ -	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -	$ -

E2. Subsidy Expense for Direct Loan Programs: (2026)

Direct Loan Program	Interest Supplements	Defaults	Fees & Other Collections	Other
Ukraine	$ -	$ -	$ (382,238)	$ (382,238)
Total	$ -	$ -	$ (382,238)	$ (382,238)

F. Subsidy Rates for Direct Loans by Program and Component: (2026)

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

Direct Loan Program	Interest Differential	Defaults (%)	Fees & Other Collections (%)	Other (%)	Total (%)
Ukraine	-11.190%	15.530%			4.350%

G. Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991) Direct Loans: (2026)

Beginning Balance of the Subsidy Cost Allowance	$	566,231
Add:		
Total Subsidy Expense for Direct Loans Disbursed		-
Adjustments:		
Loan Modifications		-
Fees Received		-
Foreclosed Property Acquired		-
Loans Written Off		-
Subsidy Allowance Amortization		191,158
Other		-
Ending Balance of the Subsidy Cost Allowance Before Reestimates		757,389
Subsidy Reestimates		382,238
Ending Balance of the Subsidy Cost Allowance	$	1,139,627

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (Cont)

H. Guaranteed Loan Outstanding: (2026)

Direct Loans and Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Israel	$ 467,591	$ 467,591
Total	$ 467,591	$ 467,591

I. Subsidy Expense for Loan Guarantees by Program and Component Modifications and Reestimates: (2026)

Loan Guarantee Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Ukraine	$ -	$ (40,559)	$ (7,458)	$ (48,017)
Total	$ -	$ (40,559)	$ (7,458)	$ (48,017)

J. Schedule for Reconciling Loan Guaranteee Liability Balances (Post-19910 Loan Guarantees: (2026).

Beginning Balance of the Loan Guarantee Liabilities	$	136,020
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		8,094
Negative Subsidy Payments		-
Downward Reestimates		(48,017)
Loan guarantee modifications		-
Other		-
Ending Balance of the Loan Guarantee Liabilities	$	96,097

K. Administrative Expense: (2026)

Combined Loan Guarantee and Direct Loans*	$	192
Total	$	192

* 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.

NOTE 6. LOAN RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (Cont)

L. Other Information

Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2027. 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 current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

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 is recorded in fiscal year 2026 with the FY26 upward reestimate of $115,683,000.

NOTE 7. GENERAL AND RIGHT TO USE PP&E, NET

The components of General and Right-to-Use Assets, Net as of September 30, 2026 are as follows (in thousands):

FY 2026				
	Useful Life	Cost	Accumulated Depreciation/Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	$ 15,322	$ (12,392)	$ 2,930
Internal Use Software	3 to 5 years	144,275	(144,270)	5
Total		**$ 159,597**	**$ (156,662)**	**$ 2,935**

Equipment consists primarily of electric generators, Automatic Data Processing (ADP) hardware, vehicles, and other capital assets located at the overseas field Missions. These capital assets will be disposed or transferred to sucessors entities as part of the reduction in USAID operations, once USAID determines the appropriate legal disposition of these assets.

Reconciliation of Property, Plant, and Equipment (PP&E), Net as of September 30, 2026 is as follows *(in thousands)*		
Beginning Balance, Unadjusted	$	64,585
Effects of Implementation of SFFAS 59[1]		-
Beginning Balance, Adjusted		64,585
Right-to-use Lease Assets, CY Activty		(57,609)
Amortization of Right-to-Use Lease Assets		15,062
Capital Acquisition		546
Dispositions		(7,609)
Transfers out without Reimbursement		(9,619)
Depreciation Expense		(2,421)
Ending Balance	**$**	**2,935**

During fiscal year 2026, as part of the transition of USAID functions and operations, USAID transferred or otherwise removed certain property, plant and equipment from its accounting records, including land, buildings, and other applicable asset categories. As of September 30, 2026, USAID's remaining general property, plant and equipment consisted primarily of equipment and internal-use software.

[1] The implementation of FASAB SFFAS 59, *Accounting and Reporting of Government Land*, had no effect on the USAID financial statements due to the transfer out of all land held to another federal agency during FY 2026.

NOTE 8. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

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.

As of September 30, 2026, Liabilities Not Covered by Budgetary Resources were as follows (in thousands):

		2026
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Debt Payable to the FFB	$	19,890,383
Unfunded FECA Liability (Note 10)		546
Other Unfunded Employment Related Liability (Note 9)		10,441
Total Intragovernmental	$	19,901,370
Accrued Unfunded Annual Leave (Note 9)		5,807
Future Workers' Compensation Benefits (Note 10)		21,402
Total Liabilities Not Covered by Budgetary Resources		19,928,579
Total Liabilities Covered by Budgetary Resources		3,680,258
Total Liabilities	$	23,608,837

NOTE 9. OTHER LIABILITIES

As of September 30, 2026, Other Liabilities consisted of the following (in thousands):

		2026
Intragovernmental		
IPAC Suspense	$	27,607
Unfunded FECA Liability (Note 10)		546
Custodial Liability		45
Employer Contributions & Payroll Taxes Payable		(144)
Other Unfunded Employment Related Liability (Note 8)		10,441
Other Liabilities Without Related Budgetary Resources		39,991
Total Other Liabilities		78,486
Advances from Others and Deferred Revenue		2,546,796
Total Intragovernmental	$	2,625,282
Other than Intragovernmental		
Accrued Funded Payroll and Leave	$	2,211
Accrued Unfunded Annual Leave (Note 8)		5,807
Foreign Currency Trust Fund (Note 5)		79,867
Other Liabilities With Related Budgetary Resources		4,000
Other Liabilities Without Related Budgetary Resources		73,711
Liability For Non-Fiduciary Deposit Funds and Undeposited Collections		(34,469)
Total Other Liabilities		131,127
Advances From Others and Deferrred Revenue		11,651
Total Liabilities Other than Intragovernmental	$	142,778
Total Other Liabilities	$	2,768,060

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

NOTE 10. FEDERAL EMPLOYEE BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2026 are indicated in the table below (in thousands):

		2026
Intragovernmental		
Unfunded FECA Liability (Note 8)	$	546
Total Intragovernmental	$	546
Other than Intragovernmental		
Future Workers' Compensation Benefits (Note 8)	$	21,402
Total Other than Intragovernmental	$	21,402
Total Unfunded Workers' Compensation Benefits	$	21,948

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 2026, USAID's total FECA liability was $21.9 million, comprised of unpaid FECA billings for $0.5 million and estimated future FECA costs of $21.4 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 11. COMMITMENTS AND CONTINGENCIES

As of September 30, 2026, 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, 2026 (*in thousands*):

	2026	
	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 remaining operating period.

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 2026 are recorded and do not constitute contingent liabilities. No new treaty-type or bilateral commitments creating contingent liabilities have been executed subsequent to the shutdown directive.

Management Assessment
USAID management, in coordination with GC, continues to monitor pending litigation through final closeout in FY 2027. The aggregate exposure from both legacy and shutdown-related matters is not expected to be material to the Agency's financial statements.

NOTE 12. 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, 2026, USAID's total budgetary resources were $20.45 billion. Remaining unliquidated obligations are scheduled for deobligation and transfer to Treasury or successor agencies in FY 2027.

A. ADJUSTMENTS TO UNOBLIGATED BALANCES BROUGHT FORWARD (In Thousands):

The following schedule provides a reconciliation of the Unobligated Balance, End of Year, as of September 30, 2025 and the Unobligated Balances from Prior Year Budget Authority, Net, as of October 1, 2025.

	Budgetary	Non- Budgetary
Unobligated Balance from Prior Year Budget Authority, Net, as of October 1, 2025	**$ 16,616,698**	**$ 753,624**
Change in Beginning Unobligated Balance, FY 2026		
Actual Repayments of Debt, Prior-Year Balances	-	(109,617)
Allocation Transfers of Prior-Year Balances	175	-
Transfers - Prior-Year Balances	169,059	-
Balance Transfers - Unexpired to Expired	6,949	-
Balance Transfers-In - Expired to Expired	21,684	-
Canceled Authority	(279,976)	-
Downward Adjustments of Prior-Year Unpaid	240,012	-
Downward Adjustments of Prior-Year Paid	1,870,040	-
Total Change in Beginning Unobligated Balance	**2,027,943**	**(109,617)**
Unobligated Balance, End of Year, as of September 30, 2025	**$ 14,588,755**	**$ 863,241**

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.

NOTE 12. COMBINED STATEMENT OF BUDGETARY RESOURCES (Cont)

C. AVAILABLE CONTRACT AND BORROWING AUTHORITY, END OF YEAR:

The Agency had no available borrowing authority as of September 30, 2026.

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, 2026, which was $24.6 billion.

Federal		
Obligations, Paid	$	2,649,915
Obligations, Unpaid		11,177,071
Total Federal	**$**	**13,826,986**
Non-Federal		
Obligations, Paid	$	546,725
Obligations, Unpaid		10,240,188
Total Non-Federal	**$**	**10,786,913**
Total Undelivered Orders at End of Year	**$**	**24,613,899**

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).

Following the closure of USAID, effective July 2025, all remaining unobligated balances are scheduled for deobligation and transfer to Treasury or successor Agencies.

NOTE 12. COMBINED STATEMENT OF BUDGETARY RESOURCES (Cont)

G. DIFFERENCE BETWEEN THE COMBINED SBR AND THE BUDGET OF THE U.S. GOVERNMENT (In Thousands):

The reconciliation between the Statement of Budgetary Resources (SBR) and the FY 2027 Budget of the U.S. Government (President's Budget) is presented below. This reconciliation is as of September 30, 2025 because submission of the Budget for FY 2028, which presents the execution of the FY 2026 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 2027 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 $11 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 Net Outlays amount in the "Other Differences" line in the table below is primarily attributed to the Sovereign Credit Direct Loan Financing Account for the cancelled Ukraine loan. Other amounts cannot be further defined because appropriation level detail is not provided in the Budget of the U.S. Government.

2025	Budgetary Resources	Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 52,504,829	$ 37,052,833	$ (382,929)	$ 19,268,693
SBR Funds Not Attributed to USAID in the President's Budget	(11,752,000)	(7,500,000)		(7,826,000)
Other Differences	253,171	243,167		20,220,307
Budget of the U.S. Government	**$ 41,006,000**	**$ 29,796,000**	**$ (382,929)**	**$ 31,663,000**

NOTE 13. 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.

In the FY 2026 Consolidated Statement of Net Cost, major responsibility segments are (i) the Regional Bureaus and (ii) the Pillar Bureaus. The five Regional Bureaus are: Africa; Asia; Europe and Eurasia; Latin America and the Caribbean; and the Middle East.

Schedule of Costs by SPSD for the year ended September 30, 2026 are indicated in the table on the following pages (in thousands):

NOTE 13. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

U.S. Agency for International Development
Schedule of Costs by Responsibility Segment
For the Year Ended September, 2026 (in Thousands)

Category	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	OCE	PLR	REFS	2026 Consolidated Total
DR-Democracy, Human Rights and Governance														
DR.1-Rule of Law (ROL)														
Gross Costs	(1,599)	(9,748)	-	(12)	196	(2,198)	-	(338)	(12,094)	(599)	-	-	-	(26,392)
Less: Earned Revenues	74	475	-	1	(15)	61	-	27	777	17	-	-	-	1,417
Net Program Costs	**(1,525)**	**(9,273)**	**-**	**(11)**	**181**	**(2,137)**	**-**	**(311)**	**(11,317)**	**(582)**	**-**	**-**	**-**	**(24,975)**
DR.2-Good Governance														
Gross Costs	(6,014)	(38,458)	-	(151)	4,963	(17,605)	-	1,157	5,427	(2,981)	-	-	-	(53,662)
Less: Earned Revenues	251	1,380	-	12	(483)	645	-	(107)	(320)	111	-	-	-	1,489
Net Program Costs	**(5,763)**	**(37,078)**	**-**	**(139)**	**4,480**	**(16,960)**	**-**	**1,050**	**5,107**	**(2,870)**	**-**	**-**	**-**	**(52,173)**
DR.3-Political Competition and Consensus-Building														
Gross Costs	(3,388)	(1,237)	(78)	(6,142)	16,677	(5,560)	-	2,885	(6,732)	(1,371)	-	-	-	(4,946)
Less: Earned Revenues	100	53	-	475	(1,316)	236	-	(223)	575	42	-	-	-	(58)
Net Program Costs	**(3,288)**	**(1,184)**	**(78)**	**(5,667)**	**15,361**	**(5,324)**	**-**	**2,662**	**(6,157)**	**(1,329)**	**-**	**-**	**-**	**(5,004)**
DR.4-Civil Society														
Gross Costs	(9,258)	(16,937)	(61)	1,558	14,181	(6,982)	-	171	(53,998)	(5,750)	-	-	-	(77,076)
Less: Earned Revenues	439	659	-	(131)	(1,202)	294	-	(21)	3,772	154	-	-	-	3,964
Net Program Costs	**(8,819)**	**(16,278)**	**(61)**	**1,427**	**12,979**	**(6,688)**	**-**	**150**	**(50,226)**	**(5,596)**	**-**	**-**	**-**	**(73,112)**
DR.5-Independent Media and Free Flow of Information														
Gross Costs	(2,427)	(2,015)	-	-	1,334	(9,223)	-	18	560	(1,117)	-	-	-	(12,870)
Less: Earned Revenues	85	81	-	-	(131)	379	-	(1)	7	38	-	-	-	458
Net Program Costs	**(2,342)**	**(1,934)**	**-**	**-**	**1,203**	**(8,844)**	**-**	**17**	**567**	**(1,079)**	**-**	**-**	**-**	**(12,412)**
DR.6-Human Rights														
Gross Costs	(2,441)	(11,454)	-	388	10,948	(4,358)	-	6,408	742	5,004	-	-	-	5,237
Less: Earned Revenues	100	654	-	(30)	(909)	215	-	(490)	36	(109)	-	-	-	(533)
Net Program Costs	**(2,341)**	**(10,800)**	**-**	**358**	**10,039**	**(4,143)**	**-**	**5,918**	**778**	**4,895**	**-**	**-**	**-**	**4,704**
Total Democracy, Human Rights and Governa	**(24,078)**	**(76,547)**	**(139)**	**(4,032)**	**44,243**	**(44,096)**	**-**	**9,486**	**(61,248)**	**(6,561)**	**-**	**-**	**-**	**(162,972)**
EG-Economic Growth														
EG.1-Macroeconomic Foundation for Growth														
Gross Costs	(6)	(590)	-	-	-	(6,024)	-	1,268,974	-	1,556,689	3,539	-	-	2,822,582
Less: Earned Revenues	-	23	-	-	-	101	-	(879,246)	-	(59,419)	(274)	-	-	(938,815)
Net Program Costs	**(6)**	**(567)**	**-**	**-**	**-**	**(5,923)**	**-**	**389,728**	**-**	**1,497,270**	**3,265**	**-**	**-**	**1,883,767**
EG.2-Trade and Investment														
Gross Costs	2,512	(2,454)	-	-	-	(6,821)	-	789	(2,424)	771	-	-	4,465	(3,162)
Less: Earned Revenues	(210)	75	-	-	-	256	-	14	170	(12)	-	-	-	293
Net Program Costs	**2,302**	**(2,379)**	**-**	**-**	**-**	**(6,565)**	**-**	**803**	**(2,254)**	**759**	**-**	**-**	**4,465**	**(2,869)**
EG.3-Agriculture														
Gross Costs	(14,283)	(7,652)	-	-	-	26,680	-	1,926	13,618	1,725	-	-	131,976	153,990
Less: Earned Revenues	570	457	-	-	-	(1,691)	-	(192)	(481)	(65)	-	-	(8,963)	(10,365)
Net Program Costs	**(13,713)**	**(7,195)**	**-**	**-**	**-**	**24,989**	**-**	**1,734**	**13,137**	**1,660**	**-**	**-**	**123,013**	**143,625**

NOTE 13. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

U.S. Agency for International Development

Schedule of Costs by Responsibility Segment

For the Year Ended September, 2026 (in Thousands)

Category	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	OCE	PLR	REFS	2026 Consolidated Total
EG.4-Financial Sector														
Gross Costs	-	-	-	-	-	(3,277)	-	(40,335)	-	(91)	-	-	-	(43,703)
Less: Earned Revenues	-	-	-	-	-	137	-	(8,061)	-	2	-	-	-	(7,922)
Net Program Costs	**-**	**-**	**-**	**-**	**-**	**(3,140)**	**-**	**(48,396)**	**-**	**(89)**	**-**	**-**	**-**	**(51,625)**
EG.5-Private Sector Productivity														
Gross Costs	(593)	(6,154)	96	8	-	(7,640)	-	70,298	(6,459)	35,814	-	-	-	85,370
Less: Earned Revenues	15	248	-	-	-	445	-	(5,717)	400	(1,018)	-	-	-	(5,627)
Net Program Costs	**(578)**	**(5,906)**	**96**	**8**	**-**	**(7,195)**	**-**	**64,581**	**(6,059)**	**34,796**	**-**	**-**	**-**	**79,743**
EG.6-Workforce Development														
Gross Costs	(341)	(1,020)	-	-	-	(2,581)	-	4,884	(15,665)	296	-	-	-	(14,427)
Less: Earned Revenues	12	43	-	-	-	94	-	(578)	1,049	10	-	-	-	630
Net Program Costs	**(329)**	**(977)**	**-**	**-**	**-**	**(2,487)**	**-**	**4,306**	**(14,616)**	**306**	**-**	**-**	**-**	**(13,797)**
EG.7-Modern Energy Services														
Gross Costs	(10,407)	(371)	-	-	-	201,046	-	(185)	(1,693)	15,277	-	-	-	203,667
Less: Earned Revenues	226	22	-	-	-	(5,235)	-	15	119	(427)	-	-	-	(5,280)
Net Program Costs	**(10,181)**	**(349)**	**-**	**-**	**-**	**195,811**	**-**	**(170)**	**(1,574)**	**14,850**	**-**	**-**	**-**	**198,387**
EG.8-Information and Communications Technology Services														
Gross Costs	258	(402)	-	-	-	29,173	-	270	(126)	4	-	-	-	29,177
Less: Earned Revenues	(4)	20	-	-	-	(1,551)	-	(4)	9	-	-	-	-	(1,530)
Net Program Costs	**254**	**(382)**	**-**	**-**	**-**	**27,622**	**-**	**266**	**(117)**	**4**	**-**	**-**	**-**	**27,647**
EG.9-Transport Services														
Gross Costs	(40)	(186)	-	-	-	23,342	-	(321)	(620)	232	-	-	602	23,009
Less: Earned Revenues	3	8	-	-	-	(125)	-	26	46	(7)	-	-	-	(49)
Net Program Costs	**(37)**	**(178)**	**-**	**-**	**-**	**23,217**	**-**	**(295)**	**(574)**	**225**	**-**	**-**	**602**	**22,960**
EG.10-Environment														
Gross Costs	3,053	15,315	-	-	-	(8)	-	(4,089)	(17,963)	(314)	-	-	(869)	(4,875)
Less: Earned Revenues	(19)	(1,169)	-	-	-	-	-	224	1,223	10	-	-	-	269
Net Program Costs	**3,034**	**14,146**	**-**	**-**	**-**	**(8)**	**-**	**(3,865)**	**(16,740)**	**(304)**	**-**	**-**	**(869)**	**(4,606)**
EG.11-Climate Change - Adaptation														
Gross Costs	(760)	(2,501)	-	-	-	22,651	-	(2)	(8,716)	35,418	-	-	189	46,279
Less: Earned Revenues	19	87	-	-	-	(151)	-	-	570	(703)	-	-	(15)	(193)
Net Program Costs	**(741)**	**(2,414)**	**-**	**-**	**-**	**22,500**	**-**	**(2)**	**(8,146)**	**34,715**	**-**	**-**	**174**	**46,086**
EG.12-Climate Change - Clean Energy														
Gross Costs	(223)	2,861	-	-	-	2,352	-	(27)	2,251	18,785	-	-	(889)	25,110
Less: Earned Revenues	173	(35)	-	-	-	(85)	-	-	(160)	(466)	-	-	-	(573)
Net Program Costs	**(50)**	**2,826**	**-**	**-**	**-**	**2,267**	**-**	**(27)**	**2,091**	**18,319**	**-**	**-**	**(889)**	**24,537**
EG.13-Climate Change - Sustainable Landscapes														
Gross Costs	(1,821)	(3,906)	-	-	-	-	-	(46)	28,662	-	-	-	347	23,236
Less: Earned Revenues	82	154	-	-	-	-	-	3	(1,761)	-	-	-	(15)	(1,537)
Net Program Costs	**(1,739)**	**(3,752)**	**-**	**-**	**-**	**-**	**-**	**(43)**	**26,901**	**-**	**-**	**-**	**332**	**21,699**
Total Economic Growth	**(21,784)**	**(7,127)**	**96**	**8**	**-**	**271,088**	**-**	**408,620**	**(7,951)**	**1,602,511**	**3,265**	**-**	**126,828**	**2,375,554**

NOTE 13. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

U.S. Agency for International Development
Schedule of Costs by Responsibility Segment
For the Year Ended September, 2026 (in Thousands)

Category	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	OCE	PLR	REFS	2026 Consolidated Total
ES-Education and Social Services														
ES.1-Basic Education														
Gross Costs	(18,463)	(42,171)	-	-	-	(467)	-	(17,639)	(22,167)	149,654	-	-	-	48,747
Less: Earned Revenues	611	1,403	-	-	-	(1)	-	(70)	1,494	(5,115)	-	-	-	(1,678)
Net Program Costs	**(17,852)**	**(40,768)**	**-**	**-**	**-**	**(468)**	**-**	**(17,709)**	**(20,673)**	**144,539**	**-**	**-**	**-**	**47,069**
ES.2-Higher Education														
Gross Costs	(2,505)	10,669	-	-	-	(174)	-	11,967	(4,175)	17,362	-	-	-	33,144
Less: Earned Revenues	95	(312)	-	-	-	8	-	(1,105)	286	(514)	-	-	-	(1,542)
Net Program Costs	**(2,410)**	**10,357**	**-**	**-**	**-**	**(166)**	**-**	**10,862**	**(3,889)**	**16,848**	**-**	**-**	**-**	**31,602**
ES.3-Social Policies, Regulations, and Systems														
Gross Costs	-	(6)	-	-	-	(3)	-	14	(159)	-	-	-	-	(154)
Less: Earned Revenues	-	-	-	-	-	-	-	(1)	11	-	-	-	-	10
Net Program Costs	**-**	**(6)**	**-**	**-**	**-**	**(3)**	**-**	**13**	**(148)**	**-**	**-**	**-**	**-**	**(144)**
ES.4-Social Services														
Gross Costs	-	38,646	-	(2,563)	-	15,072	-	(244)	(16,096)	1,288	-	-	-	36,103
Less: Earned Revenues	-	(1,380)	-	189	-	(594)	-	(121)	1,124	(17)	-	-	-	(799)
Net Program Costs	**-**	**37,266**	**-**	**(2,374)**	**-**	**14,478**	**-**	**(365)**	**(14,972)**	**1,271**	**-**	**-**	**-**	**35,304**
ES.5-Social Assistance														
Gross Costs	2,102	-	-	-	-	(21)	-	88	(1,385)	(1,873)	-	-	-	(1,089)
Less: Earned Revenues	(51)	-	-	-	-	1	-	(9)	93	47	-	-	-	81
Net Program Costs	**2,051**	**-**	**-**	**-**	**-**	**(20)**	**-**	**79**	**(1,292)**	**(1,826)**	**-**	**-**	**-**	**(1,008)**
Total Education and Social Services	**(18,211)**	**6,849**	**-**	**(2,374)**	**-**	**13,821**	**-**	**(7,120)**	**(40,974)**	**160,832**	**-**	**-**	**-**	**112,823**
HA-Humanitarian Assistance														
HA.1-Protection, Assistance and Solutions														
Gross Costs	-	(835)	2,547,361	-	-	18	5,530	-	-	(241)	-	-	-	2,551,833
Less: Earned Revenues	-	37	(4,563)	-	-	(1)	(55)	-	-	8	-	-	-	(4,574)
Net Program Costs	**-**	**(798)**	**2,542,798**	**-**	**-**	**17**	**5,475**	**-**	**-**	**(233)**	**-**	**-**	**-**	**2,547,259**
HA.2-Disaster Readiness														
Gross Costs	(52)	(273)	148,719	-	-	-	-	-	(1,940)	(34)	-	-	-	146,420
Less: Earned Revenues	-	12	(159)	-	-	-	-	-	132	1	-	-	-	(14)
Net Program Costs	**(52)**	**(261)**	**148,560**	**-**	**-**	**-**	**-**	**-**	**(1,808)**	**(33)**	**-**	**-**	**-**	**146,406**
HA.3-Migration Management														
Gross Costs	-	-	-	-	-	-	-	-	(18,968)	-	-	-	-	(18,968)
Less: Earned Revenues	-	-	-	-	-	-	-	-	1,281	-	-	-	-	1,281
Net Program Costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(17,687)**	**-**	**-**	**-**	**-**	**(17,687)**
Total Humanitarian Assistance	**(52)**	**(1,059)**	**2,691,358**	**-**	**-**	**17**	**5,475**	**-**	**(19,495)**	**(266)**	**-**	**-**	**-**	**2,675,978**

NOTE 13. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

U.S. Agency for International Development
Schedule of Costs by Responsibility Segment
For the Year Ended September, 2026 (in Thousands)

Category	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	OCE	PLR	REFS	2026 Consolidated Total
HL-Health														
HL.1-HIV/AIDS														
Gross Costs	432,555	62,084	-	-	-	3,769	763,882	-	279,982	(42)	-	-	-	1,542,230
Less: Earned Revenues	(33,412)	(4,736)	-	-	-	(292)	(541,401)	-	(21,713)	(5)	-	-	-	(601,559)
Net Program Costs	**399,143**	**57,348**	**-**	**-**	**-**	**3,477**	**222,481**	**-**	**258,269**	**(47)**	**-**	**-**	**-**	**940,671**
HL.2-Tuberculosis														
Gross Costs	35,743	55,667	-	-	-	2,419	18,356	-	(258)	(1)	-	-	-	111,926
Less: Earned Revenues	(2,769)	(4,312)	-	-	-	(187)	(1,421)	-	20	-	-	-	-	(8,669)
Net Program Costs	**32,974**	**51,355**	**-**	**-**	**-**	**2,232**	**16,935**	**-**	**(238)**	**(1)**	**-**	**-**	**-**	**103,257**
HL.3-Malaria														
Gross Costs	200,120	7,590	-	-	-	-	170,317	-	1,703	(4)	-	-	-	379,726
Less: Earned Revenues	(15,502)	(588)	-	-	-	-	(3,119)	-	(132)	-	-	-	-	(19,341)
Net Program Costs	**184,618**	**7,002**	**-**	**-**	**-**	**-**	**167,198**	**-**	**1,571**	**(4)**	**-**	**-**	**-**	**360,385**
HL.4-Pandemic Influenza and Other Emerging Threats (PIOET)														
Gross Costs	80,619	44,163	117	-	-	2,720	66,510	-	87,801	1,008	-	-	-	282,938
Less: Earned Revenues	(4,800)	(2,976)	(9)	-	-	(211)	(3,065)	-	(6,771)	(107)	-	-	-	(17,939)
Net Program Costs	**75,819**	**41,187**	**108**	**-**	**-**	**2,509**	**63,445**	**-**	**81,030**	**901**	**-**	**-**	**-**	**264,999**
HL.5-Other Public Health Threats														
Gross Costs	(7)	(196)	-	-	-	(1,235)	(2,280)	(349)	(3)	19,617	-	-	-	15,547
Less: Earned Revenues	1	13	-	-	-	82	184	(112)	-	(400)	-	-	-	(232)
Net Program Costs	**(6)**	**(183)**	**-**	**-**	**-**	**(1,153)**	**(2,096)**	**(461)**	**(3)**	**19,217**	**-**	**-**	**-**	**15,315**
HL.6-Maternal and Child Health														
Gross Costs	99,604	29,706	-	-	-	35	3,039	-	43,728	14,010	-	-	-	190,122
Less: Earned Revenues	(7,716)	(2,332)	-	-	-	-	(222)	-	(3,387)	(314)	-	-	-	(13,971)
Net Program Costs	**91,888**	**27,374**	**-**	**-**	**-**	**35**	**2,817**	**-**	**40,341**	**13,696**	**-**	**-**	**-**	**176,151**
HL.7-Family Planning and Reproductive Health														
Gross Costs	(11,272)	(4,149)	-	-	-	-	(3,023)	-	(929)	1,829	-	-	-	(17,544)
Less: Earned Revenues	873	272	-	-	-	-	236	-	72	(26)	-	-	-	1,427
Net Program Costs	**(10,399)**	**(3,877)**	**-**	**-**	**-**	**-**	**(2,787)**	**-**	**(857)**	**1,803**	**-**	**-**	**-**	**(16,117)**
HL.8-Water Supply and Sanitation														
Gross Costs	(16,867)	(47,093)	-	-	-	-	697	-	20,260	357,550	-	-	1,062	315,609
Less: Earned Revenues	943	1,421	-	-	-	-	(14)	-	(1,448)	(9,845)	-	-	(102)	(9,045)
Net Program Costs	**(15,924)**	**(45,672)**	**-**	**-**	**-**	**-**	**683**	**-**	**18,812**	**347,705**	**-**	**-**	**960**	**306,564**
HL.9-Nutrition														
Gross Costs	32,789	10,057	-	-	-	-	2,674	-	11,072	(271)	-	-	-	56,321
Less: Earned Revenues	(2,576)	(706)	-	-	-	-	(206)	-	(858)	7	-	-	-	(4,339)
Net Program Costs	**30,213**	**9,351**	**-**	**-**	**-**	**-**	**2,468**	**-**	**10,214**	**(264)**	**-**	**-**	**-**	**51,982**
Total Health	**788,326**	**143,885**	**108**	**-**	**-**	**7,100**	**471,144**	**(461)**	**409,139**	**383,006**	**-**	**-**	**960**	**2,203,207**

NOTE 13. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

U.S. Agency for International Development
Schedule of Costs by Responsibility Segment
For the Year Ended September, 2026 (in Thousands)

Category	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	OCE	PLR	REFS	2026 Consolidated Total
PO-Program Development and Oversight														
PO.1-Program Design and Learning														
Gross Costs	4,210	752	3,398	1,050	2,368	1,746	-	(3,634)	7,084	(455)	-	(80)	(344)	16,095
Less: Earned Revenues	(294)	(56)	2	(83)	(220)	8	-	106	(465)	-	-	-	21	(981)
Net Program Costs	**3,916**	**696**	**3,400**	**967**	**2,148**	**1,754**	**-**	**(3,528)**	**6,619**	**(455)**	**-**	**(80)**	**(323)**	**15,114**
PO.2-Administration and Oversight														
Gross Costs	52,658	21,776	90,512	(82,698)	2,221	(14,245)	(10,506)	9,248	38,825	26,696	21	(609)	(1,088)	132,811
Less: Earned Revenues	(3,312)	(1,086)	(137)	6,595	(224)	1,084	814	513	(2,822)	(926)	-	-	62	561
Net Program Costs	**49,346**	**20,690**	**90,375**	**(76,103)**	**1,997**	**(13,161)**	**(9,692)**	**9,761**	**36,003**	**25,770**	**21**	**(609)**	**(1,026)**	**133,372**
PO.3-Evaluation														
Gross Costs	(189)	685	-	7,932	140	(428)	-	2,124	3,281	(278)	-	-	331	13,598
Less: Earned Revenues	(30)	(47)	-	(616)	(12)	23	-	(196)	(243)	9	-	-	(11)	(1,123)
Net Program Costs	**(219)**	**638**	**-**	**7,316**	**128**	**(405)**	**-**	**1,928**	**3,038**	**(269)**	**-**	**-**	**320**	**12,475**
Total Program Development and Oversight	**53,043**	**22,024**	**93,775**	**(67,820)**	**4,273**	**(11,812)**	**(9,692)**	**8,161**	**45,660**	**25,046**	**21**	**(689)**	**(1,029)**	**160,961**
PS-Peace and Security														
PS.1-Counter-Terrorism														
Gross Costs	(940)	(624)	-	(15)	-	-	-	-	-	(550)	-	-	-	(2,129)
Less: Earned Revenues	39	28	-	1	-	-	-	-	-	18	-	-	-	86
Net Program Costs	**(901)**	**(596)**	**-**	**(14)**	**-**	**-**	**-**	**-**	**-**	**(532)**	**-**	**-**	**-**	**(2,043)**
PS.2-Combating Weapons of Mass Destruction (WMD)														
Gross Costs	-	-	-	(15)	-	-	-	-	-	-	-	-	-	(15)
Less: Earned Revenues	-	-	-	1	-	-	-	-	-	-	-	-	-	1
Net Program Costs	**-**	**-**	**-**	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14)**
PS.3-Counter-Narcotics														
Gross Costs	-	-	-	(15)	-	-	-	-	(25,114)	-	-	-	-	(25,129)
Less: Earned Revenues	-	-	-	1	-	-	-	-	1,750	-	-	-	-	1,751
Net Program Costs	**-**	**-**	**-**	**(14)**	**-**	**-**	**-**	**-**	**(23,364)**	**-**	**-**	**-**	**-**	**(23,378)**
PS.4-Transnational Threats and Crime														
Gross Costs	-	-	-	-	-	(736)	-	-	-	-	-	-	-	(736)
Less: Earned Revenues	-	-	-	-	-	84	-	-	-	-	-	-	-	84
Net Program Costs	**-**	**-**	**-**	**-**	**-**	**(652)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(652)**
PS.5-Trafficking in Persons														
Gross Costs	(23)	3,154	-	(15)	-	(73)	-	-	299	(74)	-	-	-	3,268
Less: Earned Revenues	-	(194)	-	1	-	4	-	-	(19)	2	-	-	-	(206)
Net Program Costs	**(23)**	**2,960**	**-**	**(14)**	**-**	**(69)**	**-**	**-**	**280**	**(72)**	**-**	**-**	**-**	**3,062**

NOTE 13. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

U.S. Agency for International Development
Schedule of Costs by Responsibility Segment
For the Year Ended September, 2026 (in Thousands)

Category	Africa	Asia	BHA	CPS	DRG	Europe & Eurasia	Global Health	IPI	Latin America & Caribbean	Middle East	OCE	PLR	REFS	2026 Consolidated Total
PS.6-Conflict Mitigation and Stabilization														
Gross Costs	(6,626)	(6,619)	(70)	149,664	-	(753)	-	-	(17,826)	63,489	-	-	-	181,259
Less: Earned Revenues	271	317	-	(12,262)	-	28	-	-	1,242	96	-	-	-	(10,308)
Net Program Costs	**(6,355)**	**(6,302)**	**(70)**	**137,402**	**-**	**(725)**	**-**	**-**	**(16,584)**	**63,585**	**-**	**-**	**-**	**170,951**
PS.7-Conventional Weapons Security and ERW														
Gross Costs	-	-	-	(1)	-	-	-	-	-	-	-	-	-	(1)
Less: Earned Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
PS.8-Strengthening Military Partnerships and Capabilities														
Gross Costs	-	-	-	(1)	-	-	-	-	-	-	-	-	-	(1)
Less: Earned Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**
PS.9-Citizen Security and Law Enforcement														
Gross Costs	-	-	-	(2)	-	-	-	-	-	-	-	-	-	(2)
Less: Earned Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**
Total Peace and Security	**(7,279)**	**(3,938)**	**(70)**	**137,342**	**-**	**(1,446)**	**-**	**-**	**(39,668)**	**62,981**	**-**	**-**	**-**	**147,922**
Total Net Cost of Operations	**$ 769,965**	**$ 84,087**	**$ 2,785,128**	**$ 63,124**	**$ 48,516**	**$ 234,672**	**$ 466,927**	**$ 418,686**	**$ 285,463**	**$ 2,227,549**	**$ 3,286**	**$ (689)**	**$ 126,759**	**$ 7,513,473**

NOTE 14. 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.

A. SCHEDULE 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.

		2026
Net Cost	**$**	**7,513,473**
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	$	(2,541)
General and Right-to-Use PP&E Disposal and Revaluation		(6,355)
Lessee Lease Amortization		(927)
Other		(48,017)
Change in Assets		
Accounts Receivable		(284,731)
Other Assets		655,568
Change in Liabilities:		
Accounts Payable		1,358,690
Lessee Lease Liability		43,064
Federal Employee Salary, Leave, and Benefits Payable		30,876
Pensions, Other Post-Employment, and Veterans Benefits Payable		2,395
Other Liabilities		31,963
Financing Sources		
Imputed Cost		6,801
Total Components of Net Operating Cost Not Part of Net Outlays	**$**	**1,786,786**
Components of Net Outlays That Are Not Part of Net Cost		
Acquisition of Capital Assets	$	546
Other Financing Sources		
Donated Revenue		(432)
Transfers Out/In Without Reimbursement		18,570
Total Components of Net Outlays That Are Not Part of Net Cost	**$**	**18,684**

NOTE 14. RECONCILIATION OF NET COST TO BUDGETARY OUTLAYS (Cont)

Other Reconciling Items		
Miscellaneous		
Non-Entity Activity	$	333,454
Temporary Timing Differences		(2,490)
Budget Vs. Proprietary Discount Rate Differences on Leases		
Appropriated Receipts for Trust/Special Funds		6,507
Total Other Reconciling Items	**$**	**337,471**
Net Outlays	**$**	**9,656,414**
Distributed Offsetting Receipts		(366,098)
Agency Outlays, Net	**$**	**9,290,316**

NOTE 15. 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 2025 FR can be found here: Bureau of the Fiscal Service – Reports, Statements & Publications (https://fiscal.treasury.gov/reportsstatements/) and a copy of the 2026 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, 2026 are presented in the following tables (*in thousands*).

NOTE 15. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (Cont)

Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ending September 30, 2026

FY 2026 USAID SNC		Line Items Used to Prepare FY 2026 Government-wide SNC		
Financial Statement Line	Total	Other than Dedicated Collections (with Eliminations)	Total	Reclassified Financial Statement Line
Gross Costs				**Non-Federal Gross Costs**
	$ 9,168,473		$ 7,604,224	Non-Federal Gross Costs
			7,604,224	**Total Non-Federal Gross Costs**
				Intragovernmental Costs
			50,931	Benefit Program Costs
			(6,801)	Imputed Costs
			877,854	Borrowing and other interest expense (RC05)
			645,080	Buy/Sell Cost
			(2,739)	Other expenses (without Reciprocals)
			(76)	Other Expenses (without Reciprocals)
			1,564,249	**Total Intragovernmental Costs**
Total Gross Costs	**9,168,473**		**9,168,473**	**Total Reclassified Gross Costs**
Earned Revenue	(1,655,000)		(870,094)	**Non-Federal Earned Revenue**
				Intragovernmental Earned Revenue
			(750,121)	Buy/Sell Revenue
			(34,785)	Borrowing and Other Interest Revenue
			(784,906)	**Total Intragovernmental Earned Revenue**
Total Earned Revenue	**(1,655,000)**		**(1,655,000)**	**Total Reclassified Earned Revenue**
Net Cost of Operations	**$ 7,513,473**		**$ 7,513,473**	**Net Cost of Operations**

NOTE 15. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (Cont)

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, 2026

FY 2026 USAID SNCP		Line Items Used to Prepare FY 2026 Government-wide SNCP		
Financial Statement Line	**Total**	**Other than Dedicated Collections (with Eliminations)**	**Total**	**Reclassified Financial Statement Line**
Unexpended Appropriations				
Unexpended Appropriations, Beginning Balances	$ 34,794,087		$ 34,794,087	Unexpended Appropriations, Beginning Balances
Appropriations Received	441,043		161,871	Appropriations Received, as Adjusted
Other Adjustments	(295,544)		(16,371)	Other Adjustments
Appropriations Transferred In/Out	228,038		8,329,293	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Source
			(8,101,256)	Non-Esxpenditure Transfers-Out of Unexpended Appropriations and Financing Source
Appropriations Used	(7,377,761)		(7,377,761)	Appropriations Used (Federal)
Total Unexpended Appropriation	**27,789,863**		**27,789,863**	**Total Unexpended Appropriationsts**
Cumulative Results of Operations				
Cumulative Results, Beginning Balance	$ 1,992,763		$ 1,992,763	Cumulative Results, Beginning Balance
Appropriations Used				
Appropriations Used	7,377,761		7,377,761	Appropriations Used (Federal)
Non-Exchange Revenues				
			432	Other Taxes & Receipts
			(285,437)	Accrual for Non-Entity Amounts to be Collected & Transferred to the General Fund of the U.S. Government
			333,454	Non-Entity Collections Transferred to the General Fund of the U.S. Government
Donations & Forfeitures of Property				
	8,644			
Transfers In/Out without Reimbursement				
		(1,885)	1,885	Expenditure Transfers-In of Financing Sources
		1,885	(1,885)	Expediture Transfer -Out of Financing Sources
Transfers-In/Out w/o Reimburseme	(18,570)	(48,017)	(48,017)	Transfers-In Without Reimbursement
		48,017	(66,416)	Transfers-Out Without Reimbursements
Other				
	(48,017)		(171)	Other
Donations & Forfeitures of Cash &Cash Equivalents				
	(8,212)			
Imputed Financing				
	6,801		6,801	Imputed Financing Sources
Total Donations, Transfers & Imputed Financing	**7,318,407**		**7,318,407**	**Total Financing Sources**
Net Cost of Operations	**(7,513,473)**		**(7,513,473)**	**Net Cost of Operations**
Cumulative Results of Operations, Ending Balance	**$ 1,797,697**		**$ 1,797,697**	**Cumulative Results of Operations**
Total Net Position	**$ 29,587,560**		**$ 29,587,560**	**Net Position**

NOTE 16. SUBSEQUENT EVENTS

USAID evaluated events occurring after September 30, 2026, through the date the financial statements were issued.

Subsequent to September 30, 2026, 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 activites 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, 2026, and do not include the effects of activities occurring after that date. USAID continued to operate under Congressional authority during fiscal year 2026.