USTDA

U.S. Trade and Development Agency

Performance and Accountability Report

Fiscal Year 2014

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U.S. Trade and Development Agency

FY 2014 Performance and Accountability Report

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Director's Message

I am pleased to present the U.S. Trade and Development Agency's Performance and Accountability Report (PAR) for FY 2014. This Report sets out the results of the Agency's strong program performance and sound financial management over the past year. During the past fiscal year, USTDA built upon its impressive history of linking U.S. businesses to global infrastructure opportunities.

USTDA supports U.S. exports while simultaneously providing important early project planning assistance to high-growth emerging markets, helping them to develop the needed infrastructure for trade. The Agency continued to foster mutually beneficial partnerships between the U.S. private sector and overseas project sponsors at this critical point in the project development process.

USTDA has long been recognized as a lean, highly effective agency, and this year was no different. I am very proud that USTDA was ranked the top small/independent agency performer across all indices in the Office of Personnel Management's 2014 Federal Employee Viewpoint Survey. The Survey's indices measure employee engagement, overall job satisfaction, workplace inclusion and human capital management – all of which are critical to recruiting and retaining talented individuals who can help us accomplish our mission.

Leadership

With its innovative programs and ability to respond swiftly to the needs of its partners around the world, USTDA has consistently established itself as a U.S. government leader. This year, USTDA played a key role in helping make significant progress on the Power Africa initiative, which President Obama launched in summer 2013. Due to the Agency's strong presence in the energy market in sub-Saharan Africa, as well as its ability to draw upon the expertise of U.S. industry and to catalyze private investment, USTDA has become an integral Power Africa partner.

USTDA also responded to the needs of its U.S. industry partners, as well as its stakeholders overseas, with the launch of its *Global Procurement Initiative: Understanding Best Value* (GPI). The GPI educates public procurement officials in emerging markets about how to establish procurement practices and policies that integrate life-cycle cost analysis and best-value determination in a fair, transparent manner. Adopting these practices and standards will improve governments' capacity to make informed decisions that take into account all relevant costs of goods and services over their entire life-cycle. This will lead to smarter, longer-term investments with better development outcomes and overall savings to governments in emerging markets. Moreover, the GPI will help level the playing field for U.S. firms competing in international tenders, as the private sector members of the President's Export Council highlighted in a letter to President Obama in September 2013.

In support of President Obama's Climate Action Plan, the Agency funded a number of projects designed to mitigate the effects of global climate change, reduce greenhouse gas emissions and bring cleaner sources of energy online. This year alone, USTDA initiated several activities to introduce U.S. technologies that can help lower emissions and improve energy efficiency in China. These efforts support the goals of the U.S.-China Climate Change Working Group, which was established to reduce air pollution by tackling the largest sources of greenhouse gas emissions.

Record Return on Investment

As evidence of the Agency's tremendous value, USTDA's programs are now generating more U.S. exports per program dollar than at any other time in the Agency's history: $76.3[1] of exports for every dollar programmed. This is a marked increase from just five years ago, when the Agency generated $41 in exports for every dollar programmed. Further, the nearly $5.8 billion in new exports identified this year bring USTDA's total exports generated to date to over $51 billion.[2]

This ongoing success is the result of the Agency's targeted, evidence-driven approach to allocating its resources to activities that provide the highest return on investment for U.S. taxpayers. USTDA evaluates its program tools on a continuous basis to determine the Agency's overall effectiveness and responsiveness to U.S. industry, U.S. government policy priorities and emerging market needs. The Agency prioritizes funding for activities in markets and sectors that have strong opportunities for U.S. exports, where U.S. industry expertise can meet the development goals of its partner countries.

Making Global Local

Over the past three years, USTDA's *Making Global Local* initiative has become the centerpiece of the Agency's domestic outreach strategy. Designed to increase the number of U.S. businesses that benefit from USTDA's export promotion activities, *Making Global Local* has enabled the Agency to connect with companies across the country.

Through *Making Global Local*, USTDA has formed strategic partnerships with 36 state and local trade promotion organizations throughout the United States. These partner organizations provide the Agency with market intelligence on their local business communities, including key industry clusters, cutting-edge manufacturers and innovative service providers – the majority of which are small and medium-sized enterprises – in order to connect U.S. businesses with foreign buyers.

Our *Making Global Local* partners have become key allies in the Agency's efforts to support a critical Administration priority – creating U.S. jobs.

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[1] The Figure is current as of September 30, 2014
[2] This historic cumulative export total includes data collected by the Agency's predecessor organization, prior to USTDA's formation as an independent agency in 1992.

In closing, I wish to thank the entire USTDA staff. USTDA is fortunate to have a knowledgeable, innovative team that works collaboratively and effectively to achieve the Agency's mission. Their tireless work enables our agency to leverage our resources and achieve results.

/s/ Leocadia I. Zak

Director
U.S. Trade and Development Agency

U.S. Trade and Development Agency
Management's Discussion and Analysis

USTDA at a Glance

USTDA is an independent U.S. government agency established under the Jobs Through Exports Act of 1992, Section 661 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. § 2421). USTDA carries out its mission through a variety of tools, including reverse trade missions (RTMs) and project planning activities, such as grants to overseas project sponsors who, in turn, select U.S. companies to perform the USTDA-funded activities. While USTDA activities can span a wide variety of sectors, the Agency focuses on energy, particularly clean energy, transportation, and telecommunications.

USTDA funds projects that have a high probability of implementation, generating U.S. exports and achieving positive developmental benefits. The Agency looks for projects that are mutually beneficial for the host country and the U.S. business community, and evaluates the priority of the project to the project sponsor as well as the likelihood that the project will receive implementation financing. USTDA also considers a project's potential adverse environmental impacts by ensuring that, where applicable, provision is made for a preliminary environmental impact assessment in all USTDA-funded grant activities.

Essential to the success of USTDA is outreach to the U.S. business community, with a particular focus on helping small businesses take advantage of trade and investment opportunities in emerging markets.

Mission Statement

USTDA helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

Organizational Structure

USTDA maintains a lean structure that supports the Agency's goal of functioning as a responsive organization. The Agency's Executive Team consists of the Director, Deputy Director, General Counsel, Chief of Staff, and Director of Congressional and Public Affairs. Program staff, organized by geographic region, prioritize their investments in markets and sectors with the highest U.S. export potential, thereby positioning U.S. companies to achieve exceptional results.

In order to develop actionable recommendations for effective programming, USTDA's internal Program Evaluations Office (Evaluation Office) continuously monitors past performance. Additionally, the Agency's size and structure allows the Director of Evaluations to review every dollar of program funding before it is obligated – thus ensuring empirical, evidence-based decisions and broad accountability.

Programmatic, operational and administrative support is provided by the Offices of General Counsel, Congressional Affairs and Public Relations, Program Evaluation, Finance, Acquisition

Management, Grant Administration, Information Technology, and Administration. Additionally, USTDA utilizes shared servicing agreements for support functions wherever possible. This structure allows USTDA to maximize its resources in support of the Agency's statutory mission.

Performance Goals, Objectives and Results

The government-wide implementation of annual performance plans under the *Government Performance and Results Act of 1993* (GPRA) required agencies to develop strategic plans and subsequent reports beginning with FY 1999. On January 4, 2011, *The GPRA Modernization Act of 2010*, P.L. 111-352, was passed. This law enhances and expands the reporting requirements of GPRA by requiring quarterly performance assessments of programs in assessing USTDA's performance and improvement.

Every year USTDA conducts an extensive review of its ongoing programs and projects to determine the Agency's overall effectiveness and responsiveness to its various stakeholders. In FY 2014, USTDA continued to pursue a more targeted approach to delivering assistance and streamlined the Agency's country and sector focus. USTDA highlighted 18 priority countries (out of 131 countries eligible for USTDA assistance), three priority sectors, and two additional sectors of special consideration, which offered the best prospects for U.S. exports, job growth, and overseas economic development. The results of pursuing a focused strategy once again exceeded the Agency's expectations. In addition to the developmental benefits resulting from USTDA projects, the Agency's success is also quantitatively measured by exports generated per dollar programmed, which increased from 73 in FY 2013 to 76.3 by the close of FY 2014. As a result, every dollar the Agency invested in its program is now generating $76.3 in U.S. exports.

FY 2014 proved to be an impressive year for USTDA. Amid ever-growing demand for the Agency's assistance, USTDA demonstrated its ability to pursue a strategic agenda that balanced the Administration's foreign policy and development priorities with the support of U.S. exports and jobs. During the last five fiscal years, USTDA has narrowed the focus of its program to establish a larger footprint for the Agency in key strategic markets, and also to maximize the benefits of USTDA's program for U.S. companies and the developing and middle-income countries in which the Agency operates. In FY 2014, USTDA produced outstanding results in terms of increasing its export multiplier, identifying new project successes, supporting over 25 new RTMs, and demonstrating its willingness to take the lead and launch new programs such as the Global Procurement Initiative, which is helping to level the playing field for U.S. companies competing for international tenders in emerging markets.

USTDA focuses on meeting the stated goals and objectives in its current Strategic Plan. See http://www.ustda.gov/otherinfo/USTDAStrategicPlanFY14-18.pdf for a copy of USTDA's current strategic plan.

FY 2014 Strategic Investments	**Overall Success Rates**
(Percent is of total program obligations)	
Priority Countries: $39.8M (82%)	**Export Multiplier: 76.3 to 1**
Energy: $23.7M (49%)	**New Exports Identified: $5.8B**
Transportation: $12.8M (26%)	**Total Exports to Date: $51.7B**
Telecommunications: $3.6M (7%)	
Water and Environment: $1.5M (3%)	
Agribusiness: $1.1M (2%)	

USTDA invested 82 percent of its total program obligations in its 18 priority countries in FY 2014 (as discussed below). With respect to the FY 2014 priority sectors, energy sector investments experienced an increase from 47 percent of FY 2013 total program obligations to 49 percent of FY 2014 total program obligations. In the telecommunications sector, USTDA's investments for FY 2014 decreased to 7 percent of its total program obligations, compared to 9 percent of total program obligations in FY 2013. Transportation sector investments decreased from 29 percent of FY 2013 total program obligations to 26 percent of FY 2014 total program obligations. Overall, USTDA invested 87 percent of its total program obligations in priority sectors and sectors of special consideration[3] FY 2014.

By focusing its resources, USTDA has been able to strengthen ties with the U.S. companies focused on these priority markets, their private sector counterparts and customers in the priority countries, and host country governments.

Analysis of Financial Statements

USTDA prepares annual financial statements in accordance with U.S. generally accepted accounting principles (GAAP) for Federal government entities and subjects the statements to an independent audit to ensure their integrity and reliability in assessing performance. The financial statements and notes are presented on a comparative basis in the required format in accordance with OMB Circular No. A-136, revised, *Financial Reporting Requirements*.

[3] The agribusiness, environment, and water sectors were the sectors of special consideration in FY 2014.

The following table summarizes the significant changes in USTDA's financial position between the end of FY 2013 and the end of FY 2014:

Financial Condition	FY 2014 Balance	FY 2013 Balance	Increase/ (Decrease)	Percentage Difference
Total Assets	$99,522,270	$98,056,369	$1,465,901	1.50%
Total Liabilities	$8,152,383	$7,252,732	$899,651	12.40%
Net Position	$91,369,887	$90,803,637	$566,250	.62%
Net Cost of Operations	$54,272,906	$51,986,382	$2,286,524	4.40%
Budgetary Resources	$73,435,436	$65,145,017	$8,290,419	12.73%

Below is a brief description of the nature of each required financial statement and its relevance. Certain significant balances or conditions are explained, to elaborate on the impact on USTDA's operations. Readers are encouraged to gain a deeper understanding by reviewing USTDA's financial statements and related notes presented in the Financial Section of this report.

Balance Sheet

The accompanying balance sheet as of September 30, 2014 reports a net position of approximately $91.4 million. Specifically, USTDA's total assets are approximately $99.5 million, primarily comprised of fund balance with Treasury of approximately $99 million. The total assets as of September 30, 2014 increased by approximately $1.5 million from September 30, 2013. The increase was primarily due to an increase in fund balance with Treasury of $1.5 million.

Total liabilities reported are approximately $8 million and are comprised of approximately $7.4 million of accounts payable, of which approximately $6.0 million relates to grant payments owed, but unpaid, as of September 30, 2014. Total liabilities as of September 30, 2014 increased by approximately $0.9 million during FY 2014. The increase was primarily due to an increase in accounts payable.

Statement of Net Cost

USTDA's net cost of operations for the year ended September 30, 2014 amounted to approximately $54.3 million. Net cost of operations increased by approximately $2.3 million in FY 2014, due to increased cash outlays and increased higher appropriations.

Statement of Budgetary Resources

The budgetary resources for FY 2014 increased by $8.3 million from FY 2013, due primarily to increased appropriations of $7.6 million.

Analysis of USTDA's Systems, Control and Compliance with Statutes and Directives

Data and Financial System Assessment

USTDA develops and promulgates accounting systems and procedures for use by its staff to maximize accountability; promote standardization and cost effectiveness; monitor Agency compliance with these systems and procedures; implement corrective actions to address control deficiencies raised by independent auditors; monitor the activities of the Agency's programs; and perform analysis of required changes in procedures that affects the financial reporting of the Agency.

In addition, the Agency conducts program audits throughout the year and provides oversight of decentralized accounts payable processing and payroll activities. The Agency also performs internal control reviews on financial, management, and information systems, and conducts fact-finding activities to support decisions impacting revisions to the Agency's accounting and financial reporting systems.

The Agency has service level agreements with the Interior Business Center (IBC) of the U.S. Department of the Interior for payroll, personnel, and accounting services. The operating effectiveness of the IBC's Oracle Federal Financials (OFF) and IBC's Federal Personnel and Payroll System (FPPS), General Information Technology and Accounting Operations Controls were examined under Statements on Standards for Attestation Engagements No. 16 (SSAE 16), *Reporting on Controls at a Service Organization,* issued by the American Institute of Certified Public Accountants (AICPA). IBC's independent public accounting firm issued unqualified opinions on the SSAE 16 reports for OFF and FPPS for the period July 1, 2013 through June 30, 2014. Accordingly, IBC was able to provide USTDA with assurance that IBC controls were in place as of June 30, 2014, as they relate to key controls relied upon by USTDA, and are operating effectively. The results of this report in conjunction with user controls USTDA has put in place provide reasonable assurance that USTDA's financial management systems complied substantially with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Management Assurances

Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) is implemented by OMB Circular A-123, revised, *Management's Responsibility for Internal Control* and OMB Circular A-127, *Financial Management Systems*. The objectives of the FMFIA are to ensure that USTDA's controls and systems provide reasonable assurance that:

- obligations and costs are in compliance with applicable laws;
- funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;

- revenues and expenditures are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over assets; and
- Programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

USTDA management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA. Accordingly, USTDA conducts risk assessments and internal control reviews to ensure the objectives mentioned above are achieved.

Section 2 of the FMFIA requires Federal agencies to report, on the basis of annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls. The reviews that took place during FY2014 provide unqualified assurance that USTDA's systems and management controls comply with the requirements of the FMFIA.

Section 4 of the FMFIA requires that agencies annually provide assurance on programmatic internal controls and financial management systems, and effectiveness of internal control over financial reporting. USTDA evaluated its financial management systems in accordance with the FMFIA and OMB Circular A-127, as applicable. The results of management reviews provide unqualified assurance under Section 4 of the FMFIA that USTDA's financial systems controls generally conform to the principles and standards required.

Finally, in accordance with the Accountability of Tax Dollars Act of 2002 (ATDA), the Agency's financial information is audited annually. The results of the audit are considered by USTDA in its assessment of whether or not the objectives of FMFIA are being met.

U.S. TRADE AND DEVELOPMENT AGENCY

Annual Assurance Statement on Internal Control

USTDA's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA. USTDA conducted an assessment of the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, USTDA can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2014 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

In addition, USTDA conducted an assessment of the effectiveness of its internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, USTDA can provide reasonable assurance that internal control over financial reporting as of June 30, 2014 was operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

/s/ Leocadia I. Zak

Director

October 21, 2014

Date

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Accountability of Tax Dollars Act

The ATDA requires the preparation of financial statements by the Federal agencies that were exempted by the Chief Financial Officers Act of 1990. OMB Circular No. A-136, *Financial Reporting Requirements*, enables agencies to consolidate their audited financial statements and other financial and performance reports into one report, the PAR. This report meets the requirements of the ATDA.

Government Performance and Results Act

The Government Performance and Results Act of 1993 (GPRA) requires a recurring cycle of performance reporting for Federal agencies. This cycle involves five-year strategic plans, annual performance plans, and annual program performance reports. USTDA's annual performance report is combined with its annual financial statements in this PAR.

GPRA Modernization Act

On January 4, 2011, the GPRA Modernization Act of 2010, P.L. 111-352, was passed. This law enhances and expands the reporting requirements of GPRA by requiring quarterly performance assessments of programs in assessing USTDA's performance and improvement.

Federal Information Security Management Act

The Federal Information Security Management Act of 2002 (FISMA) requires each Federal agency to establish and maintain an information security program for all non-national security information and information systems. The Agency's information security program includes a process for planning, implementing, evaluating, and documenting remedial action to address any deficiencies in its information security policies, procedures, and practices.

During FY 2014, USTDA maintained its information security program by (1) providing annual information security awareness training to its user community, including contractors; (2) performing annual assessments on its major information systems, incorporating the testing of management, operational, and technical security controls; (3) maintaining the process for planning, implementing, evaluating, and documenting remedial action to address any deficiencies in the information security policies, procedures, and practices; (4) maintaining procedures for detecting, reporting, and responding to security incidents, consistent with standards and guidelines issued by the OMB and the National Institute of Standards and Technology (NIST); and (5) applying secure configuration baselines from NIST, based on functional requirements.

Improper Payments Elimination and Recovery Act

The Improper Payments Information Act of 2002 (IPIA) requires Federal agencies to identify and report on significant payment programs that are susceptible to improper payments. The Improper Payments Elimination and Recovery Act of 2010 (IPERA), requires the development of policies and procedures for the prevention and detection of improper payments in the Federal government. IPERA expands on IPIA by, among other things, requiring an initial assessment to identify those programs that are susceptible to significant risk of improper payments. The Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), requires OMB on an annual basis to identify high-priority programs, establish performance targets and accelerates the "Do Not Pay" program.

USTDA reviewed its operations, identifying three categories of activities which the Agency undertakes:

(1) Project Development Program;
(2) International Business Partnership Program; and
(3) Agency Support Contracts (exclusive of payments to Federal agencies).

USTDA assessed each program to determine which, if any, were susceptible to significant improper payments. In undertaking this analysis, USTDA's Finance Department reviewed every transaction processed during FY 2013 and FY 2014. Based on that review, the nature of USTDA's program and activities, and in view of USTDA's current recovery audit procedures, as well as USTDA's compliance with FMFIA as described above, the Agency has determined in accordance with IPERA that an expanded program of payment recapture audits would not be cost-effective within the meaning of IPERA.

Following the review and analysis of USTDA's programs for FY 2013 and FY 2014, the Agency did not find any significant improper payments that reached the level required for reporting by IPERA. In addition, in order to enhance its policies and procedures for the prevention and detection of improper payments, the Agency has entered into an agreement with IBC, its shared service provider to utilize the Do Not Pay Business Center to check all invoices prior to payment in an effort to further reduce improper payments. The Do Not Pay Business Center provides data on whether or not an individual or company is eligible to receive Federal payments.

Limitations of the Financial Statements

These financial statements have been prepared to report the financial position and results of operations of USTDA pursuant to the requirements of 31 U.S.C. § 3515(b). While the statements have been prepared from the books and records of the Agency in accordance with the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records.

These statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.

U.S. Trade and Development Agency Performance

Performance Objectives and Results

USTDA helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and RTMs while creating sustainable infrastructure and economic growth in partner countries. The Agency is divided into five regions that manage USTDA's program funding commitments: Latin America and the Caribbean; East Asia and Eurasia; Sub-Saharan Africa; Middle East and North Africa and Europe; and South and Southeast Asia. In addition, in FY 2014, the Agency established a new initiative, headed by a Director for Global Programs, which manages program funding commitments across the five regions.

In FY 2014, USTDA continued to support the Administration's goals by creating valuable partnerships between U.S. businesses and the Agency's partner economies. USTDA dedicated significant resources to support cooperative efforts under the U.S.-Africa Clean Energy Finance Initiative, the U.S.-Africa Clean Energy Development and Finance Center and Power Africa. Making Global Local has become the centerpiece of the Agency's domestic outreach strategy. USTDA also continued to support its existing cooperation programs in China, India and Brazil, which have helped leverage private sector resources to promote the sustainable development of vital infrastructure in some of the largest overseas markets. Also in FY 2014, USTDA established the Global Procurement Initiative: Understanding Best Value (GPI) and welcomed its first GPI country partners Vietnam and Botswana. The GPI is designed to educate procurement officials in emerging markets on how to integrate best-value determinations and life-cycle cost analyses into their procurement practices to support sustainable infrastructure development, while leveling the playing field for U.S. firms in international tenders. In addition, the Agency hosted 46 International Business Partnership Program (IBPP) activities. These activities, which demonstrate some of the strategic investments the Agency made in FY 2014, facilitated USTDA's overall success in fulfilling its mission.

USTDA's Evaluation Measurements and Targets

USTDA maintains a robust Evaluation Office that is integrated into all individual project, management and policy decisions. The Evaluation Office participates in each stage of USTDA's project life cycle by providing data and feedback regarding past results, anticipated outcomes, and proposed evaluation strategies during the initial activity development stage; conducting internal evaluation of prior projects to inform USTDA's evaluation strategies and policies; and overseeing the work of outside evaluation contractors that gather data and document the outcomes of USTDA's program.

USTDA has had extensive experience measuring the success of its activities against its commercial goals. There is no indication from either the Agency's internal evaluations staff or its outside evaluation teams that there are any material inadequacies that would significantly impede the use of performance data by the Agency's management and government decision-makers.

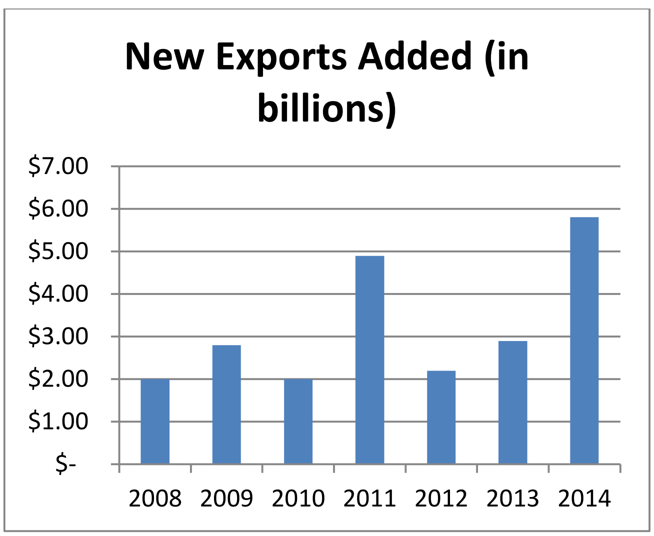
U.S. Trade and Development Agency Performance

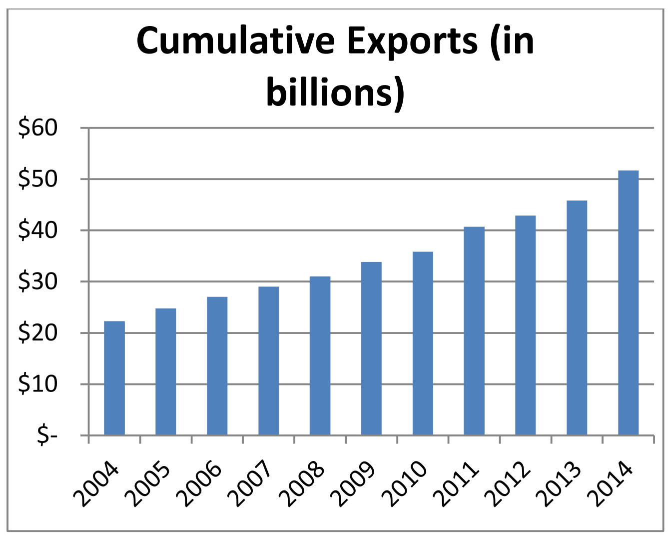
The measurements used by the Agency to determine whether its commercial objectives are being achieved include:

- Total Cumulative Exports: the amount of exports associated with USTDA-funded activities in any given time period.

- Multiplier: quantifies the amount of exports generated for every USTDA program dollar obligated and thus is the export return on USTDA investments. In FY 2014, USTDA generated $76.3 in U.S. exports for every $1 in program funding. The multiplier is calculated using the Ten Year Rolling Average (TYRA) which is comprised of projects completed between 2002 and 2011. The TYRA is explained in greater detail in the Procedures to Ensure Performance Reporting section.

Total Cumulative Exports
This figure is generated by calculating the sum of total exports documented in the USTDA database. Since its inception in 1981, USTDA's programs have helped generate more than $51.72 billion in U.S. exports. In FY 2014, USTDA identified $5.85 billion new exports attributed to USTDA-supported projects.





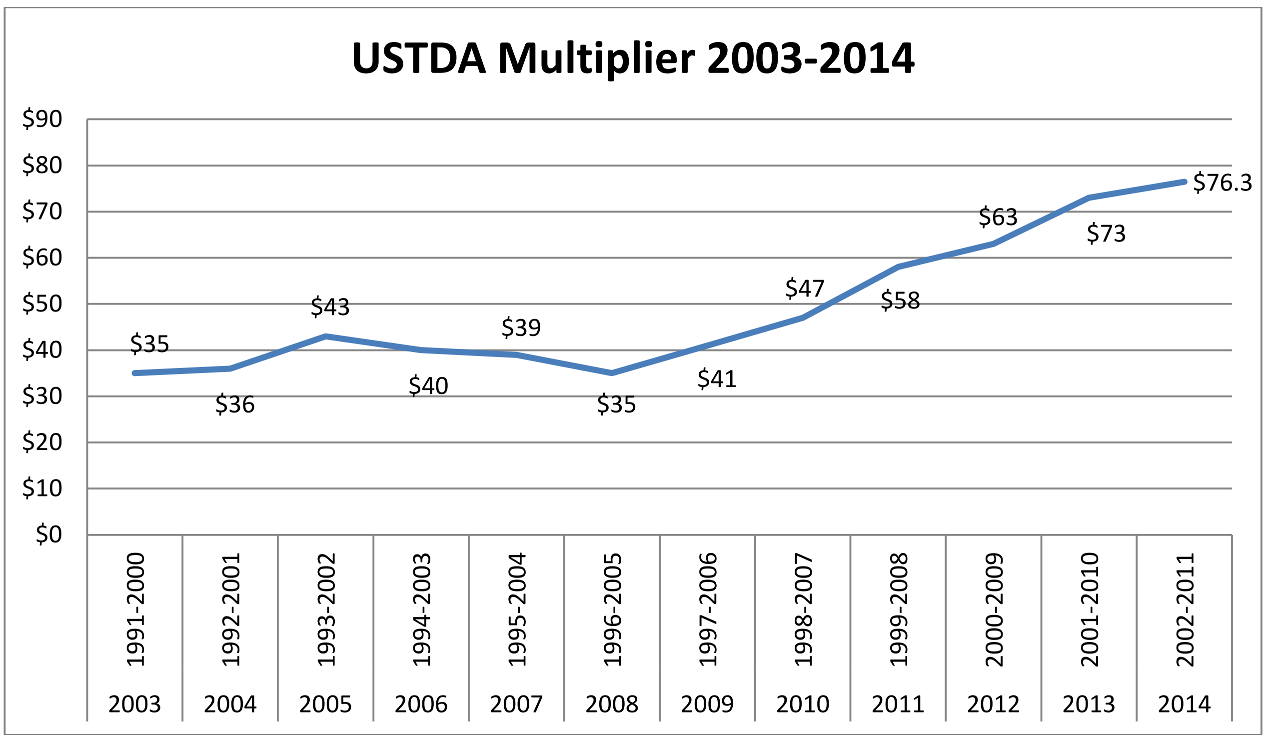
Export Multiplier Rate Calculation
The multiplier rate quantifies the amount of exports generated for every USTDA program dollar obligated. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA's funding commitments. For the current TYRA, which contains projects completed between 2002 and 2011, USTDA has obligated $322.3 million to support foreign projects, which has helped to generate $24.59 billion in U.S. exports. Thus, for every $1 dollar of USTDA funding, $76.3 in U.S. exports are generated, which exceeds last year's multiplier rate of $73. This return on investment demonstrates the Agency's ability to promote the strengths of the

U.S. business community and exports of U.S. goods or services that can meet the needs of developing and middle-income countries.

Export Multiplier:	$24.6 billion / $322.3million	=	$76.3

Other Measurements

Small Business Impact
The U.S. Small Business Administration (SBA) set a benchmark for Federal agencies to meet the statutory goal of awarding 23 percent of federal prime contracting dollars to small businesses.[4] USTDA has far surpassed that mark for more than 10 years—in FY 2014, more than 64 percent of the total value of all prime contracts awarded by USTDA went to small businesses. USTDA remains committed to exceeding the SBA benchmark, and will do so by maintaining its ambitious outreach efforts to U.S. small businesses.



[4] U.S. Small Business Administration, Strategic Plan Fiscal Years 2011–2016
http://www.sba.gov/sites/default/files/serv_strategic_plan_2010-2016.pdf, p. 8.

U.S. Trade and Development Agency Performance

Trade Capacity Building
Since 2001, the U.S. Agency for International Development (USAID) has performed an annual survey on behalf of the U.S. Trade Representative (USTR) to quantify trade capacity building (TCB) activities conducted by the U.S. government. TCB activities result in the growth of a developing country's ability to participate in international trade and commerce. Additionally, such activities help the U.S. government fulfill commitments made towards the Doha Development Agenda. As part of USTDA's responsibility as a foreign assistance agency of the U.S. government, USTDA reviews activities annually, classifies them in their appropriate TCB categories and reports them to USAID through an online database. This categorization and reporting process takes place in the first quarter for the fiscal year. Therefore it has not yet been conducted for FY 2014; however, in FY 2013, USTDA provided $10 million in funding for TCB related activities.

Procedures to Ensure Performance Measurement Reporting

There are a number of factors that lead to USTDA's results. USTDA's Evaluation Office strives to obtain information that validates whether and how USTDA's funding affected the outcomes identified.

The information collected is intended to support organizational learning within USTDA and to assist the Agency in documenting the relationship between its activities and its outcomes. The following parameters are used when compiling and generating export measures:

U.S. exports and U.S. content: U.S. exports attributed to USTDA's funding must have a credible and significant linkage to the USTDA-funded activity. USTDA defines U.S. exports as the (i) U.S. content associated with goods manufactured in the United States or (ii) services provided by U.S. companies. This definition enables USTDA to make the best estimation of its impact on U.S. jobs based on the U.S. export[5] attributed to its funding. This data supports the direct benefit that USTDA-funded activities bring to U.S. companies, including by the creation of U.S. jobs.

Ten Year Rolling Average: The TYRA is a ten-year interval of time used to report the outcomes resulting from USTDA's program. The TYRA currently consists of all USTDA activities completed between years 2002-2011. Due to the nature of USTDA's funding – early project planning development – it is not common to experience immediate results from the Agency's activities. Large infrastructure projects take years to develop and complete. As such, this interval of time is used to capture meaningful and relevant representation of the results of USTDA's program funds. The last year of the TYRA (2011) is recent enough to influence Agency

[5] USTDA obtains U.S. content data most commonly from U.S. contractors, suppliers, host country project sponsors, financiers, and U.S. agencies involved in implementing projects.

planning, but encompasses a sufficient time period to ensure USTDA-funded activities have been evaluated at least once by USTDA's external contractors.

Type of Funding: USTDA funds projects by using its core funds (those funds that Congress appropriates directly to USTDA), and in some instances, transfer funds provided by other government agencies such as USAID and the Department of State. Transfer funds often carry restrictions with respect to the use of the funding (e.g., country limitations, industry priorities, or specific activities). For example, in FY 2014 USTDA received $5 million in transfer funding from the Department of State to establish the U.S-Africa Clean Energy Finance (ACEF) Initiative in collaboration with the Overseas Private Investment Corporation (OPIC). Under the four-year $20 million program, USTDA will leverage its project planning expertise to support activities that are eligible for OPIC support. However, this transfer funding carries certain restrictions and reporting requirements that are not applicable to USTDA's core funding. Therefore, with the approval of OMB and in order to establish consistent evaluation criteria and performance measures, the Agency evaluates program results based on only core funded activities.

External Evaluation Contractors: USTDA uses contractors - outside evaluation teams (OETs) - to evaluate approximately 400 USTDA projects annually. The OET provide a complete assessment of project outcomes, in terms of both exports and development impact measurements. These assessments are provided in individual project reports that present details about the individual U.S. companies that exported to USTDA-funded projects that are being implemented; how the USTDA funded work led to or contributed to project implementation; the reasons why a project did not move forward; information about the type of financing that was used; and the specific U.S. goods and services that were supplied. The OET individual project reports contain detailed information about the entities that were contacted during the individual project evaluations. In addition to these project reports, the OET provides a comprehensive final report that summarizes the findings associated with the cohort of approximately 400 projects. After several annual assessments by the OET, if any outstanding questions remain, these are handled directly by USTDA's Evaluation Office. USTDA is currently using two separate companies to fulfill its OET needs.

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Independent Auditors' Report

The Director
U.S. Trade and Development Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the U. S. Trade and Development Agency ("USTDA"), which comprise the balance sheets as of September 30, 2014 and 2013, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements (hereinafter referred to as "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget ("OMB") Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USTDA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Trade and Development Agency as of September 30, 2014 and 2013, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis section be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Director's Message, Performance, and Other Information sections of the USTDA Performance and Accountability Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered USTDA's internal control over financial reporting (internal control) as of and for the year ended September 30, 2014, to determine 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 USTDA's internal control. Accordingly, we do not express an opinion on the effectiveness of USTDA's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

KPMG

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether USTDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 14-02.

We also performed tests of USTDA's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* ("FFMIA"). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of FFMIA disclosed no instances in which USTDA's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of USTDA's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

November 12, 2014

U.S. TRADE AND DEVELOPMENT AGENCY

Balance Sheets

As of September 30, 2014 and 2013

		2014		2013
Assets				
Intragovernmental:				
Fund balance with Treasury (Note 2)	$	99,015,920	$	97,489,880
Total intragovernmental		99,015,920		97,489,880
Accounts receivable (Note 3)		—		3,176
General property and equipment, net (Note 4)		506,350		563,313
Total assets	$	99,522,270	$	98,056,369
Liabilities and Net Position				
Liabilities				
Intragovernmental:				
Accounts payable (Note 5)	$	410,576	$	767,727
Other liabilities (Note 2 and 5)		11,262		39,812
Total intragovernmental		421,838		807,539
Accounts payable (Note 5)		7,012,516		5,803,284
Other liabilities (Note 5)		718,029		641,909
Total liabilities		8,152,383		7,252,732
Net position:				
Unexpended appropriations		91,416,951		90,706,792
Cumulative results of operations		(47,064)		96,845
Total net position		91,369,887		90,803,637
Total liabilities and net position	$	99,522,270	$	98,056,369

The accompanying notes are an integral part of these statements.

U.S. TRADE AND DEVELOPMENT AGENCY
Statements of Net Cost
For the Years Ended September 30, 2014 and 2013

		2014		2013
Cost of Operations:				
Grants program costs	$	54,392,906	$	51,986,382
Less earned revenue		(120,000)		—
Net cost of operations (Notes 6 and 11)	$	54,272,906	$	51,986,382

The accompanying notes are an integral part of these statements.

U.S. TRADE AND DEVELOPMENT AGENCY
Statements of Changes in Net Position
For the Years Ended September 30, 2014 and 2013

	2014	2013
Cumulative results of operations:		
Beginning balances	$ 96,845	$ 14,872
Budgetary financing sources:		
Appropriations used	53,741,858	51,714,320
Other financing sources:		
Imputed financing	387,139	354,035
Total financing sources	54,128,997	52,068,355
Net cost of operations	(54,272,906)	(51,986,382)
Net change	(143,909)	81,973
Total cumulative results of operations	(47,064)	96,845
Unexpended appropriations:		
Beginning balances	90,706,792	98,368,749
Budgetary financing sources:		
Appropriations received	55,073,000	50,000,000
Appropriations transferred in	502,753	1,511,000
Other adjustments (rescissions and cancellation of expired funds)	(1,123,736)	(7,458,637)
Appropriations used	(53,741,858)	(51,714,320)
Total budgetary financing sources	710,159	(7,661,957)
Total unexpended appropriations	91,416,951	90,706,792
Net position	$ 91,369,887	$ 90,803,637

The accompanying notes are an integral part of these statements.

U.S. TRADE AND DEVELOPMENT AGENCY
Statements of Budgetary Resources
For Years Ended September 30, 2014 and 2013

	2014	2013
Budgetary resources:		
Unobligated balance brought forward, October 1	$ 9,134,717	$ 11,333,089
Recoveries of prior year unpaid obligations	4,970,494	9,759,565
Other changes in unobligated balance	(620,983)	(3,416,337)
Unobligated balance from prior year budget authority, net	13,484,228	17,676,317
Appropriations (discretionary and mandatory)	55,073,000	47,468,700
Spending authority from offsetting collections (discretionary and mandatory)	4,878,208	—
Total budgetary resources	$ 73,435,436	$ 65,145,017
Status of budgetary resources:		
Obligations incurred (Note 7)	$ 62,870,154	$ 56,010,300
Unobligated balance, end of year:		
Apportioned (Notes 2, 8 and 10)	7,717,314	4,671,544
Exempt from apportionment		
Unapportioned (Note 2)	2,847,968	4,463,173
Total unobligated balance, end of year	10,565,282	9,134,717
Total budgetary resources	$ 73,435,436	$ 65,145,017
Change in obligated balance:		
Unpaid obligations, brought forward, October 1 (gross)	$ 88,319,454	$ 94,258,891
Obligations incurred	62,870,154	56,010,300
Outlays (gross)	(53,010,268)	(52,190,172)
Recoveries of prior year unpaid obligations	(4,970,494)	(9,759,565)
Obligated balance, end of year		
Unpaid obligations, end of year (gross)	93,208,846	88,319,454
Obligated balance, end of year (net) (Note 9)	93,208,846	88,319,454
Uncollected payments:		
Change in uncollected customer payments from Federal sources	(4,758,208)	—
Uncollected customer payments from Federal sources, end of year	(4,758,208)	—
Obligated balance, end of year (net)	$ 88,450,638	$ 88,319,454
Budget Authority and Outlays, Net		
Budget authority, gross (discretionary and mandatory)	$ 59,951,208	$ 47,468,700
Actual offsetting collections (discretionary and mandatory)	(120,000)	—
Change in uncollected customer payments from Federal sources	(4,758,208)	—
Budget authority, net (discretionary and mandatory)	$ 55,073,000	$ 47,468,700
Outlays, gross (discretionary and mandatory)	$ 53,010,268	$ 52,190,172
Actual offsetting collections (discretionary and mandatory)	(120,000)	—
Outlays, net (discretionary and mandatory)	52,890,268	52,190,172
Agency outlays, net (discretionary and mandatory)	$ 52,890,268	$ 52,190,172

The accompanying notes are an integral part of these statements.

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

USTDA is an independent U.S. government agency administered under the authority of Section 661 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. §2421). The Agency is not subject to Federal, state or local income tax, therefore no provision for income taxes has been recorded in the accompanying financial statements.

USTDA helps U.S. companies create jobs through export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and RTMs while creating sustainable infrastructure and economic growth in partner countries.

The organization was established on July 1, 1981 as the Trade and Development Program (TDP) by delegation of authority as a component of the International Development Cooperation Agency (IDCA). In 1988, under the Omnibus Trade and Competitiveness Act, the organization was designated a separate component agency of IDCA. On October 28, 1992, Congress enacted the Jobs through Exports Act of 1992, which renamed TDP as the Trade and Development Agency and established USTDA as an independent executive branch agency under the foreign policy guidance of the Secretary of State.

(b) Basis of Presentation

These financial statements have been prepared to report the financial position, net costs, changes in net position, and budgetary resources of USTDA, as required by its authorizing legislation Public Law 113-76. These financial statements include all activity related to USTDA's appropriation (No. 11-1001) and reimbursable interagency agreements, whereby USTDA receives transfers from other Federal agencies for use in specific regions or sectors.

(c) Budgets and Budgetary Accounting

Congress annually adopts a budget appropriation that provides USTDA with authority to use funds from the U.S. Treasury to meet operating and program expense requirements. All revenue received from other sources, except for appropriations transferred from other Federal agencies, must be returned to the U.S. Treasury.

(d) Basis of Accounting

USTDA's Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position are prepared using the accrual basis of accounting. This basis requires recognition of the financial effects of transactions, events, and circumstances in the periods when those transactions, events, and circumstances occur, regardless of when cash is received or paid. USTDA also uses budgetary accounting to facilitate compliance with legal constraints and to track its budget authority at the various stages of execution, including commitments, obligation, and eventual outlay. The Statement of Budgetary Resources is prepared using budgetary accounting methods.

The standards used in the preparation of the accompanying financial statements are issued by the Federal Accounting Standards Advisory Board, which represent accounting principles generally accepted in the United States of America for U.S. government entities.

(e) Appropriations and Other Financing Sources

Appropriations are recognized as a financing source at the time they are authorized and apportioned. Appropriations used to fund grant activities and administrative expenses are recognized as expenses and revenue as the resultant related expenses are incurred.

During FY 2013 and FY 2014, USTDA received an appropriation to be used for program and administrative expenses, which are available for obligation through September 30, 2014 and 2015, respectively. These funds were appropriated in accordance with Title VI of the Department of State Foreign Operations, and Related Programs Appropriations Act, 2014 (the Act). Beginning with FY 2008 appropriations, USTDA's appropriation acts allow de-obligated funds that were initially obligated prior to their expiration to remain available for re-obligation for an additional 4 years from the date on which the availability of such funds would otherwise have expired. In FY 2014, USTDA re-apportioned approximately $.26 million of FY 2009 de-obligations, approximately $.25 million of FY 2010 de-obligations, and $3.1 million of FY 2011 de-obligations.

During FY 2014, Department of State provided $5 million in spending authority for the US-Africa Clean Energy Finance Initiative through a reimbursable interagency agreement. At September 30, 2014, $4.7 million had been obligated and $120,000 paid and invoiced to Department of State.

Funds transferred from USAID for Support for East European Democracy Act (SEED), Economic Support Funds (ESF), the Freedom Support Act (FSA) and Assistance to Europe, Eurasia, Central America (AAECA) during FY 2002-2012, are available for re-obligation in the manner described in the preceding paragraph. SEED, ESF, and FSA funds for FY 1999-2001 that were initially obligated prior to their expiration remain available for re-obligation until cancellation. In FY 2014, USTDA re-apportioned approximately $.02 million of FY 2010 transfer authority de-obligations and $1.1 million of FY 2011 transfer authority de-obligations.

(f) Fund Balance with Treasury

USTDA does not maintain cash in commercial bank accounts. The U.S. Treasury processes cash receipts and disbursements. The balance of funds with Treasury primarily represents appropriated funds that are available to pay current liabilities and finance authorized purchase commitments relative to goods or services.

(g) Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. USTDA capitalizes property and equipment with an acquisition cost greater than $5,000 and useful life exceeding one year. Depreciation is calculated using the straight-line method and is based on an estimated useful life of 10 years for all assets, except computer equipment and software, which is depreciated over 5 years. Leasehold improvements are amortized over the estimated period of occupancy or the life of the improvement, whichever is less. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

(h) Liabilities

Liabilities represent amounts owed by USTDA as the result of transactions or events that have occurred as of fiscal year end. Liabilities covered by budgetary or other resources are those liabilities for which Congress has appropriated funds or funding is otherwise available to pay amounts owed. Liabilities not covered by budgetary or other resources represent amounts owed in excess of available, congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future congressional appropriations or other funding. There is no certainty that Congress will appropriate funds to satisfy such liabilities.

USTDA has no capital leases. Regarding its building lease, the General Services Administration (GSA) entered into a lease agreement for USTDA's rental of building space. USTDA pays GSA a standard-level users' charge for the annual rental. The standard-level users' charge approximates the commercial rental rates for similar properties. Average annual rent expense and related charges are approximately $1.6 million through 2014.

(i) Undelivered Orders

Undelivered orders represent the amount of orders for goods and services outstanding for which funds have been obligated, but the liabilities have not been incurred.

(j) Accrued Leave

Annual leave is accrued as a liability as it is earned. The liability is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates. To the extent that the current or prior year appropriations are not available to fund annual leave earned, but not taken, funding will be obtained from future appropriations. USTDA's handling of annual leave earned, but not taken is compliant with established regulations. Sick leave and other types of non-vested leave are charged to expense as the leave is used.

(k) Cumulative Results of Operations

Cumulative results of operations represent the difference between net property and equipment and unfunded annual leave, plus the net difference between expenses and financing sources since the inception of an activity.

(l) Retirement Plan

USTDA's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7.0 percent of their gross pay to the plan, and USTDA contributes 8.51 percent. The cost of providing a CSRS benefit, which is 32.8 percent as computed by the Office of Personnel Management (OPM), is more than the amounts contributed by USTDA and its employees. In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, USTDA reports the full cost of providing pension benefits to include the cost financed by OPM.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983 are automatically covered by FERS and the Social Security Act. Employees hired prior to January 1, 1984 could elect either to join FERS and the Social Security Act or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which USTDA automatically contributes 1 percent of employees' pay and matches any employee contribution up to an additional 4 percent of basic pay. For most employees hired since December 31, 1983, USTDA also contributes the employer's matching share under the Social Security Act. For the FERS basic benefit, the employees contribute 0.8 percent of their basic pay while USTDA contributes 11.2 percent for a total contribution rate of 12 percent. The cost of providing a FERS benefit, as computed by OPM is 15.1 percent.

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY 2014 amounted to $387,139 which includes $153,524 for pension cost for CSRS and FERS; $232,568 for the Federal Employees Health Benefits (FEHB) Program; and $1,047 for Federal Employees Group Life Insurance (FEGLI). In FY 2013, OPM funded $354,035 to pension, health, and life insurance benefits on behalf of USTDA's employees. These amounts are included in USTDA's FY 2014 and FY 2013 financial statements, respectively.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of CSRS and FERS is not allocated to individual departments and agencies and is therefore not disclosed by USTDA. The reporting of these amounts is the responsibility of OPM. USTDA has properly computed this amount and recorded a liability for it.

USTDA paid approximately $592,645 and $553,963 for retirement system coverage for its employees during FY 2014 and FY 2013, respectively.

(m) Use of Estimates

Management has made certain estimates and assumptions when reporting in these financial statements on assets and liabilities. They are also used in expenses and note disclosures. Actual results could differ from these estimates. Significant estimates underlying the accompanying financial statements include depreciable lives of property and equipment with no residual value, and the grants payable accrual. USTDA used a ratio of the average of accounts payable to unpaid obligations over a five year period and applied the resulting percentage to calculate the current year's estimate of accounts payable.

(2) Fund Balance with Treasury

Fund Balance with Treasury represents USTDA's undisbursed budgetary authority and funds to be returned to Treasury at September 30, 2014 and 2013, as follows:

		2014		2013
Fund balances:				
Appropriated funds	$	99,015,920	$	97,454,171
Miscellaneous receipts		--		35,709
Total	$	99,015,920	$	97,489,880
Status of Fund Balance with Treasury:				
Unobligated balance:				
Available	$	7,717,314	$	4,671,544
Unavailable		2,847,968		4,463,173
Obligated balance not yet disbursed		88,450,638		88,319,454
Non-budgetary		--		35,709
Total	$	99,015,920	$	97,489,880

Unobligated fund balances are either available or not available. Amounts are reported as not available when they are no longer legally available to USTDA for obligation. However, balances that are currently reported as not available can change over time, because they may be used to increase the amount of the initial obligation to cover additional expenditures that relate to these obligations.

(3) Accounts Receivable

Accounts receivable at September 30, 2014 and 2013 consist of the following components:

		2014		2013
Accounts receivable	$	--	$	3,176

FY 2013 accounts receivable represents employee salary compensation to be returned to USTDA; no allowance was necessary as the amount was fully collectable.

(4) General Property and Equipment, Net

General property and equipment and related accumulated depreciation balances at September 30, 2014 and 2013 are as follows:

September 30, 2014

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	537,619	$	346,347	$	191,272
Furniture and Fixtures	10 years		313,773		175,061		138,712
Computer Software	5 years		15,382		8,643		6,739
Other Equipment	10 years		308,333		138,706		169,627
Leasehold Improvements[6]	5 years		113,182		113,182		--
		$	1,288,289	$	781,939	$	506,350

September 30, 2013

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	688,638	$	440,609	$	248,029
Furniture and Fixtures	10 years		284,179		156,966		127,213
Computer Software	5 years		15,382		5,567		9,815
Other Equipment	10 years		296,094		117,838		178,256
Leasehold Improvements[7]	5 years		113,182		113,182		--
		$	1,397,475	$	834,162	$	563,313

Depreciation expense for fiscal years ended September 30, 2014 and 2013 is $136,605 and $141,823, respectively.

During FY 2014 and 2013, USTDA purchased property and equipment in the amount of $81,157 and $267,284, respectively. In addition, during FY 2014 USTDA retired $190,342 in property and equipment with related accumulated depreciation amounting to $188,828 representing a loss on disposals of $1,514. During FY2013, USTDA retired $87,284 in property and equipment with related accumulated depreciation amounting to $69,878, representing a loss on disposals of $17,406.

[6] Leasehold improvements are amortized over the useful life of the improvement or the term of the lease, whichever is shorter.
[7] Leasehold improvements are amortized over the useful life of the improvement or the term of the lease, whichever is shorter.

(5) Liabilities

Total liabilities represent the sum of liabilities not covered by budgetary resources, and those covered by budgetary resources. As of September 30, 2014 and 2013, total liabilities were as follows:

	2014	2013
Intragovernmental liabilities:		
Liabilities not covered by budgetary resources:		
Miscellaneous receipts to return to Treasury	$ --	$ 35,709
Worker's Compensation	11,262	4,103
Liabilities covered by budgetary resources:		
Accounts payable	410,576	767,727
Total intragovernmental liabilities	$ 421,838	$ 807,539
Other liabilities		
Liabilities not covered by budgetary resources:		
Accrued annual leave	$ 468,790	$ 465,541
FECA actuarial liability	73,363	--
Liabilities covered by budgetary resources:		
Accounts payable	7,012,516	5,803,284
Accrued payroll	175,876	176,368
Total other liabilities	7,730,545	6,445,193
Total liabilities	$ 8,152,383	$ 7,252,732

All liabilities other than FECA actuarial liability and the unfunded accrued leave are considered to be current liabilities. Approximately $6 million of the accounts payable balance as of September 30, 2014 relates to grants payments owed but unpaid. This balance was also $6 million as of September 30, 2013.

(6) Intragovernmental Costs and Exchange Revenue

Program costs for the fiscal years ended September 30, 2014 and 2013 consists of the following:

Grants Program**:**	2014	2013
Intragovernmental costs	$ 2,384,032	$ 2,881,398
Public costs	52,008,874	49,104,984
Total grant program costs	54,392,906	51,986,382
Intragovernmental earned revenue	(120,000)	--
Net grant program costs	$ 54,272,906	$ 51,986,382

(7) Apportionment Categories of Obligations Incurred

During the years ended September 30, 2014 and 2013, funds were obligated in the following categories:

	2014	2013
Category A–funds that are obligated for operating expenses	$ 14,043,322	$ 13,764,322
Category B–funds that are obligated for program activities	48,826,832	42,245,978
Total obligations incurred	$ 62,870,154	$ 56,010,300

(8) Unobligated Balances Available – Apportioned

Total available unobligated balance of budget authority at September 30, 2014 and 2013 consist of the following:

	2014	2013
Unrestricted no-year funds	$ 325,959	$ 325,959
Funds transferred from USAID for feasibility studies and related activities in the New Independent States (NIS), and Support for East European Democracy (SEED)	46,667	54,564
Funds transferred from USAID for feasibility studies and related activities in the NIS (Freedom Support Act (FSA) no-year funds)	--	89,773
Total no-year funds	372,626	470,296
Funds transferred from USAID and reapportioned for feasibility studies and related activities in Pakistan (ESF) and regional Eurasia (AEECA)	1,202,723	1,323,370
USTDA core budget two-year appropriations	6,141,965	2,877,878
Total unobligated and available appropriations	$ 7,717,314	$ 4,671,544

(9) Undelivered Orders

At September 30, 2014 and 2013, undelivered orders balances consisted of the following**:**

	2014	2013
Obligated balance at the end of the period	$ 88,450,638	$ 88,319,454
Liabilities covered by budgetary resources	(7,598,968)	(6,747,379)
Undelivered orders	$ $80,851,670	$ 81,572,075

(10) Permanent Indefinite Appropriations

No-year funds at September 30, 2014 and 2013 exist for the following purposes:

	2014	2013
General program activities	$ 325,959	$ 325,959
FSA transfer funds for feasibility studies and activities in the NIS	--	89,773
Support for feasibility studies and activities (NIS and SEED)	46,667	54,564
Total permanent indefinite appropriations	$ 372,626	$ 470,296

(11) Reconciliation of Net Cost to Budget

The following schedule reconciles resources available to USTDA to finance operations and the net cost of operating for fiscal years ended September 30, 2014 and 2013:

	2014	2013
Resources used to finance activities:		
Budgetary resources obligated	$ 62,870,154	$ 56,010,300
Recoveries of prior years obligations	(4,970,494)	(9,759,565)
Transfer of spending authority from offsetting collections and obligations	(4,878,208)	--
Imputed financing for costs absorbed by others	387,139	354,035
Total resources used to finance activities	53,408,591	46,604,770
Resources used to finance items not part of the net cost of operations:		
Change in budgetary resources obligated for goods and services ordered, but not received	(4,037,802)	5,463,583
Resources that finance the acquisition of assets	(81,157)	(267,284)
Change in uncollected customer payments from Federal sources	4,758,208	--
Loss on disposition of assets	1,514	17,406
Total resources used to finance items not part of the net cost of operations	640,763	5,213,705
Costs that do not require resources:		
Depreciation and amortization	136,605	141,823
(Increase)/decrease in accounts receivable	3,176	(3,045)
Costs that require resources in a future period:		
(Decrease)/increase in accrued leave liability	3,249	25,026
(Decrease)/increase in accrued worker's compensation liability	7,159	4,103
Change in FECA actuarial liability	73,363	--
Total costs that do not require resources	223,552	167,907
Net cost of operations	$ 54,272,906	$ 51,986,382

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Intragovernmental Assets

Trading Partner	Partner #		As of September 30, 2014 Accounts Receivable		Fund Balance with Treasury
Department of Treasury	20	$	--	$	99,015,920
Total		$	--	$	99,015,920

Intragovernmental Liabilities

Trading Partner	Partner #		As of September 30, 2014 Accounts Payable		Funds to be Returned to Treasury
Department of Labor	16		11,262		--
Department of State	19		206,273		--
Department of Treasury	20		--		--
General Services Administration	47		10,000		--
National Archives	88		97		--
Office of Personnel Management	24		1,151		--
U.S. Foreign Commercial Services	13		189,100		--
Department of Homeland Security	70		3,955		
Total		$	421,838	$	--

Intragovernmental Expense

Trading Partner	For the Year Ended September 30, 2014 Partner #		Amount
Department of Agriculture	12	$	3,115
Foreign Service Institute	21		7,055
Department of Health and Human Services	75		102,506
Department of Homeland Security	70		21,755
Department of Interior (IBC)	14		634,645
Department of State	19		439,934
General Services Administration	47		1,089,384
Government Printing Office	04		21,582
National Archives	88		1,471
Office of Personnel Management	24		962
U.S. Foreign Commercial Services	13		62,929
U.S. Postal Service	18		(1,306)
Total		$	2,384,032

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Summary of the Financial Statement Audit and Management's Assurances

Table 1: Summary of Financial Statement Audit:

Audit Opinion	**Unmodified**				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2: Summary of Management Assurances:

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	**Unqualified**					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	**Unqualified**					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Financial Management Systems Requirements (FMFIA § 4)						
Statement of Assurance	**Systems conform to financial management system requirements**					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Agency	Auditor
1. System Requirements	No noncompliance noted	No noncompliance noted
2. Account Standards	No noncompliance noted	No noncompliance noted
3. USSGL at Transaction Level	No noncompliance noted	No noncompliance noted

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List of Acronyms and Abbreviations
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ACEF	U.S-Africa Clean Energy Finance
ATDA	Accountability of Tax Dollars Act
AICPA	American Institute of Certified Public Accountants
CSRS	Civil Service Retirement Act
ESF	Economic Support Funds
FAR	Federal Acquisition Regulation
FEHB	Federal Employees' Health Benefits
FEGLI	Federal Employees Group Life Insurance
FERS	Federal Employees Retirement System
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FSA	Freedom Support Act
GSA	General Services Administration
GAAP	Generally Accepted Accounting Principles
GPRA	Government Performance and Results Act of 1993
IBPP	International Business Partnership Program
IDCA	International Development Cooperation Agency
IMF	International Monetary Fund
IPERA	Improper Payments Elimination and Recovery Act
IPIA	Improper Payments Information Act of 2000
IBC	Interior Business Center
NEI	National Export Initiative
NIS	New Independent States
NIST	National Institute of Standards and Technology

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List of Acronyms and Abbreviations
September 30, 2014

OET	Outside Evaluation Team
OMB	Office of Management and Budget
OPIC	Overseas Private Investment Corporation
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
RTM	Reverse Trade Mission
SBA	Small Business Administration
SEED	Support for East European Democracy Act
TCB	Trade Capacity Building
TDP	Trade and Development Program
TYRA	Ten-Year Rolling Average
USAID	U.S. Agency for International Development
USTDA	U.S. Trade and Development Agency
USTR	United States Trade Representative