



# USTDA

U.S. Trade and Development Agency

## Performance and Accountability Report

Fiscal Year 2015

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**U.S. Trade and Development Agency**  
**FY 2015 Performance and Accountability Report**  
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## U . S . T R A D E   A N D   D E V E L O P M E N T   A G E N C Y

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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 2015. This Report sets out the results of the Agency's strong program performance and sound financial management over the last year. During the past fiscal year, USTDA built upon its impressive history of linking U.S. businesses to global infrastructure opportunities.

USTDA continued to foster mutually beneficial partnerships between the U.S. private sector and overseas project sponsors at critical points in the project development process. The Agency 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. In FY 2015, USTDA delivered results for its U.S. and overseas partners by continuing to provide them with the access, opportunity and support necessary to achieve their strategic objectives.

### *Access*

The Agency provided its overseas partners with access to cutting-edge U.S. solutions to help them meet their infrastructure development needs. For example, emerging markets are significantly increasing their investments in renewable energy as well as in solutions that can help them mitigate the effects of global climate change. U.S. companies lead the world in the innovative and disruptive technologies these countries are seeking. To introduce these solutions in markets around the world, USTDA committed over half of its energy investments to developing renewable power this fiscal year. The Agency also identified the outcomes of its past efforts, including over \$40 million in U.S. exports as a result of a series of reverse trade missions that introduced Chinese energy officials to U.S. solutions for sustainable cities, smarter grids, and carbon capture utilization and storage.

### *Opportunity*

USTDA offered its U.S. and overseas partners the opportunity to work together on large-scale infrastructure projects that foster sustainable economic growth abroad and job creation here at home. By sponsoring activities that take place during the critical early stages of project planning when technology designs, options and requirements are being defined, the Agency ensures that U.S. goods, services and technologies are best positioned to play an active role in future

development. Whether USTDA's partners are building a solar power plant, an airport terminal or a data center, significant planning at the project's early stages is needed in order to ensure success. As a result of USTDA's long track record of generating concrete results at home and abroad, the Agency has been called upon to help lead the U.S. government's project planning efforts for Power Africa, an initiative launched by President Obama to increase electricity access across the continent. USTDA is working with its 12 interagency partners to leverage U.S. expertise and to catalyze private investment for priority Power Africa projects.

### *Support*

The Agency supported U.S. companies competing in international tenders through 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 leads to smarter, longer-term investments with better development outcomes and overall savings to governments in emerging markets. Moreover, the GPI helps level the playing field for U.S. firms competing in international tenders.

USTDA also supports small and medium-sized businesses across the United States through its *Making Global Local* program, which is designed to increase the number of U.S. businesses that benefit from the Agency's export promotion programs. Through *Making Global Local*, USTDA has formed strategic partnerships with nearly 50 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 in order to connect more U.S. businesses with foreign buyers.

### *Return on Investment*

Collectively, the Agency's efforts produce a significant return on investment for U.S. taxpayers: USTDA's programs generate \$74 of U.S. exports for every dollar programmed. Further, the nearly \$11.9 billion in new exports identified in FY 2015 bring USTDA's total exports generated to date to over \$53 billion.<sup>1</sup>

This ongoing success is the result of the Agency's targeted, evidence-driven approach to allocating its resources to activities with the highest likelihood of success. 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 where U.S. industry expertise can meet the development goals of its partner countries.

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<sup>1</sup> 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 who, according to the Office of Personnel Management's 2015 Federal Employee Viewpoint Survey, remain among the most engaged in the federal government. USTDA is fortunate to have a knowledgeable, innovative team that works collaboratively and effectively to achieve the Agency's mission. Their tireless work and extraordinary commitment enables USTDA to leverage our resources to achieve impressive results.

/s/ Leocadia I. Zak  
Director  
U.S. Trade and Development Agency

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

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## **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)<sup>2</sup>. 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 address 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 analysis 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 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 internal Program Evaluations Office (Evaluation Office) continuously monitors past performance. Additionally, the Agency's size and structure allows the Director of the Evaluation Office to

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<sup>2</sup> 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.

## **U.S. Trade and Development Agency Management’s Discussion and Analysis**

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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, Grant Administration, Information Technology, Administration, and by the Evaluation Office. Additionally, USTDA utilizes shared service providers 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, 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 stakeholders. In FY 2015, USTDA continued to pursue a targeted approach to delivering assistance. In FY 2015, USTDA targeted 20 priority countries (out of 131 countries eligible for USTDA assistance), along with three priority sectors and one additional sector of special consideration. The goal of this strategy, which had also proven effective in FY 2014, was to target key strategic markets and industry sectors, both to establish a larger footprint for the Agency in these markets and to maximize the benefits of USTDA’s program for U.S. companies and the developing and middle-income countries in which the Agency operates. 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 the “export multiplier,” a ratio of exports generated per dollar programmed, measured as a ten year rolling average. At the close of FY 2015, the Agency’s export multiplier was 74 to 1. Furthermore in FY 2015, the Agency identified \$11.8 billion in new U.S. exports supporting 68,392<sup>3</sup> new U.S. jobs as a result of USTDA’s funding.

FY 2015 proved to be an impressive year for USTDA. Amid ever-growing demand for the Agency’s assistance, USTDA pursued a strategic agenda that reflected the Administration’s foreign policy and development priorities and supported U.S. exports and jobs. In FY 2015, USTDA produced outstanding results in terms of maintaining its export multiplier, identifying new project successes, hosting 35 new RTMs, and demonstrating its ability to innovate, by

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<sup>3</sup> Johnson and Rasmussen, “Jobs Supported by Exports 2014: An Update.”

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

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developing and quickly expanding the reach of new programs such as the *Global Procurement Initiative: Understanding Best Value (GPI)*. GPI provides training for procurement officials in developing countries on life-cycle cost analysis and best-value determination, helping those officials make procurement decisions that take into account all relevant costs of goods and services over their entire life-cycle—leading to smarter, longer-term investments for those governments and leveling the playing field for U.S. firms in those countries.

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.

<u>FY 2015 Strategic Investments</u> (Percent is of total program obligations)	<u>Overall Success Rates</u>
<b>Priority Countries: \$42.8M (84%)</b>	<b>Export Multiplier: 74 to 1</b>
<b>Energy: \$27.4M (54%)</b>	<b>New Exports Identified: \$11.8B</b>
<b>Transportation: \$12.2M (24%)</b>	<b>Total Exports to Date: \$63.5B</b>
<b>Telecommunications: \$3.0M (6%)</b>	
<b>Water and Environment: \$1.7M (3%)</b>	

USTDA invested 84 percent of its total program obligations in its 20 priority countries in FY 2015. Similar to FY 2014, USTDA invested 87 percent of its total program obligations in its priority sectors and sector of special consideration in FY 2015. Energy sector investments experienced a slight increase from 49 percent of FY 2014 total program obligations to 54 percent of FY 2015 total program obligations. Transportation sector investments moved from 26 percent of FY 2014 total program obligations to 24 percent of FY 2015 total program obligations. Investments in the telecommunications sector experienced a slight decrease from 7 percent of total program obligations in FY 2014 to 6 percent in FY 2015. The water and environment sector, which was a sector of special consideration for the Agency in FY 2015, remained steady at 3 percent of total program obligations in FY 2015.

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, as well as the 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 A-136, *Financial Reporting Requirements*.

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

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The following table summarizes the significant changes in USTDA's financial position, net costs of operations, and budgetary resources between the end of FY 2015 and the end of FY 2014:

<b>Financial Condition</b>	<b>FY 2015 Balance</b>	<b>FY 2014 Balance</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Difference</b>
Total Assets	\$106,697,402	\$99,522,270	\$7,175,132	7.2%
Total Liabilities	\$8,885,957	\$8,152,383	\$733,574	9.0%
Net Position	\$97,811,445	\$91,369,887	\$6,441,558	7.1%
Net Cost of Operations	\$53,591,335	\$54,272,906	(\$681,571)	(1.3%)
Budgetary Resources	\$76,039,042	\$73,435,436	\$2,603,606	3.6%

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, 2015 reports a net position of approximately \$97.8 million. Specifically, USTDA's total assets are approximately \$106.7 million, primarily comprised of fund balance with Treasury of approximately \$106.0 million. The total assets as of September 30, 2015 increased by approximately \$7.2 million from September 30, 2014. The increase was primarily due to an increase in fund balance with Treasury of \$7.0 million, caused by an increase in unexpended appropriations.

Total liabilities reported are approximately \$8.9 million and are comprised of approximately \$8.1 million of accounts payable, of which approximately \$5.4 million relates to grant payments owed, but unpaid, as of September 30, 2015. Total liabilities as of September 30, 2015 increased by approximately \$0.7 million during FY 2015. 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, 2015 amounted to approximately \$53.6 million. Net cost of operations decreased by approximately \$0.7 million in FY 2015, due to increased reimbursements received pursuant to the U.S-Africa Clean Energy Finance Initiative (ACEF).

### **Statement of Budgetary Resources**

The budgetary resources for FY 2015 increased by \$2.6 million from FY 2014, due primarily to an increase in the unobligated balance brought forward of approximately \$1.4 million and approximately \$0.9 million in change in cancelled authority.

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

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## **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 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, 2014 through June 30, 2015. Accordingly, IBC was able to provide USTDA with assurance that IBC controls were in place as of June 30, 2015, 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, *Management's Responsibility for 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;

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

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- 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 FY2015 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.



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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 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, 2015 was operating effectively 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, 2015 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

/s/ Leocadia I. Zak

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Director

October 23, 2015

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Date

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

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### **Accountability of Tax Dollars Act**

The Accountability of Tax Dollars Act (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**

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 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 2015, 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.

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

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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 2015. 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 2015, 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 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 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**

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### **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, the Global Programs Office manages program funding commitments across the five regions, as well as new, cross-cutting programs including the GPI.

In FY 2015, 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 continued to serve as 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 2015, USTDA responded to increased demand for the GPI by expanding the program to include Ethiopia, the Philippines, and Romania as partner countries, in addition to the existing partners of Botswana and Vietnam. 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 35 International Business Partnership Program (IBPP) activities. These activities, which demonstrate some of the strategic investments the Agency made in FY 2015, 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 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 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.

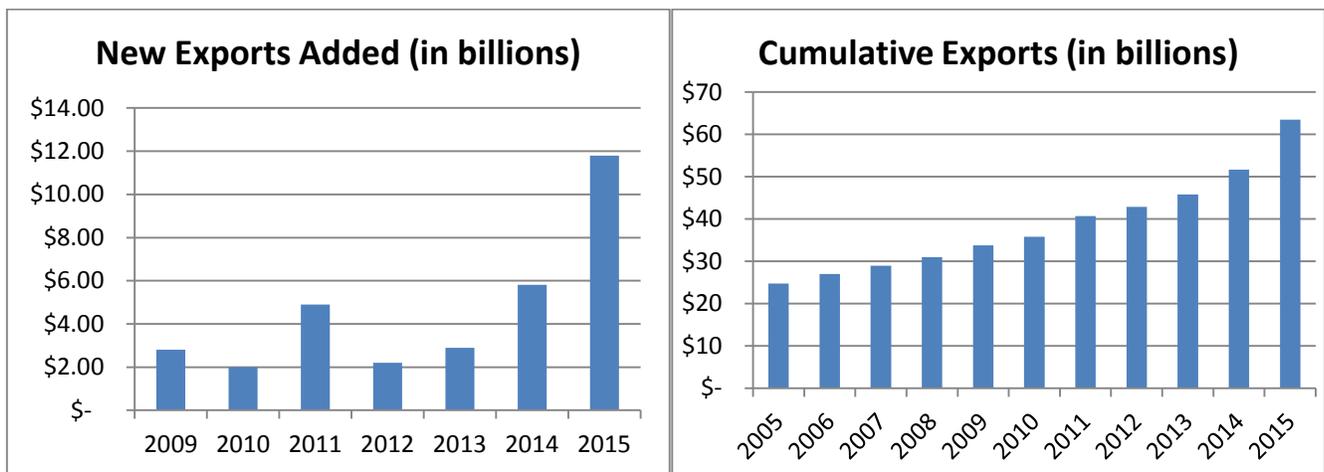
The measurements used by the Agency to determine whether its commercial objectives are being achieved include:

## U.S. Trade and Development Agency Performance

- 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. At the close of FY 2015, USTDA had generated \$74 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 2003 and 2012. 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 1981, USTDA's programs have helped generate more than \$63.48 billion in U.S. exports. In FY 2015, USTDA identified an additional \$11.8 billion of U.S. exports attributed to USTDA-supported projects.

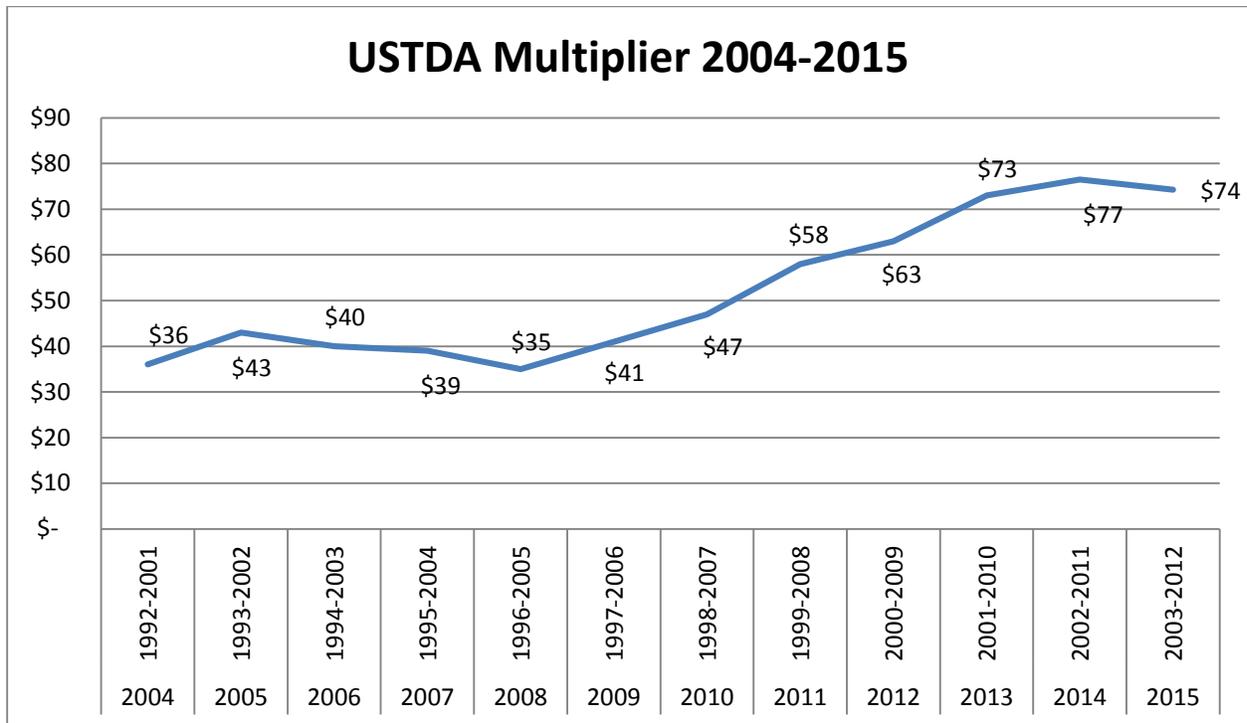


### *Export Multiplier Calculation*

The export multiplier 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 period, which contains projects completed from fiscal year 2003 through fiscal year 2012, USTDA has obligated \$325.6 million to support foreign projects, which has helped to generate \$24.18 billion in U.S. exports. Thus, for every \$1 dollar of USTDA funding, \$74 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

$$\text{Export Multiplier: } \frac{\$24.18 \text{ billion}}{\$325.6 \text{ million}} = \$74$$



### 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.<sup>4</sup> USTDA has far surpassed that mark for more than 10 years—in FY 2015, more than 52 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.

#### *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

<sup>4</sup> U.S. Small Business Administration, Strategic Plan Fiscal Years 2011–2016  
[http://www.sba.gov/sites/default/files/serv\\_strategic\\_plan\\_2010-2016.pdf](http://www.sba.gov/sites/default/files/serv_strategic_plan_2010-2016.pdf), p. 8.

## **U.S. Trade and Development Agency Performance**

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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 of the fiscal year. Therefore it has not yet been conducted for FY 2015; however, in FY 2014, USTDA provided over \$12.5 million in funding for TCB related activities.

### **Procedures to Ensure Performance Measurement Reporting**

Multiple factors 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 Evaluation 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 Evaluation 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 Evaluation Office forms the basis of annual strategic planning efforts, and is used continually 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. This definition enables USTDA to make the best estimation of its impact on U.S. jobs based on the U.S. exports<sup>5</sup> 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 FY 2003 through FY 2012. Because USTDA finances early-stage project planning 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 (2012) 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.

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<sup>5</sup> 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.

## **U.S. Trade and Development Agency Performance**

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*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). 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 lifecycle 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 type 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 Evaluation Office. USTDA is currently using two separate companies to provide outside evaluations.



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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, 2015 and 2014, 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. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 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 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, 2015 and 2014, 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, 2015, 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 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. 15-02.

#### **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**

Washington DC  
November 13, 2015

**U.S. TRADE AND DEVELOPMENT AGENCY**

Balance Sheets

As of September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$ 106,021,715	\$ 99,015,920
Accounts receivable (Note 3)	226,935	—
Total intragovernmental	<u>106,248,650</u>	<u>99,015,920</u>
Accounts receivable (Note 3)	24,713	—
General property and equipment, net (Note 4)	<u>424,039</u>	<u>506,350</u>
Total assets	<u>\$ 106,697,402</u>	<u>\$ 99,522,270</u>
<b>Liabilities and Net Position</b>		
Liabilities		
Intragovernmental:		
Accounts payable (Note 5)	\$ 230,569	\$ 410,576
Other liabilities (Note 5)	26,716	11,262
Total intragovernmental	<u>257,285</u>	<u>421,838</u>
Accounts payable (Note 5)	7,862,774	7,012,516
Other liabilities (Note 5)	<u>765,898</u>	<u>718,029</u>
Total liabilities	<u>8,885,957</u>	<u>8,152,383</u>
Net position:		
Unexpended appropriations	97,939,604	91,416,951
Cumulative results of operations	<u>(128,159)</u>	<u>(47,064)</u>
Total net position	<u>97,811,445</u>	<u>91,369,887</u>
Total liabilities and net position	<u>\$ 106,697,402</u>	<u>\$ 99,522,270</u>

*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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cost of Operations:</b>		
Grants program costs	\$ 55,329,244	\$ 54,392,906
Less earned revenue	<u>(1,737,909)</u>	<u>(120,000)</u>
Net cost of operations (Notes 6 and 11)	<u>\$ 53,591,335</u>	<u>\$ 54,272,906</u>

*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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cumulative results of operations:</b>		
Beginning balance	\$ (47,064)	\$ 96,845
Budgetary financing sources:		
Appropriations used	53,219,379	53,741,858
Other financing sources:		
Imputed financing	290,861	387,139
Total financing sources	<u>53,510,240</u>	<u>54,128,997</u>
Net cost of operations	<u>(53,591,335)</u>	<u>(54,272,906)</u>
Net change	<u>(81,095)</u>	<u>(143,909)</u>
Total cumulative results of operations	<u>(128,159)</u>	<u>(47,064)</u>
<b>Unexpended appropriations:</b>		
Beginning balance	<u>91,416,951</u>	<u>90,706,792</u>
Budgetary financing sources:		
Appropriations received	60,000,000	55,073,000
Appropriations transferred in	—	502,753
Other adjustments (rescissions and cancellation of expired funds)	(257,968)	(1,123,736)
Appropriations used	<u>(53,219,379)</u>	<u>(53,741,858)</u>
Total budgetary financing sources	<u>6,522,653</u>	<u>710,159</u>
Total unexpended appropriations	<u>97,939,604</u>	<u>91,416,951</u>
<b>Net position</b>	<u>\$ 97,811,445</u>	<u>\$ 91,369,887</u>

*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, 2015 and 2014

	<u>2015</u>		<u>2014</u>
<b>Budgetary resources:</b>			
Unobligated balance brought forward, October 1	10,565,282	\$	9,134,717
Recoveries of prior year unpaid obligations	5,615,947		4,970,494
Other changes in unobligated balance	<u>(257,968)</u>		<u>(620,983)</u>
Unobligated balance from prior year budget authority, net	15,923,261		13,484,228
Appropriations (discretionary and mandatory)	60,000,000		55,073,000
Spending authority from offsetting collections (discretionary and mandatory)	<u>115,781</u>		<u>4,878,208</u>
Total budgetary resources	\$ <u>76,039,042</u>	\$	\$ <u>73,435,436</u>
<b>Status of budgetary resources:</b>			
Obligations incurred (Note 7)	\$ <u>66,646,541</u>	\$	\$ <u>62,870,154</u>
Unobligated balance, end of year:			
Apportioned (Notes 2 and 8)	7,013,391		7,717,314
Unapportioned (Note 2)	<u>2,379,110</u>		<u>2,847,968</u>
Total unobligated balance, end of year	<u>9,392,501</u>		<u>10,565,282</u>
Total budgetary resources	\$ <u>76,039,042</u>	\$	\$ <u>73,435,436</u>
<b>Change in obligated balance:</b>			
Unpaid obligations, brought forward, October 1 (gross)	93,208,846	\$	88,319,454
Obligations incurred	66,646,541		62,870,154
Outlays (gross)	<u>(54,247,209)</u>		<u>(53,010,268)</u>
Recoveries of prior year unpaid obligations	<u>(5,615,947)</u>		<u>(4,970,494)</u>
Obligated balance, end of year			
Unpaid obligations, end of year (gross)	<u>99,992,231</u>		<u>93,208,846</u>
Uncollected payments:			
Uncollected customer payments from Federal sources, brought forward October 1	(4,758,208)		—
Change in uncollected customer payments from Federal sources, end of year	<u>1,395,191</u>		<u>(4,758,208)</u>
Uncollected customer payments from Federal sources, end of year	<u>(3,363,017)</u>		<u>(4,758,208)</u>
Obligated balance, end of year (net) (Note 2 and 9)	\$ <u>96,629,214</u>	\$	\$ <u>88,450,638</u>
<b>Budget Authority and Outlays, Net</b>			
Budget authority, gross (discretionary and mandatory)	\$ 60,115,781	\$	\$ 59,951,208
Actual offsetting collections (discretionary and mandatory)	(1,510,972)		(120,000)
Change in uncollected customer payments from Federal sources	<u>1,395,191</u>		<u>(4,758,208)</u>
Budget authority, net (discretionary and mandatory)	\$ <u>60,000,000</u>	\$	\$ <u>55,073,000</u>
Outlays, gross (discretionary and mandatory)	\$ 54,247,209	\$	\$ 53,010,268
Actual offsetting collections (discretionary and mandatory)	<u>(1,510,972)</u>		<u>(120,000)</u>
Outlays, net (discretionary and mandatory)	<u>52,736,237</u>		<u>52,890,268</u>
Agency outlays, net (discretionary and mandatory)	\$ <u>52,736,237</u>	\$	\$ <u>52,890,268</u>

*The accompanying notes are an integral part of these statements.*

**U.S. Trade and Development Agency**  
**Notes to Financial Statements**  
**September 30, 2015 and 2014**

**(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. 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.

**U.S. Trade and Development Agency**  
**Notes to Financial Statements**  
**September 30, 2015 and 2014**

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 2014 and FY 2015, USTDA received an appropriation to be used for program and administrative expenses, which are available for obligation through September 30, 2015 and 2016, respectively. These funds were appropriated in accordance with Title VI of the Department of State Foreign Operations, and Related Programs Appropriations Act, 2014 and Title VI of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2015. 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 2015, USTDA re-apportioned approximately \$1.5 million of FY 2010 de-obligations, and \$2.2 million of FY 2012 de-obligations.

Under section 632(b) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2392(b), the Department of State (DOS) has entered into agreements with USTDA, "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. In FY 2014, USTDA received \$5.0 million from DOS under this authority. These funds were obligated as of September 30, 2015.

**(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 the Department of State for its reimbursable program. Consistent with accounting standards, USTDA records an accounts receivable from the Department of State in the same amount as the accounts payable to contractors for services provided under the interagency agreement.

**U.S. Trade and Development Agency**  
**Notes to Financial Statements**  
**September 30, 2015 and 2014**

**(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 2015, USTDA paid approximately \$1.7 million in rent expense.

**(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 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.

**(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.

**U.S. Trade and Development Agency  
Notes to Financial Statements  
September 30, 2015 and 2014**

**(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:

<b>FERS Retirement System</b>	<b>Agency Contribution Rate</b>	<b>Employee Contribution Rate</b>
FERS – Regular	13.2%	0.8%
FERS -- RAE	11.1%	3.1%
FERS - FRAE	11.1%	4.4%

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY 2015 amounted to \$290,861 which includes \$51,235 for pension cost for CSRS and FERS; \$239,347 for the Federal Employees Health Benefits (FEHB) Program; and \$279 for Federal Employees Group Life Insurance (FEGLI). In FY 2014, OPM funded \$387,139 for pension, health, and life insurance benefits on behalf of USTDA’s employees. These amounts are included in USTDA’s FY 2015 and FY 2014 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

**U.S. Trade and Development Agency  
Notes to Financial Statements  
September 30, 2015 and 2014**

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 \$638,245 and \$592,645 for retirement system coverage for its employees during FY 2015 and FY 2014, 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, 2015 and 2014, as follows:

	<b>2015</b>	<b>2014</b>
Fund balances:		
Appropriated funds	\$ 106,021,715	\$ 99,015,920
Total	\$ 106,021,715	\$ 99,015,920
Status of Fund Balance with Treasury:		
Unobligated balance:		
Available	\$ 7,013,391	\$ 7,717,314
Unavailable	2,379,110	2,847,968
Obligated balance not yet disbursed	96,629,214	88,450,638
Total	\$ 106,021,715	\$ 99,015,920

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.

**U.S. Trade and Development Agency  
Notes to Financial Statements  
September 30, 2015 and 2014**

**(3) Accounts Receivable**

Accounts receivable at September 30, 2015 and 2014 consist of the following components:

	<b>2015</b>	<b>2014</b>
Accounts receivable -- Intragovernmental:		
U.S. Department of State	\$ 226,935	\$ —
Accounts receivable -- Public	24,713	—
Total	\$ 251,648	\$ —

The accounts receivable from the Department of State related to services provided by the Agency under ACEF. USTDA established an accounts receivable from the public in FY 2015 in the amount of \$24,713. This amount represents funds owed to USTDA from one contractor. There were no amounts owed from the public in FY 2014.

**(4) General Property and Equipment, Net**

General property and equipment and related accumulated depreciation balances at September 30, 2015 and 2014 are as follows:

<b>September 30, 2015</b>				
<b>Class of Asset</b>	<b>Service life</b>	<b>Acquisition value</b>	<b>Accumulated depreciation/ amortization</b>	<b>Net book value</b>
Computer Equipment	5 years	\$ 550,516	\$ 411,445	\$ 139,071
Furniture and Fixtures	10 years	313,052	193,414	119,638
Computer Software	5 years	34,455	13,122	21,333
Other Equipment	10 years	308,333	164,336	143,997
Leasehold Improvements	5 years	113,182	113,182	—
		\$ 1,319,538	\$ 895,499	\$ 424,039

<b>September 30, 2014</b>				
<b>Class of Asset</b>	<b>Service life</b>	<b>Acquisition value</b>	<b>Accumulated depreciation/ amortization</b>	<b>Net book value</b>
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	5 years	113,182	113,182	—
		\$ 1,288,289	\$ 781,939	\$ 506,350

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**(4) General Property and Equipment, Net (continued)**

Depreciation expense for fiscal years ended September 30, 2015 and 2014 is \$114,280 and \$136,605, respectively.

During FY 2015 and 2014, USTDA purchased property and equipment in the amount of \$31,969 and \$81,157, respectively. In addition, during FY 2015, USTDA retired \$720 in fully depreciated property and equipment, representing \$0 loss on disposals. 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.

**(5) Liabilities**

Total liabilities represent the sum of liabilities not covered by budgetary resources and those covered by budgetary resources. As of September 30, 2015 and 2014, total liabilities were as follows:

	<b>2015</b>	<b>2014</b>
Intragovernmental liabilities:		
Liabilities not covered by budgetary resources:		
Worker's Compensation	\$ 7,159	\$ 11,262
Unemployment Compensation	19,557	—
Liabilities covered by budgetary resources:		
Accounts payable	230,569	410,576
Total intragovernmental liabilities	\$ 257,285	\$ 421,838
Other liabilities:		
Liabilities not covered by budgetary resources:		
Accrued annual leave	\$ 514,240	\$ 468,790
FECA actuarial liability	35,954	73,363
Liabilities covered by budgetary resources:		
Accounts payable	7,862,774	7,012,516
Accrued payroll	215,704	175,876
Total other liabilities	8,628,672	7,730,545
Total liabilities	\$ 8,885,957	\$ 8,152,383

All liabilities other than the FECA actuarial liability and the unfunded accrued leave are considered to be current liabilities. Approximately \$5.4 million of the accounts payable balance as of September 30, 2015 relates to grants payments owed but unpaid. This balance was approximately \$6.0 million as of September 30, 2014.

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**(6) Intragovernmental Costs and Exchange Revenue**

Program costs for the fiscal years ended September 30, 2015 and 2014 consist of the following:

Grants Program:	<u>2015</u>	<u>2014</u>
Intragovernmental costs	\$ 2,914,357	\$ 2,384,032
Public costs	<u>52,414,887</u>	<u>52,008,874</u>
Total grant program costs	55,329,244	54,392,906
Intragovernmental earned revenue	<u>(1,737,909)</u>	<u>(120,000)</u>
Net grant program costs	<u>\$ 53,591,335</u>	<u>\$ 54,272,906</u>

**(7) Apportionment Categories of Obligations Incurred**

During the years ended September 30, 2015 and 2014, funds were obligated in the following categories:

	<u>2015</u>	<u>2014</u>
Category A—funds that are obligated for operating expenses	\$ 15,442,488	\$ 14,043,322
Category B—funds that are obligated for program activities	<u>51,204,053</u>	<u>48,826,832</u>
Total obligations incurred	<u>\$ 66,646,541</u>	<u>\$ 62,870,154</u>

**(8) Unobligated Balances Available – Apportioned**

Total available unobligated balance of budget authority at September 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
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)	<u>46,667</u>	<u>46,667</u>
Total no-year funds (Note 10)	372,626	372,626
Funds transferred from USAID and reapportioned for feasibility studies and related activities in Pakistan (ESF) and regional Eurasia (AEECA)	1,193,726	1,202,723
USTDA core budget two-year appropriations	<u>5,447,039</u>	<u>6,141,965</u>
Total unobligated and available appropriations	<u>\$ 7,013,391</u>	<u>\$ 7,717,314</u>

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**(9) Undelivered Orders**

At September 30, 2015 and 2014, undelivered orders balances consisted of the following:

	<u>2015</u>	<u>2014</u>
Obligated balance at the end of the period (net)	\$ 96,629,214	\$ 88,450,638
Liabilities covered by budgetary resources	<u>(8,309,047)</u>	<u>(7,598,968)</u>
Undelivered orders	<u>\$ 88,320,167</u>	<u>\$ 80,851,670</u>

**(10) Permanent Indefinite Appropriations**

No-year funds at September 30, 2015 and 2014 exist for the following purposes:

	<u>2015</u>	<u>2014</u>
General program activities	\$ 325,959	\$ 325,959
Support for feasibility studies and activities (NIS and SEED)	<u>46,667</u>	<u>46,667</u>
Total permanent indefinite appropriations	<u>\$ 372,626</u>	<u>\$ 372,626</u>

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**(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, 2015 and 2014:

	<u>2015</u>		<u>2014</u>
Resources used to finance activities:			
Budgetary resources obligated	\$ 66,646,541	\$	62,870,154
Recoveries of prior year obligations	(5,615,947)		(4,970,494)
Transfer of spending authority from offsetting collections and obligations	(115,781)		(4,878,208)
Imputed financing for costs absorbed by others	290,861		387,139
Total resources used to finance activities	<u>61,205,674</u>		<u>53,408,591</u>
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	(6,073,306)		(4,037,802)
Resources that finance the acquisition of assets	(31,969)		(81,157)
Change in uncollected customer payments from Federal sources	(1,395,191)		4,758,208
Loss on disposition of assets	—		1,514
Total resources used to finance items not part of the net cost of operations	<u>(7,500,466)</u>		<u>640,763</u>
Costs that do not require resources:			
Depreciation and amortization	114,280		136,605
(Increase)/decrease in accounts receivable	(251,648)		3,176
Costs that require resources in a future period:			
(Decrease)/increase in accrued leave liability	45,450		3,249
(Decrease)/increase in accrued worker's compensation liability	(4,103)		7,159
(Decrease)/increase in unemployment compensation liability	19,557		—
Change in FECA actuarial liability	(37,409)		73,363
Total costs that do not require resources	<u>(113,873)</u>		<u>223,552</u>
Net cost of operations	\$ <u>53,591,335</u>	\$	<u>54,272,906</u>

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Other Information  
As of and for the year ended September 30, 2015**

**Intragovernmental Assets**

<b>Trading Partner</b>	<b>Partner #</b>	<b>As of September 30, 2015</b>	
		<b>Accounts Receivable</b>	<b>Fund Balance with Treasury</b>
Department of Treasury	20	\$ 251,648	\$ 106,021,715
	<b>Total</b>	<b>\$ 251,648</b>	<b>\$ 106,021,715</b>

**Intragovernmental Liabilities**

<b>Trading Partner</b>	<b>Partner #</b>	<b>As of September 30, 2015</b>	
		<b>Accounts Payable</b>	<b>Funds to be Returned to Treasury</b>
Department of Labor	16	26,716	--
Department of State	19	79,914	--
General Services Administration	47	10,510	--
National Archives and Records Administration	88	99	--
Office of Personnel Management	24	1,119	--
U.S. Foreign Commercial Services	13	134,334	--
Foreign Service Institute	21	2,615	--
Department of Homeland Security	70	1,978	--
	<b>Total</b>	<b>\$ 257,285</b>	<b>\$ --</b>

**Intragovernmental Expense**

<b>Trading Partner</b>	<b>For the Year Ended September 30, 2015</b>	
	<b>Partner #</b>	<b>Amount</b>
Department of Agriculture	12	\$ 3,115
Foreign Service Institute	21	3,475
Department of Homeland Security	70	21,756
Department of Interior (IBC)	14	725,551
Department of State	19	342,541
General Services Administration	47	1,710,920
Government Publishing Office	04	26,262
National Archives and Records Administration	88	1,252
Office of Personnel Management	24	3,705
U.S. Foreign Commercial Services	13	67,418
U.S. Department of Labor	16	8,162
U.S. Postal Service	18	200
	<b>Total</b>	<b>\$ 2,914,357</b>

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**Summary of the Financial Statement Audit and Management’s Assurances**

**Table 1: Summary of Financial Statement Audit:**

Audit Opinion	<b>Unmodified</b>				
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:**

<b>Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)</b>						
Statement of Assurance	<b>Unqualified</b>					
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

<b>Effectiveness of Internal Control over Operations (FMFIA § 2)</b>						
Statement of Assurance	<b>Unqualified</b>					
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

<b>Conformance with Financial Management Systems Requirements (FMFIA § 4)</b>						
Statement of Assurance	<b>Systems conform to financial management system requirements</b>					
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

**U.S. Trade and Development Agency  
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
FY	Fiscal Year
GSA	General Services Administration
GAAP	Generally Accepted Accounting Principles
GPI	Global Procurement Initiative: Understanding Best Value
GPRA	Government Performance and Results Act of 1993
IBPP	International Business Partnership Program
IDCA	International Development Cooperation Agency
IPERA	Improper Payments Elimination and Recovery Act
IPIA	Improper Payments Information Act of 2000
IBC	Interior Business Center
NIS	New Independent States
NIST	National Institute of Standards and Technology
OET	Outside Evaluation Team

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List of Acronyms and Abbreviations  
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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