USTDA

U.S. Trade and Development Agency

Performance and Accountability Report

Fiscal Year 2017

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Director's Message

I am pleased to present the U.S. Trade and Development Agency's Performance and Accountability Report for FY 2017. This report describes the results of the Agency's strong program performance and sound fiscal management. Over the past fiscal year, USTDA has continued building upon its consistent history of connecting U.S. businesses to new export opportunities in emerging markets, while advancing the infrastructure development goals of its partner countries.

USTDA's efforts have produced the highest return on investment for U.S. taxpayers in the history of the Agency: for every dollar programmed, USTDA generates $95 in exports of U.S.-manufactured goods and services. This unprecedented success reflects the mutually-beneficial commercial partnerships USTDA facilitates between U.S. companies and project sponsors in high growth markets around the world.

In FY 2017, USTDA continued to deliver results for its U.S. and overseas partners by pursuing key strategic programs.

Bringing the World to #MadeinAmerica Initiative
USTDA launched the *Bringing the World to #MadeinAmerica Initiative*, which involves hosting over thirty delegations in the United States to introduce them to the manufacture, design and operation of U.S. equipment, technologies and services. The visits are scheduled to align with upcoming procurements in host countries, introducing high quality U.S. equipment and service providers to leading overseas decision-makers. The visits span across 100 American cities and 21 states, and involve delegations from 22 countries.

Global Freight Rail Initiative
USTDA launched the *Global Freight Rail Initiative* to support American exporters of rail equipment and services. Under the Initiative, USTDA is utilizing the full breadth of its proven toolkit to support U.S. rail industry jobs through early stage project preparation assistance to inform how emerging market rail projects will ultimately be designed, financed and implemented. The Initiative also involves reverse trade missions that bring overseas decision-makers to the United States to showcase the technological edge and Made-in-America quality and reliability that America's rail industry is known for around the world.

Powering Africa
In response to increased interest from African project sponsors to engage U.S. companies and utilize innovative U.S. energy solutions, USTDA's Africa portfolio has grown substantially to meet their demand. As an implementing agency of Power Africa, USTDA has supported project preparation activities and reverse trade missions that aim to expand electricity access across the African continent, while generating new U.S. exports. Important to USTDA's efforts is its ability to open doors for small businesses to engage in Africa's growing power market. It is notable that many of the U.S. beneficiaries of the Agency's work in Sub-Saharan Africa were small businesses. USTDA's work helps small U.S. companies to demonstrate their innovative technologies and solutions across the African continent.

Promoting Value-Based Procurement
USTDA's *Global Procurement Initiative: Understanding Best Value* educates public officials in emerging markets on how to establish procurement practices and policies that integrate life-cycle cost analysis and best value determination in a fair, transparent manner. The GPI works to level the playing field for U.S. firms competing in international tenders.

This year, USTDA identified multiple successes as a result of the Global Procurement Initiative. For example, after completing a three-day in-country GPI training for over 90 Colombian officials and a 10-day study tour to the United States for 16 Colombian officials, two municipalities in Colombia have already attributed recent improvements in their procurement policies and practices to the GPI. Through the GPI, USTDA is also supporting its official partner in Colombia, Colombia Compra Eficiente, in its effort to transition procuring entities at the national and local levels away from least-cost procurement to a value-based procurement model, which will ensure Colombia receives the best-value for its investments while creating a level playing field for American companies competing for Colombian public infrastructure projects.

We saw another GPI success this year in Ethiopia. USTDA funded an East Africa Airports Modernization and Security Reverse Trade Mission, and that visit along with several GPI trainings resulted in better airports procurement outcomes for Ethiopian aviation sector entities, as well as over $20 million in new contracts for U.S. firm Honeywell.

In closing, we look forward to continuing to build on the Agency's success supporting American jobs and advancing infrastructure projects overseas through U.S.-manufactured goods, services and solutions. This success would not be possible, however, without the outstanding USTDA staff. USTDA has a lean, experienced and innovative team that works collaboratively to achieve the Agency's mission. Their extraordinary commitment enables USTDA to leverage its resources to produce remarkable results.

/s/ Thomas R. Hardy
Director (Acting)
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).[1] The Agency's mission is to help 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 preparation and partnership building activities that develop sustainable infrastructure and foster economic growth in partner countries.

USTDA carries out its mission through a variety of tools including project preparation activities, such as grants to overseas project sponsors who, in turn, select U.S. companies to perform the USTDA-funded technical assistance, feasibility studies, or pilot projects. USTDA also funds reverse trade missions (RTMs), which bring foreign delegations to the United States to introduce them to the design, manufacture and operation of U.S. goods and services that can advance the infrastructure development goals of partner countries. While USTDA activities can address a wide variety of sectors, the Agency focuses on energy, transportation, and telecommunications.

USTDA funds projects that have a high probability of implementation, generating U.S. exports and achieving positive infrastructure development benefits. The Agency looks for projects that are mutually beneficial for the host country and the U.S. business community, and evaluates the likelihood of exports, the priority of the project to the project sponsor, as well as potential sources of 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 analysis in all USTDA-funded grant activities.

Essential to USTDA's success 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.

Organizational Structure

USTDA maintains a lean organizational 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 Relations 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 Office of Program Monitoring and Evaluation (M&E Office) continuously monitors performance.

[1] The Trade and Development Program, USTDA's predecessor organization, was established by 1981 within the U.S. Agency for International Development. In 1992, USTDA was established as an independent federal agency.

Additionally, the Agency's size and structure allows the Director of the M&E Office 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 Relations and Public Affairs, Finance, Acquisition Management, Information Technology, Administration, and the M&E Office. Additionally, to maximize efficiency, USTDA utilizes shared service providers for support functions wherever possible. This structure allows USTDA to maximize its resources in support of its statutory mission.

Performance Goals, Objectives and Results

Consistent with the Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010, USTDA developed a five-year Annual Strategic Plan for fiscal years 2013 – 2018. The Strategic Plan was amended in FY 2016 and as amended, covers fiscal years 2016 – 2018. The Agency's strategic plan contains the following performance targets:

- Support U.S. exports for priority development projects in emerging economies by generating an average of $74 in U.S. exports for every dollar appropriated to, and programmed by, the Agency.
- The Agency will seek to foster opportunities for U.S. small businesses by exceeding the applicable U.S. Small Business Administration (SBA) benchmark for percentage of applicable contracts under the Federal Acquisition Regulations (FAR) awarded to U.S. small businesses.

As referenced in greater detail below, USTDA exceeded its performance targets in FY 2017.

For the last eight years, USTDA has embarked upon an annual strategic planning process to examine the effectiveness and responsiveness of the Agency's programs and projects to U.S. industry, U.S. foreign policy priorities and emerging market needs. USTDA extensively reviews its past performance by country and sector and examines its export successes and the developmental impacts of its program. Using this information, the Agency is able to determine how successful it has been in carrying out its mission to promote sustainable economic growth in developing and middle-income countries while supporting U.S. exports and creating U.S. jobs.

For FY 2017, USTDA demonstrated its ability to pursue a strategic agenda that balanced infrastructure development priorities with the need to support U.S. exports and jobs. For the last eight fiscal years, USTDA has targeted its program to key strategic markets and priority industry sectors to establish a larger footprint for the Agency in these 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. Specifically, in FY 2017, the Agency targeted 22 priority countries, along with three priority sectors. The results of pursuing a focused strategy once again exceeded the Agency's expectations. Apart from the developmental benefits resulting from

USTDA projects, the Agency's success is quantitatively measured by the "export multiplier," a ratio of exports generated per appropriated USTDA dollar programmed, measured as a ten year rolling average. At the close of FY 2017, the Agency's export multiplier was 95 to 1. The Agency also identified over $4.6 billion in new U.S. exports supporting an estimated 26,557[2] U.S. jobs as a result of USTDA's funding.

95	$4.6B	26,557
Multiplier	New Exports Found in 2017	U.S. Jobs

In FY 2017, USTDA remained closely aligned with the evolving needs of U.S. companies and nimble at responding to the challenges they face in emerging economies. For example, the Agency expended over $25 million (46% over FY 2016) in new USTDA-funded activities in sub-Saharan Africa, where the Agency is helping U.S. companies to build the continent's energy, transportation, and telecommunications infrastructure amid growing global competition. It is notable that many of the U.S. beneficiaries of the Agency's work in sub-Saharan Africa were small businesses. USTDA's work helps small U.S. companies to demonstrate their innovative technologies and solutions across the African continent.

Also in FY 2017, the Agency continued its expansion of the Global Procurement Initiative: Understanding Best Value (GPI), which is helping emerging markets to establish procurement practices and policies that integrate life-cycle cost analysis (LCCA) and best-value determination in a fair, transparent manner. USTDA began work to create a formal LCCA training curriculum that will support a universal training program on LCCA, which will expand the impact and reach of USTDA's GPI programs exponentially. In addition, in FY 2017, the Agency began to see results emerge in some of its partner countries following GPI engagement. For example, after several GPI trainings conducted in partnership with the Government of Ethiopia, USTDA hosted an East Africa Airports Modernization and Security Reverse Trade Mission. That visit, combined with the GPI trainings, resulted in better airports procurement outcomes for Ethiopian aviation sector entities, as well as over $20 million in new contracts for U.S. firm Honeywell. Another GPI success occurred in Colombia, where a USTDA-funded study tour and GPI trainings for procurement officials resulted in two municipalities making improvements to their procurement policies and practices, which they attributed to the GPI.

The Agency also launched new initiatives to enhance the competitiveness of the U.S. freight rail industry in emerging markets and to highlight its work introducing RTM delegates to the design,

[2] Rasmussen, "Jobs Supported by Exports 2016: An Update."
http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_005543.pdf

manufacture and operation of American-made goods and services through the "Bringing the World to #MadeInAmerica" initiative. RTMs are a mainstay of USTDA programming, as they are a critical tool for linking U.S. companies to infrastructure opportunities in emerging markets. To this end, USTDA hosted 27 new RTMs in FY 2017.

USTDA focuses on meeting the stated goals and objectives in its current Strategic Plan. See https://www.ustda.gov/sites/default/files/USTDAStrategicPlan.pdf for a copy of USTDA's current strategic plan.

FY 2017 Strategic Investments	**Overall Success Rates**
(Percent is of total program obligations)	
Priority Countries: $53.8M (76.2%)	**Export Multiplier: 95 to 1**
Energy: $32.4M (45.9%)	**New Exports Identified: $4.6B**
Transportation: $13.8M (19.6%)	**Total Exports since 1992: $61B**
Telecommunications: $9.0M (12.8%)	

One of USTDA's core strengths is its ability to use data to inform its funding decisions. The Agency targeted 22 priority countries, along with three priority sectors, and the results of pursuing a more focused strategy for the past eight years have built a model for success and generated the highest rate of return on USTDA's investments in the history of the Agency. The Agency's export multiplier jumped significantly this year from a ratio of 85 to 1 in FY 2016 to 95 to 1 for FY 2017, which means that for every dollar USTDA invests it generates 95 dollars in U.S. exports. USTDA also identified approximately $4.6 billion in new exports in FY 2017 and in total, has helped generate over $61 billion in U.S. exports since 1992. The numbers show that USTDA is wisely using evidence and solid market research to support its funding decisions and it has paid off.

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

USTDA is committed to creating opportunities for U.S. small businesses, and relies on small businesses for technical expertise. In FY 2017, approximately 53 percent of the total value of all prime contracts awarded by USTDA went to U.S. small businesses, well above the SBA target of 23%.

Additionally, USTDA's Making Global Local initiative — the Agency's signature domestic outreach program, launched in 2012 — engages towns and cities across the United States to connect them with USTDA's export-promotion programs. The goal of Making Global Local is to help businesses expand their exports to emerging markets and create high-paying jobs in their communities. By the end of FY 2017, USTDA had strategic partnerships with more than 70 regional, state and local trade-promotion organizations under the Making Global Local banner.

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 format required by U.S. GAAP and OMB Circular A-136, *Financial Reporting Requirements*.

The following table summarizes the significant changes in USTDA's financial position, net costs of operations, and budgetary resources as of and for the years ended September 30, 2016 and 2017:

Financial Indicator	FY 2017	FY 2016	Increase/ (Decrease)	Percentage Change
Total Assets	$146,966,398	$127,527,097	$19,439,301	15.2%
Total Liabilities	$12,675,897	$10,715,594	$1,960,303	18.3%
Net Position	$134,290,501	$116,811,503	$17,478,998	15.0%
Net Cost of Operations	$60,114,226	$52,382,408	$7,731,818	14.8%
Budgetary Resources	$105,425,526	$88,665,552	$16,759,974	18.9%

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, 2017 reports a net position of approximately $134.3 million. USTDA's total assets are approximately $147.0 million, primarily comprised of fund balance with Treasury of approximately $145.3 million. The total assets increased by approximately $19.4 million from September 30, 2016 to September 30, 2017. The increase was primarily due to an increase in fund balance with Treasury of $19.1 million, due to increased appropriation in FY17 of $15.0 million and an increase in unexpended appropriations.

Total liabilities reported are approximately $12.7 million and are comprised of approximately $11.9 million of accounts payable, of which approximately $9.3 million relates to grant payments owed, but unpaid, as of September 30, 2017. Total liabilities increased by approximately $1.9 million during FY 2017. 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, 2017 amounted to approximately $60.1 million. Net cost of operations increased by approximately $7.7 million in FY 2017, due to an increase in grant program and operation costs as a result of increased appropriated funding.

Statement of Budgetary Resources

The budgetary resources for FY 2017 increased by $16.8 million from FY 2016, due primarily to an increase of $15 million in appropriated funding.

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

Data and Financial System Assessment

USTDA develops and promulgates accounting policies and procedures for use by its staff to maximize accountability; promote standardization and cost effectiveness; monitor Agency compliance with these policies 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 Interior Business Center (IBC) of the U.S. Department of the Interior provides payroll, personnel, and accounting systems and services to the Agency pursuant to service level agreements. The Agency's financial management system strategy is to continue to use a shared service provider. 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 (SSAE) No. 18, *Attestation Standards: Clarification and Recodification*, issued by the American Institute of Certified Public Accountants (AICPA). IBC's independent auditor issued unmodified opinions on the SSAE 18 reports for OFF and FPPS for the period July 1, 2016 through July 31, 2017. Accordingly, IBC was able to provide USTDA with assurance that IBC controls were in place as of July 31, 2017, 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.

Analysis of Entity's Systems, Controls and Legal Compliance

Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) is implemented by OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. 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 FY 2017 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. 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 the 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 Federal Managers' Financial Integrity Act (FMFIA). USTDA conducted its assessment of the effectiveness of internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, July 15, 2016 ("OMB Circular A-123"). Based on the results of this evaluation, USTDA can provide reasonable assurance that its internal control over operations, reporting, and compliance with applicable laws and regulations were operating effectively as of September 30, 2017, and no material weaknesses were found in the design or operation of the internal controls.

In addition, USTDA conducted its assessment of the effectiveness of 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 its internal control over financial reporting as of June 30, 2017 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

/s/ Thomas R. Hardy

Director (Acting)

October 30, 2017

Date

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Accountability of Tax Dollars Act

The Accountability of Tax Dollars Act of 2002 (ATDA) requires the preparation of financial statements by the Federal agencies that were exempted by the Chief Financial Officers Act of 1990. OMB Circular 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 (GPRA) and GPRA Modernization Act

The Government Performance and Results Act of 1993 (GPRA) as amended, including as amended by the GPRA Modernization Act of 2010, requires the Agency to make available, on the Agency's public website, a 5-Year Strategic Plan, an Annual Performance Plan, and an Annual Performance Report. USTDA's 5-Year Strategic Plan for FY 2016 – 2018, as amended, and combined Annual Performance Plan and Annual Performance Report are available on the Agency's website, ustda.gov.

Federal Information Security Modernization Act

The Federal Information Security Modernization Act of 2014 (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 deficiencies in its information security policies, procedures, and practices.

During FY 2017, 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 General Support System (GSS), 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; and (4) maintaining procedures for detecting, reporting, and responding to security incidents. This is accomplished consistent with standards and guidelines issued by the National Institute of Standards and Technology (NIST), including utilizing the NIST Framework for cybersecurity categories of identify, detect, protect, respond, and recover.

USTDA utilizes Federal Risk and Authorization Management Program (FedRAMP) authorized cloud based solutions for email, personal network drives, and USTDA.gov web site hosting. By using FedRAMP authorized providers we benefit from a government-wide standardized approach for information security and FISMA compliance.

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).

In FY 2017, USTDA assessed each of these categories of activities to determine which, if any, were susceptible to significant improper payments. USTDA's Office of Finance has also reviewed every transaction processed during FY 2017. Based on the review of 2017 transactions, 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 transactions for FY 2017, the most recent year for which a review has been completed, 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 financial statements have been prepared from the books and records of the Agency in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used by USTDA management 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.

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 preparation and partnership building activities that develop sustainable infrastructure and foster economic growth in partner countries. USTDA divides its work into five geographic regions that manage the majority of USTDA's program funding commitments: Latin America and the Caribbean; East Asia; Sub-Saharan Africa; Middle East and North Africa and Eurasia; and South and Southeast Asia. In addition, the Global Programs Office manages program funding commitments across the five regions, as well as cross-cutting programs including the GPI.

The following activities, which demonstrate some of the strategic investments the Agency made in FY 2017, facilitated USTDA's overall success in fulfilling its mission and meeting its performance objectives:

The GPI, launched in 2013, is helping public procurement officials establish practices and policies that integrate LCCA and best-value determination in a fair, transparent manner. This initiative helps to level the playing field for U.S. firms that compete against lowest-cost solution providers in international tenders. In FY 2017, the number of public procurement officials trained increased by approximately 150, bringing the total to over 750 officials from the governments of Botswana, Ethiopia, Romania, Vietnam, Mexico, Colombia, Panama, the Philippines and the State of Maharashtra in India. In Ethiopia in particular, USTDA held several GPI trainings and also hosted Ethiopian delegates on an East Africa Airports Modernization and Security Reverse Trade Mission. Together, the trainings and the visit resulted in better airports procurement outcomes for Ethiopian aviation sector entities, as well as over $20 million in new contracts for U.S. firm Honeywell for its integrated security system equipment and navigation and radar systems.

USTDA also saw positive results in its GPI partnership with the Government of Colombia. Following a three-day in-country GPI workshop which trained over 90 Colombian officials and 10-day GPI study tour to the United States for 16 Colombian officials, two municipalities in Colombia have already attributed recent improvements in their procurement policies and practices to the GPI training. Through the GPI, USTDA is also supporting its official GPI partner in Colombia, Colombia Compra Eficiente, in its effort to transition procuring entities at the national and the local level away from least-cost procurement to more value-based procurement, which will create a level playing field for U.S. companies interested in competing for Colombian public infrastructure projects.

To build on these kinds of successes, in FY 2017 USTDA hired a company to custom design a LCCA training curriculum that will be piloted in four countries across four geographic regions. USTDA will dramatically expand the global reach and impact of the GPI by converting the training materials into an on-line LCCA training program that can easily be accessed by USTDA's GPI partners anywhere in the world.

U.S. Trade and Development Agency Performance

In FY 2017, USTDA funded over $25 million in commercially focused projects in sub-Saharan Africa, at the same time as previous-year investments recorded new exports for U.S. firms. It is notable that many of the U.S. beneficiaries of the Agency's work in sub-Saharan Africa were small businesses. USTDA's work helps small U.S. companies to demonstrate their innovative technologies and solutions across the African continent. For example, USTDA helped Rickly Hydrological, a family-run business in Columbus, Ohio, to expand into Tanzania following the completion of a USTDA study that identified the firm's hydropower solutions as suitable to the country's geography. Having caught the attention of local project developers, Rickly is now filling its first order for a complete hydropower plant in Africa, including front-end engineering design work and turbine manufacturing.

USTDA also launched two new initiatives in FY 2017 that will build on the Agency's successes executing RTMs and supporting the U.S. freight rail sector. USTDA's "Bringing the World to #MadeInAmerica" initiative will allow RTM delegates to see the design, manufacture and operation of American-made goods and services provided by companies across the United States. Having already supported over 350 U.S. rail companies, USTDA launched the Global Freight Rail Initiative to bolster the competitiveness of American exporters that are vying to supply U.S.-manufactured rail equipment and services to high-growth emerging markets around the world. With the launch of these two initiatives, USTDA is helping to enhance the competitiveness of U.S. companies facing fierce competition for lucrative export deals in emerging economies.

USTDA's Monitoring Process and Evaluation Measurements and Targets

USTDA maintains a robust M&E Office that is integrated into all individual project, management and policy decisions. Monitoring is a key pillar in the stewardship of federally funded programs. At USTDA, monitoring ensures the efficacy of program delivery, compliance with federal requirements, and continual collection of data to strengthen in-depth evaluation efforts, while simultaneously helping to increase the commercial impact of USTDA's programs. USTDA employs a rigorous, systematic process to ensure compliance through standardized tools such as multi-phase reviews of all final work product for all grant activities. USTDA may also undertake programmatic or financial audits of selected activities. In cases where non-compliance is identified, the Agency works to bring those cases into compliance or takes appropriate action when funding recipients cannot meet compliance requirements.

The M&E 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 when projects are being designed; 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 effectiveness of its programming in achieving its U.S. export promotion 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.

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.

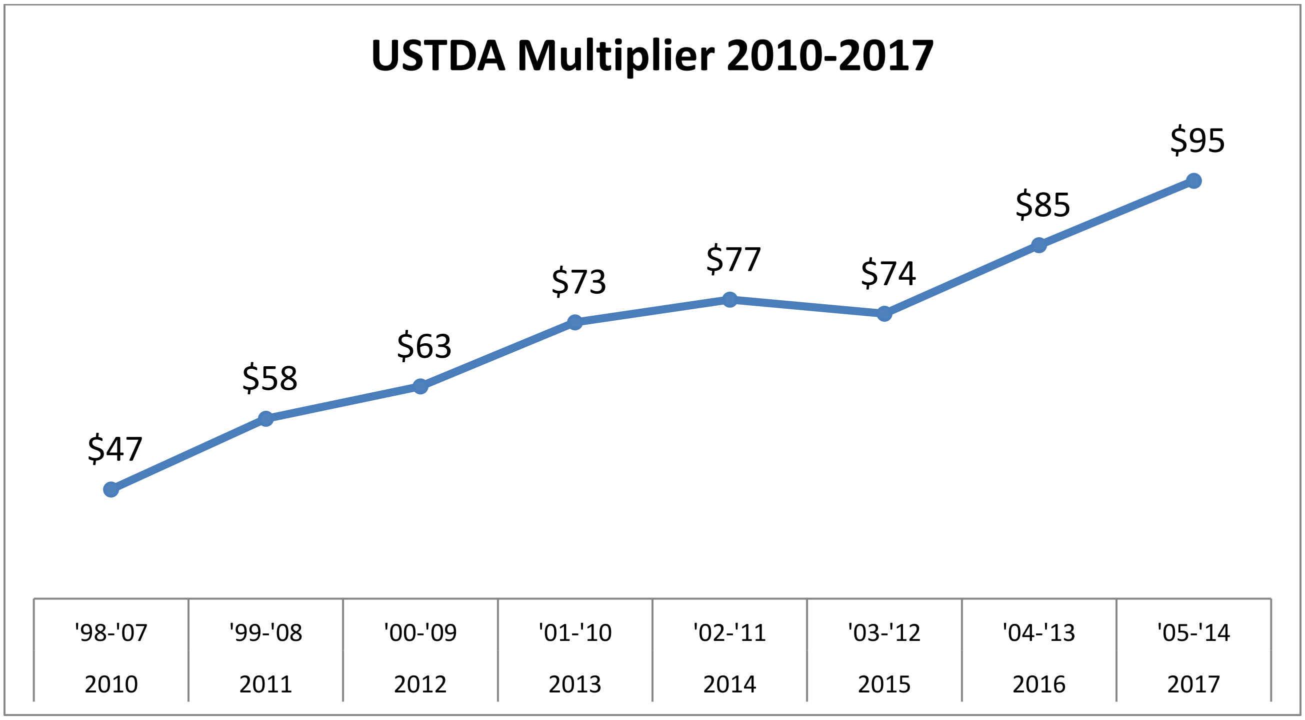
- Export Multiplier: quantifies the amount of exports generated for every appropriated USTDA dollar programmed and thus is the export return on USTDA investments. At the close of FY 2017, USTDA had generated $95 in U.S. exports for every $1 in program funding. The multiplier is calculated using the Ten Year Rolling Average (TYRA). For FY 2017, the TYRA is comprised of projects completed from January 1, 2005 through December 31, 2014. 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 1992, USTDA's programs have helped generate more than $61 billion in U.S. exports. In FY 2017, USTDA identified an additional $4.6 billion of U.S. exports attributed to USTDA-supported projects.

Export Multiplier Calculation
The export multiplier quantifies the amount of exports generated for every appropriated USTDA dollar programmed. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA's program funding commitments. For the current TYRA period, which contains projects completed from January 1, 2005 through December 31, 2014, USTDA has obligated $329.9 million of program funding to support foreign projects, which has helped to generate $31.46 billion in U.S. exports. Thus, for every $1 dollar of USTDA program funding, $95 in U.S. exports are generated. This return on investment demonstrates the Agency's ability to promote the U.S. business community and exports of U.S. goods or services that can meet the needs of developing and middle-income countries.

U.S. Trade and Development Agency
Performance

Export Multiplier:	***$31.46 billion*** / ***$329.9 million***	=	***$95***



Other Measurements

Small Business Impact
The SBA set a benchmark for Federal agencies to meet the statutory goal of awarding 23 percent of federal prime contracting dollars to small businesses.[3] USTDA has far surpassed that mark for more than 11 years—in FY 2017, approximately 53 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.

[3] U.S. Small Business Administration, Strategic Plan Fiscal Years 2014–2018 https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_2014_-2018_Strategic_Plan-1.pdf, p. 6.

U.S. Trade and Development Agency Performance

Procedures to Ensure Performance Measurement Reporting

Multiple factors lead to USTDA's results. USTDA's M&E Office strives to obtain information that validates whether and how USTDA's funding affected the outcomes identified. The M&E Office utilizes proven evaluation methods, in line with industry best practice, to measure outputs, outcomes and impacts against original project goals. These methods are grounded in broader evaluation practice to objectively, systematically, and consistently assess the impact of USTDA's programming.

The information collected by the M&E Office supports organizational learning within USTDA and assists the Agency in documenting the relationship between its activities and project outcomes. Performance and results data is shared consistently with internal and external audiences to provide transparency on the Agency's impact and support continual performance improvement. Evidence gathered by the M&E Office forms the basis of annual strategic planning efforts, and is used throughout the year to inform program funding and program management decisions. 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 (i) the U.S. content associated with goods manufactured in the United States or (ii) the services provided by U.S. companies.[4] This definition enables USTDA to make the best estimation of its impact on U.S. jobs based on the U.S. exports 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 in the ten-year period from January 1, 2005 through December 31, 2014. Because USTDA finances early-stage project preparation activities, it typically takes years for the Agency's activities to produce U.S. exports. 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 (2014) is recent enough to influence Agency planning and long enough to ensure that 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 U.S. Agency for International Development (USAID) and the Department of State (DOS). Transfer funds often carry restrictions with respect to the use of the

[4] 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.

funding (e.g., country limitations, industry priorities, or specific activities). Accordingly, the evaluation process takes into account the type of funding used to support each project in order to appropriately reflect the specific goals, objectives, and restrictions of each activity. Transfer-funded projects receive thorough evaluation throughout the life-cycle of the project; however, due to the differing objectives and restrictions associated with transfer-funded projects, they are treated separately from core-funded projects and omitted from calculations of aggregate results, in accordance with OMB guidance.

External Evaluation and Validation: USTDA uses external contractors - outside evaluation teams (OETs) - to evaluate approximately 400 USTDA projects annually. OETs provide an assessment of project outcomes, in terms of both exports and developmental impact. OETs provide these assessments in individual project reports that present details about such matters as:

- the specific U.S. companies that exported to the project;
- the specific U.S. goods and services supplied to the project;
- how the USTDA-funded work contributed to implementation of the project;
- the source of financing that was used for the project; and
- if the project did not move forward, an assessment of why it did not.

Each report contains information about the entities that were contacted during the evaluation. In addition to these reports on individual projects, the OETs provide a comprehensive final report that summarizes the findings associated with the cohort of approximately 400 projects. After several annual assessments by the OETs, any remaining questions are handled directly by USTDA's M&E Office. USTDA is currently using two separate companies to provide outside evaluations.

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, 2017 and 2016, 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.

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, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 17-03 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 risks 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 USTDA as of September 30, 2017 and 2016, 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, excluding information in referenced websites, 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 section, Other Information section, and information in referenced websites, included in 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 as of and for the year ended September 30, 2017, we considered USTDA's internal control over financial reporting (internal control) 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.

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. 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 disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 17-03.

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.

(signed) KPMG LLP

Washington DC
November 8, 2017

U.S. TRADE AND DEVELOPMENT AGENCY

Balance Sheets

As of September 30, 2017 and 2016

		2017		2016
Assets				
Intragovernmental:				
Fund balance with Treasury (Note 2)	$	145,273,475	$	126,158,113
Accounts receivable (Note 3)		1,019,077		617,695
Total intragovernmental		146,292,552		126,775,808
Accounts receivable (Note 3)		—		24,713
General property and equipment, net (Note 4)		673,846		726,576
Total assets	$	146,966,398	$	127,527,097
Liabilities and Net Position				
Liabilities				
Intragovernmental:				
Accounts payable (Note 5)	$	287,240	$	274,466
Other liabilities (Note 5)		1,800		—
Total intragovernmental		289,040		274,466
Accounts payable (Note 5)		11,562,742		9,605,799
Other liabilities (Note 5)		824,115		835,329
Total liabilities		12,675,897		10,715,594
Net position:				
Unexpended appropriations		134,146,994		116,595,652
Cumulative results of operations		143,507		215,851
Total net position		134,290,501		116,811,503
Total liabilities and net position	$	146,966,398	$	127,527,097

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, 2017 and 2016

		2017		2016
Cost of Operations:				
Grants program costs	$	62,506,065	$	54,394,802
Less earned revenue		(2,391,839)		(2,012,394)
Net cost of operations (Notes 6 and 11)	$	60,114,226	$	52,382,408

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, 2017 and 2016

		2017		2016
Cumulative Results of Operations:				
Beginning balance	$	215,851	$	(128,159)
Budgetary financing sources:				
Appropriations used		59,776,077		52,384,223
Other financing sources:				
Imputed financing		265,805		342,195
Total financing sources		60,041,882		52,726,418
Net cost of operations		(60,114,226)		(52,382,408)
Net change		(72,344)		344,010
Total cumulative results of operations		143,507		215,851
Unexpended Appropriations:				
Beginning balance		116,595,652		97,939,604
Budgetary financing sources:				
Appropriations received		75,000,000		60,000,000
Appropriations transferred in		6,000,000		12,000,000
Other adjustments (rescissions and cancellation of expired funds)		(3,672,581)		(959,729)
Appropriations used		(59,776,077)		(52,384,223)
Total budgetary financing sources		17,551,342		18,656,048
Total unexpended appropriations		134,146,994		116,595,652
Net position	$	134,290,501	$	116,811,503

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, 2017 and 2016

	2017	2016
Budgetary Resources:		
Unobligated balance brought forward, October 1	$ 14,041,513	$ 9,392,501
Recoveries of prior year unpaid obligations	9,827,190	6,593,974
Other changes in unobligated balance		
Appropriations transferred in	6,000,000	12,000,000
Rescissions and cancellations of expired funds	(3,672,581)	(959,729)
Unobligated balance from prior year budget authority, net	26,196,122	27,026,746
Appropriations (discretionary and mandatory)	75,000,000	60,000,000
Spending authority from offsetting collections (discretionary and mandatory)	4,229,404	1,638,806
Total budgetary resources	$ 105,425,526	$ 88,665,552
Status of Budgetary Resources:		
Obligations incurred (Note 7)	$ 91,094,799	$ 74,624,039
Unobligated balance, end of year:		
Apportioned (Notes 2 and 8)	8,995,900	10,643,893
Unapportioned (Note 2)	5,334,827	3,397,620
Total unobligated balance, end of year	14,330,727	14,041,513
Total budgetary resources	$ 105,425,526	$ 88,665,552
Change in Obligated Balance:		
Unpaid obligations, brought forward, October 1 (gross)	$ 115,496,789	$ 99,992,231
Obligations incurred	91,094,799	74,624,039
Outlays (gross)	(60,202,514)	(52,525,507)
Recoveries of prior year unpaid obligations	(9,827,190)	(6,593,974)
Obligated balance, end of year		
Unpaid obligations, end of year (gross)	136,561,884	115,496,789
Uncollected payments:		
Uncollected customer payments from Federal sources, brought forward October 1	(3,380,189)	(3,363,017)
Change in uncollected customer payments from Federal sources, end of year	(2,238,947)	(17,172)
Uncollected customer payments from Federal sources, end of year	(5,619,136)	(3,380,189)
Obligated balance, end of year (net) (Note 2 and 9)	$ 130,942,748	$ 112,116,600
Budget Authority and Outlays, Net		
Budget authority, gross (discretionary and mandatory)	$ 79,229,404	$ 61,638,806
Actual offsetting collections (discretionary and mandatory)	(1,990,457)	(1,621,634)
Change in uncollected customer payments from Federal sources	(2,238,947)	(17,172)
Budget authority, net (discretionary and mandatory)	$ 75,000,000	$ 60,000,000
Outlays, gross (discretionary and mandatory)	$ 60,202,514	$ 52,525,507
Actual offsetting collections (discretionary and mandatory)	(1,990,457)	(1,621,634)
Outlays, net (discretionary and mandatory)	58,212,057	50,903,873
Agency outlays, net (discretionary and mandatory)	$ 58,212,057	$ 50,903,873

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 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 preparation and partnership building activities that develop sustainable infrastructure and foster 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. These financial statements include all activity related to USTDA's appropriation and 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 Sheets, Statements of Net Cost, and Statements 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 Statements of Budgetary Resources are 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 2016 and FY 2017, USTDA received appropriations to be used for program and administrative expenses, which are available for obligation through September 30, 2017 and 2018, respectively. These funds were appropriated in accordance with Title VI of the Department of State Foreign Operations, and Related Programs Appropriations Act, 2016 and Title VI of the Consolidated Appropriations Act, 2017. 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 2016, USTDA re-apportioned approximately $0.6 million of FY 2011 de-obligations, $1.4 million of FY 2012 de-obligations, and $1.1 million of FY 2013 de-obligations. In FY 2017, USTDA re-apportioned approximately $0.9 million of FY 2012 de-obligations, $0.4 million of FY 2013 de-obligations, and $2.4 million of FY 2014 de-obligations.

Under Section 632(b) of the Foreign Assistance Act of 1961, as amended, (22 U.S.C. § 2392(b)) (the "FAA"), the Department of State ("DOS") entered into a series of interagency agreements with USTDA, in support of "Aligning Public Finance to Leverage Private Capital Investment: U.S.-Africa Clean Energy Finance Initiative (US-ACEF)," to increase access to clean energy for African countries by stimulating increased investments in clean energy generating capacity and related infrastructure. The interagency agreement signed in 2015 provided for $2.5 million from DOS to USTDA in FY 2016. As of September 30, 2016, $1.4 million had been obligated and $0.02 million disbursed by USTDA and invoiced to DOS. In FY 2017, the remaining $1.1 million was obligated and $0.7 million was disbursed. The interagency agreement signed in FY 2017, provides for $7.5 million from DOS to USTDA. As of September 30, 2017, $2.6 million has been obligated and $0.2 million disbursed by USTDA and invoiced to DOS.

Under Section 632(a) of the FAA and the Consolidated and Further Continuing Appropriations Act, 2015, the U.S. Agency for International Development (USAID) has entered into an agreement with USTDA, "Memorandum of Agreement Between the United States Agency for International Development and the United States Trade and Development Agency to Transfer Funds for the Clean Energy Finance Facility for the Caribbean and Central America", to support project preparation costs involved in the development and finance of projects in support of the Clean Energy Finance Facility for the Caribbean and Central America ("CEFF-CCA") program in the Caribbean and Central America. In FY 2016, USTDA received $4.0 million from USAID under this authority. These funds were obligated as of September 30, 2016. USTDA did not received any additional funding for CEFF-CCA in FY 2017.

Under Section 632(a) of the FAA and the Consolidated Appropriations Act, 2010 (P.L. 111-117, Division F), as carried forward by the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10, Division B), USAID and USTDA entered into an agreement in FY 2016 under which USAID transferred $8.0 million to USTDA for project preparation assistance to advance cleaner energy projects in Africa. USTDA fully obligated these funds as of September 30, 2016. Under Section 632(a) of the FAA and the Consolidated Appropriations Act, 2016 (P.L. 114-113, Division K), USAID and USTDA entered into an agreement in FY 2017, under which USAID transferred $6.0 million to USTDA for project preparation assistance to advance cleaner energy projects in Africa. As of September 30, 2017, these funds were fully obligated.

Under Section 632(b) of the FAA, USAID and USTDA entered into a "Participating Agency Program Agreement" that provides $2.8 million to USTDA to establish a four-year program for personnel to support the Power Africa Roadmap. As of September 30, 2016, $0.2 million had been obligated and $0.04 million disbursed by USTDA and invoiced to USAID. As of September 30, 2017, an additional $0.6 million had been obligated and $0.6 million disbursed by USTDA and invoiced to USAID under this agreement.

(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) Accounts Receivable

USTDA regards amounts due from other Federal agencies as 100 percent collectible.

Federal accounts receivable consist of amounts due from DOS for its reimbursable program. Consistent with accounting standards, USTDA records an accounts receivable from DOS in the same amount as the accounts payable to contractors for services provided under the interagency agreement.

(h) 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.

(i) 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. For FY 2016 and FY 2017, USTDA paid approximately $1.7 million in rent expense, each year.

(j) 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.

(k) 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 accounting for 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.

(l) 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.

(m) 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 Office of Personnel Management (OPM) has calculated that the cost of providing a CSRS benefit is 32.8 percent of an employee's basic pay. This exceeds the amounts contributed to the plan 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 employees in the CSRS.

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. Public Law 112-96, Section 5001, the Middle-Class Tax Relief and Job Creation Act of 2012, divided FERS participants into two categories, FERS employees and FERS-Revised Annuity Employees (FERS-RAE). Employees hired on or after January 1, 2013, with some exceptions, are required to contribute 2.3% more to FERS than FERS employees hired prior to January 1, 2013. Section 401 of the Bipartisan Budget Act of 2013, made another change to FERS: beginning January 1, 2014, new employees (as designated in the statute) pay higher employee contributions, an increase of 1.3 percent of salary above the percentage set for FERS-Revised Annuity Employees. Section 8401 of Title 5, United States Codes, was amended to add a new definition of a FERS-FRAE employee.

The following chart highlights contribution rates for FERS employees:

FERS Retirement System	Agency Contribution Rate	Employee Contribution Rate
FERS – Regular	13.7%	0.8%
FERS – RAE	11.9%	3.1%
FERS – FRAE	11.9%	4.4%

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY17 amounted to $265,805 which includes $12,745 for pension costs for CSRS and FERS; $252,750 for the Federal Employees Health Benefits (FEHB) program; and $310 for Federal Employees Group Life Insurance (FEGLI). In FY 2016, OPM funded $342,195 for pension, health, and life insurance benefits on behalf of USTDA's employees. These amounts are included in USTDA's FY 2017 and FY 2016 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 paid approximately $759,011 and $731,046 for retirement system coverage for its employees during FY 2017 and FY 2016, respectively.

(n) Use of Estimates

Management has made certain estimates and assumptions when reporting in these financial statements on assets and liabilities. Management's estimates and assumptions 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 three-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, 2017 and 2016, as follows:

		2017		2016
Fund balances:				
Appropriated funds	$	145,273,475	$	126,158,113
Total	$	145,273,475	$	126,158,113
Status of Fund Balance with Treasury:				
Unobligated balance:				
Available	$	8,995,900	$	10,643,893
Unavailable		5,334,827		3,397,620
Obligated balance not yet disbursed		130,942,748		112,116,600
Total	$	145,273,475	$	126,158,113

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, 2017 and 2016 consist of the following components:

		2017		2016
Accounts receivable -- Intragovernmental:				
U.S. Department of State	$	1,019,077	$	617,695
Accounts receivable -- Public		—		24,713
Total	$	1,019,077	$	642,408

The accounts receivable from the Department of State related to services provided by the Agency under the US-ACEF agreements. USTDA established an accounts receivable from the public in FY 2016 in the amount of $24,713, representing funds owed to USTDA from one contractor which were assessed as collectable and was collected in FY 2017. There were no new amounts owed from the public in FY 2017.

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Notes to Financial Statements
September 30, 2017 and 2016

(4) General Property and Equipment, Net

General property and equipment and related accumulated depreciation balances at September 30, 2017 and 2016 are as follows:

September 30, 2017

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	708,409	$	398,851	$	309,558
Furniture and Fixtures	10 years		348,356		223,358		124,998
Computer Software	5 years		107,856		36,459		71,397
Other Equipment	10 years		372,568		204,675		167,893
Leasehold Improvements	5 years		113,182		113,182		—
		$	1,650,371	$	976,525	$	673,846

September 30, 2016

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	864,220	$	501,028	$	363,192
Furniture and Fixtures	10 years		344,980		203,821		141,159
Computer Software	5 years		58,125		21,371		36,754
Other Equipment	10 years		376,511		191,040		185,471
Leasehold Improvements	5 years		113,182		113,182		—
		$	1,757,018	$	1,030,442	$	726,576

Depreciation expense for fiscal years ended September 30, 2017 and 2016 is $180,774 and $145,213, respectively.

During FY 2017 and 2016, USTDA purchased property and equipment in the amount of $150,608 and $449,977, respectively. In addition, during FY 2017, USTDA retired $254,900 in property and equipment with related accumulated depreciation amounting to $234,690, representing a loss on disposals of $20,210. During FY 2016, USTDA retired $12,497 in property and equipment with related accumulated depreciation amounting to $10,270, representing a loss on disposals of $2,227.

(5) Liabilities

Total liabilities represent the sum of liabilities not covered by budgetary resources and those covered by budgetary resources. As of September 30, 2017, and 2016, total liabilities were as follows:

		2017		2016
Intragovernmental liabilities:				
Liabilities not covered by budgetary resources:				
Unemployment Compensation	$	1,800	$	—
Liabilities covered by budgetary resources:				
Accounts payable		287,240		274,466
Total intragovernmental liabilities	$	289,040	$	274,466
Other liabilities:				
Liabilities not covered by budgetary resources:				
Accrued annual leave	$	491,629	$	497,575
FECA actuarial liability		36,909		37,863
Liabilities covered by budgetary resources:				
Accounts payable		11,562,742		9,605,799
Accrued payroll		295,577		299,891
Total other liabilities		12,386,857		10,441,128
Total liabilities	$	12,675,897	$	10,715,594

All liabilities other than the FECA actuarial liability and the unfunded accrued leave are considered to be current liabilities. Approximately $9.3 million of the accounts payable balance as of September 30, 2017 relates to grants payments owed but unpaid. This balance was approximately $6.9 million as of September 30, 2016.

(6) Intragovernmental Costs and Exchange Revenue

Program costs for the fiscal years ended September 30, 2017 and 2016 consist of the following:

Grants Program**:**		2017		2016
Intragovernmental costs	$	3,164,280	$	2,884,212
Public costs		59,341,785		51,510,590
Total grant program costs		62,506,065		54,394,802
Intragovernmental earned revenue		(2,391,839)		(2,012,394)
Net grant program costs	$	60,114,226	$	52,382,408

(7) Apportionment Categories of Obligations Incurred

During the years ended September 30, 2017 and 2016, funds were obligated in the following categories:

	2017	2016
Category A–funds that are obligated for operating expenses	$ 20,586,435	$ 15,793,187
Category B–funds that are obligated for program expenses	70,508,364	58,830,852
Total obligations incurred	$ 91,094,799	$ 74,624,039

(8) Unobligated Balances Available – Apportioned

Total available unobligated balance of budget authority at September 30, 2017 and 2016 consists of the following:

	2017	2016
Unrestricted no-year funds	$ 475,959	$ 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	46,667
Total no-year funds (Note 10)	522,626	372,626
Funds transferred from USAID and reapportioned for feasibility studies and related activities in Pakistan (ESF) and regional Eurasia (AEECA)	—	1,058,182
USTDA core budget two-year appropriations	8,473,274	9,213,085
Total unobligated and available appropriations	$ 8,995,900	$ 10,643,893

(9) Undelivered Orders

At September 30, 2017 and 2016, undelivered orders balances consisted of the following**:**

	2017	2016
Obligated balance at the end of the period (net)	$ 130,942,748	$ 112,116,600
Liabilities covered by budgetary resources	(12,145,559)	(10,180,156)
Undelivered orders	$ 118,797,189	$ 101,936,444

(10) Permanent Indefinite Appropriations

No-year funds at September 30, 2017 and 2016 exist for the following purposes:

		2017		2016
General program activities	$	475,959	$	325,959
Support for feasibility studies and activities (NIS and SEED)		46,667		46,667
Total permanent indefinite appropriations	$	522,626	$	372,626

(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, 2017 and 2016:

	2017	2016
Resources used to finance activities:		
Budgetary resources obligated	$ 91,094,799	$ 74,624,039
Recoveries of prior year obligations	(9,827,190)	(6,593,974)
Transfer of spending authority from offsetting collections and obligations	(4,229,404)	(1,638,806)
Imputed financing for costs absorbed by others	265,805	342,195
Total resources used to finance activities	77,304,010	66,733,454
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	(19,099,692)	(13,633,449)
Resources that finance the acquisition of assets	(148,254)	(449,977)
Change in uncollected customer payments from Federal sources	2,238,947	17,172
Loss on disposition of assets	20,210	2,227
Total resources used to finance items not part of the net cost of operations	(16,988,789)	(14,064,027)
Costs that do not require resources:		
Depreciation	180,774	145,213
(Increase)/decrease in accounts receivable	(376,669)	(390,760)
Costs that require resources in a future period:		
(Decrease)/increase in accrued leave liability	(5,946)	(16,665)
(Decrease)/increase in accrued worker’s compensation liability	—	(7,159)
(Decrease)/increase in unemployment compensation liability	1,800	(19,557)
Change in FECA actuarial liability	(954)	1,909
Total costs that do not require resources	(200,995)	(287,019)
Net cost of operations	$ 60,114,226	$ 52,382,408

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Other Information
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Intragovernmental Assets

Trading Partner	Partner #		As of September 30, 2017 Accounts Receivable		Fund Balance with Treasury
Department of Treasury	20	$	—	$	145,273,475
Department of State	19		1,019,077		—
Total		$	1,019,077	$	145,273,475

Intragovernmental Liabilities

Trading Partner	Partner #		As of September 30, 2017 Accounts Payable
Government Publishing Office	04	$	300
Department of State	19		163,908
National Archives and Records Administration	88		99
Office of Personnel Management	24		1,730
U.S. Foreign Commercial Services	13		101,595
Foreign Service Institute	21		300
Department of Homeland Security	70		19,308
Total		$	287,240

Intragovernmental Expense

Trading Partner	Partner #		For the Year Ended September 30, 2017 Amount
Department of Agriculture	12	$	3,209
Foreign Service Institute	21		2,100
Department of Homeland Security	70		38,177
Department of Interior (IBC)	14		716,647
Department of State	19		365,388
General Services Administration	47		1,668,212
Government Publishing Office	04		17,118
National Archives and Records Administration	88		1,194
Office of Personnel Management	24		3,459
U.S. Foreign Commercial Services	13		346,005
U.S. Department of Labor	16		3,402
U.S. Postal Service	18		(631)
Total		$	3,164,280

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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

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List of Acronyms and Abbreviations
September 30, 2017

ATDA	Accountability of Tax Dollars Act of 2002
AICPA	American Institute of Certified Public Accountants
CEFF-CCA	Clean Energy Finance Facility for the Caribbean and Central America
CSRS	Civil Service Retirement System
DOS	Department of State
ESF	Economic Support Funds
FAA	Foreign Assistance Act of 1961
FAR	Federal Acquisition Regulations
FECA	Federal Employees’ Compensation Act
FEHB	Federal Employees Health Benefits
FEGLI	Federal Employees Group Life Insurance
FERS	Federal Employees Retirement System
FERS-RAE	FERS-Revised Annuity Employees
FISMA	Federal Information Security Modernization Act of 2014
FMFIA	Federal Managers’ Financial Integrity Act of 1982
FPPS	Federal Personnel and Payroll System
FedRAMP	Federal Risk and Authorization Management Program
FY	Fiscal Year
GSA	General Services Administration
GSS	General Support System
GAAP	Generally Accepted Accounting Principles
GPI	Global Procurement Initiative: Understanding Best Value
GPRA	Government Performance and Results Act of 1993
IBC	Interior Business Center
IDCA	International Development Cooperation Agency
IPERA	Improper Payments Elimination and Recovery Act of 2010

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List of Acronyms and Abbreviations
September 30, 2017

IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
LCCA	Life-Cycle Cost Analysis
M&E Office	Office of Program Monitoring and Evaluation
NIS	New Independent States
NIST	National Institute of Standards and Technology
OETs	Outside Evaluation Teams
OFF	Oracle Federal Financials
OMB	Office of Management and Budget
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
SFFAS	Statement of Federal Financial Accounting Standard
SSAE	Statements on Standards for Attestation Engagements
TDP	Trade and Development Program
TYRA	Ten Year Rolling Average
US-ACEF	U.S.-Africa Clean Energy Finance Initiative
USAID	U.S. Agency for International Development
USTDA	U.S. Trade and Development Agency