Description of document:	US Trade and Development Agency (USTDA) Performance and Accountability Reports, FY2010-FY2014
Requested date:	06-February-2016
Released date:	24-February-2016
Posted date:	04-April-2016
Source of document:	FOIA Request FOIA Requester Service Center U.S. Trade and Development Agency 1000 Wilson Boulevard, Suite 1600 Arlington, VA 22209-3901 Fax: (703) 875-4009 Email: foia@ustda.gov

U . S . TRADE AND DEVELOPMENT AGENCY

February 24, 2016

Re: Freedom of Information Act Request No. 2016-005

Thank you for your FOIA request to the U.S. Trade and Development Agency dated February 6, 2016, in which you asked for,

".... USTDA Performance and Accountability Reports for FY2010 through FY2014."

In accordance with the FOIA, the Agency has conducted a reasonable search for the records. All responsive records are being released in their entirety and are enclosed. No other responsive records were found.

Thank you for your inquiry. There is no charge for this search.

Sincerely,

William Langer

William Langer
Assistant General Counsel

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U.S. TRADE AND DEVELOPMENT AGENCY

Performance and Accountability Report

September 30, 2010

(With Independent Auditors' Reports Thereon)

U.S. TRADE AND DEVELOPMENT AGENCY

Performance and Accountability Report

September 30, 2010

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U.S. TRADE AND DEVELOPMENT AGENCY

Director's Message

September 30, 2010

Mission Statement

The U.S. Trade and Development Agency (USTDA or the Agency) 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.

Data Assessment

The USTDA develops and promulgates accounting systems and procedures for use by its staff to maximize accountability, standardization and cost effectiveness; monitors Agency compliance with these systems and procedures; reviews reports of the independent auditors to ensure compliance with auditor recommendations; monitors the activities of the Agency's programs; and performs analysis of required changes in procedure that affects the financial reporting of the Agency.

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

The Agency has service level agreements with the National Business Center (NBC) of the Department of the Interior for payroll, personnel, and accounting services. The operating effectiveness of the NBC's Oracle Federal Financials, General Information Technology and Accounting Operations Controls was examined under Statement on Auditing Standards No. 70, *Service Organizations*, (SAS 70) and a Type II SAS 70 report was issued for the period July 1, 2009 through June 30, 2010. In addition, the NBC provided assurance that the controls did not change for the period July 1, through September 30, 2010 and that the description of controls in the fiscal year (FY) 2010 Type II SAS 70 report presents fairly the operating effectiveness of the NBC controls that were in place as of September 30, 2010. USTDA relies on these assurances. The results of this report 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.

U.S. TRADE AND DEVELOPMENT AGENCY

Management's Discussion and Analysis

For the year ended September 30, 2010

Description of the 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 was established on July 1, 1980 as the U.S. Trade and Development Program (TDP) by delegation of authority as a component of the International Development Cooperation Agency (IDCA), and in 1988, under the Omnibus Trade and Competitiveness Act, the Agency was made a separate component agency of IDCA. On October 28, 1992, the Jobs Through Exports Act of 1992 established USTDA as an independent agency under the foreign policy guidance of the Secretary of State.

Performance Goals 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. USTDA focuses on meeting stated goals and objectives in its current Strategic Plan covering the 2008-2012 time period.

USTDA uses two specific performance measures, the "multiplier" and the "hit rate" to ascertain whether its program achieves the long-term strategic objectives of advancing U.S. commercial interests in development projects. The targets for the "multiplier" and "hit rate" performance measures, while ambitious, have remained fairly constant. USTDA projects often take many years to mature and, therefore, the measures are applied on the basis of a ten-year rolling average.

In addition, the Agency uses four newly-established measurements for development impact:

- Percentage of implemented activities resulting in infrastructure/industrial projects;
- Percentage of implemented activities leading to adoption of market-oriented reforms;
- Percentage of implemented activates creating ten or more jobs, or training at least ten people; and
- Percentage of implemented activities resulting in the transfer of advanced technology or increased productivity.

(A) Commercial Objectives:

Since FY 2004, USTDA has been required to review all feasibility studies and technical assistance activities completed in each fiscal year and assess whether they have the potential to contribute to the agency's long-term commercial goals (i.e. the "multiplier" and "hit rate").

The chart below reflects, for each year, the percentage of USTDA activities that have the potential to contribute to the Agency's long term commercial goals.

FY 2010 Goal	FY 2010 Actual	FY 2009 Actual	FY 2008 Actual	FY 2007 Actual	FY 2006 Actual
60 %	70%	66%	72%	66%	83%

Over the past five years, USTDA has demonstrated the ability to achieve and/or exceed its ambitious commercial impact goals. USTDA's performance during the period highlights the results-oriented nature of USTDA's program.

	FY 2010 Goal	**FY 2010 Actual**	**FY 2009 Actual**	**FY 2008 Actual**	**FY 2007 Actual**	**FY 2006 Actual**
Multiplier[1]	35:1	47:1	41:1	35:1	39:1	43:1
Hit Rate[2]	35%	38.5%	36%	35%	35%	35%

For the most recent ten-year period for which information is complete, USTDA identified $14.2 billion in U.S. exports from the completed projects on which USTDA spent $301.1 million. This resulted in an export multiplier of 47:1. With respect to the commercial impact indicators, USTDA exceeded its export multiplier benchmark ($35 per $1 invested by USTDA).

The hit rate represents the proportion of USTDA activities for which USTDA has identified exports. For the same ten-year period, 435 of 1,129 projects produced exports, yielding a hit rate of 38.5%, also exceeding the Agency's stated goal.

(B) Development Objectives:

Because the maturation period of development projects is typically lengthy, developmental impact evaluations are not made until six years after completion of a USTDA activity. Consequently, no actual results are required for the period from FY 2004 – FY 2010. Beginning in 2011, the Agency will be required to show whether or not its implemented projects are meeting the following goals:

- 55% result in infrastructure and industrial improvements;
- 25% lead to the adoption of market-oriented reforms;
- 30% result in the creation of ten or more jobs, or the training of ten or more people; and
- 50% lead to the transfer of advanced technology or increased productivity.

(C) Reliability and Completeness of the Performance Data:

USTDA maintains an internal evaluations team and also contracts with independent evaluators. Both teams review USTDA activities for commercial impacts and developmental impacts. Review of USTDA activities takes place while activities are ongoing and upon completion. USTDA has had extensive experience

1 The multiplier is a ten year rolling average of the dollar amount in US exports produced for every $1 in expended USTDA program funding.

2 The hit rate is a ten year rolling average of the percentage of agency projects that have led to US exports.

measuring the success of its activities against its commercial goals. There is no indication from either the Agency's internal evaluations team or its external evaluations team that there are any material inadequacies that would significantly impede the use of performance data by the Agency's management and government decision-makers.

(D) Performance Goal Levels in the Performance Budget:

While USTDA has broadened the focus of its program to better match the Administration's trade and foreign policy priorities, it will continue to meet and/or exceed its commercial impact goals. Based on USTDA's budget for FY 2011, the Agency expects to again exceed its commercial impact goals. As a result, there is no identified need to adjust the Agency's performance goals.

Evaluations

The USTDA evaluations staff is responsible for maintaining status reports on the results of the Agency's activities and providing summary reports on the Agency's success in achieving U.S. export and host country development objectives.

Management has designed and followed a plan to provide reasonable assurance that reported performance information is relevant and reliable.

Financial Condition

The accompanying balance sheet as of September 30, 2010, reports a net position of approximately $104.7 million.

Total assets of approximately $113.8 million include fund balance with Treasury of $113.3 million. The total assets as of September 30, 2010 increased by approximately $4.1 million from September 30, 2009. The increase was primarily due to an increase in Fund Balance with Treasury of $4.4 million and a decrease in advances and prepayments of $.4 million.

Total liabilities reported are $9.1 million and are comprised of approximately $8.2 million of accounts payable, of which $7.8 million relates to grant payments owed, but unpaid as of September 30, 2010. Total liabilities as of September 30, 2010 increased by approximately $.7 million from FY 2009. The increase was primarily due to the increase in the accrual for grant payments.

Financial Results

USTDA's net cost of operations for the year ended September 30, 2010 amounted to approximately $56 million and total budgetary resources for the year amounted to approximately $70.8 million. The net cost of operations for FY 2010 increased by approximately $5.5 million from FY 2009. This increase is the result of more aggressive customer billings. The budgetary resources for FY 2010 increased by approximately $9.8 million from FY 2009. This increase was primarily due to increases in appropriations, transfers and recoveries that totaled approximately $10.8 million, and a decrease in the amount brought forward from 2009 in the amount of approximately $1 million. The accompanying statements of net cost, changes in net position, and budgetary resources illustrate in detail the financial results of USTDA's operations for FY 2010.

U.S. TRADE AND DEVELOPMENT AGENCY

Management's Discussion and Analysis

For the year ended September 30, 2010

Management Assurances

USTDA's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Manager's Financial Integrity Act (FMFIA). USTDA conducted an assessment of the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, USTDA can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of June 30, 2010 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

In addition, USTDA conducted an assessment of the effectiveness of its internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, USTDA can provide reasonable assurance that internal control over financial reporting as of June 30, 2010 was operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Leocadia Zak
Director

July 23, 2010

Limitations of the Financial Statements

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

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

KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report

The Director
U.S. Trade and Development Agency:

We have audited the accompanying balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2010 and 2009, and the related statements of net cost, changes in net position, and budgetary resources (hereinafter referred to as "financial statements") for the years then ended. These financial statements are the responsibility of the USTDA's management. 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. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the USTDA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Trade and Development Agency as of September 30, 2010 and 2009, and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with U.S. generally accepted accounting principles.

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

The information in the Other Accompanying Information section is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 12, 2010, on our consideration of the USTDA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our 2010 audit.

KPMG LLP

November 12, 2010

U.S. TRADE AND DEVELOPMENT AGENCY

Balance Sheets

As of September 30, 2010 and 2009

Assets	FY 2010	FY 2009
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 113,252,004	$ 108,856,619
Accounts receivable, net (Note 3)	26,925	—
Total intragovernmental	113,278,929	108,856,619
Accounts receivable, net (Note 3)	—	72,059
Advances and prepayments (Note 3)	—	385,596
General property and equipment, net (Note 4)	517,085	385,157
Total assets	$ 113,796,014	$ 109,699,431
Liabilities and Net Position		
Liabilities		
Intragovernmental:		
Accounts payable (Note 5)	$ 74,007	$ 96,413
Other liabilities (Note 5)	28,126	424,647
Total intragovernmental	102,133	521,060
Accounts payable (Note 5)	8,087,922	6,979,796
Other liabilities (Note 5)	930,867	901,849
Total liabilities	9,120,922	8,402,705
Net position:		
Unexpended appropriations	104,631,325	101,289,856
Cumulative results of operations	43,767	6,870
Total net position	104,675,092	101,296,726
Total liabilities and net position	$ 113,796,014	$ 109,699,431

See accompanying notes to financial statements.

U.S. TRADE AND DEVELOPMENT AGENCY

Statements of Net Cost

For the years ended September 30, 2010 and 2009

		FY 2010		FY 2009
Cost of Operations:				
Grants program costs:	$	55,872,428	$	50,565,190
Less earned revenue		—		(78,900)
Net grant program cost		55,872,428		50,486,290
Costs not assigned to programs		592,764		485,696
Net cost of operations (Notes 6 & 11)	$	56,465,192	$	50,971,986

See accompanying notes to financial statements.

U.S. TRADE AND DEVELOPMENT AGENCY

Statements of Changes in Net Position

For the years ended September 30, 2010 and 2009

	FY 2010	FY 2009
Cumulative results of operations:		
Beginning balances	$ 6,870	$ 283,477
Budgetary financing sources:		
Appropriations used	56,110,429	50,382,230
Other financing sources:		
Imputed financing	391,660	313,149
Total financing sources	56,502,089	50,695,379
Net cost of operations	(56,465,192)	(50,971,986)
Net change	36,897	(276,607)
Ending balances	$ 43,767	$ 6,870
Unexpended appropriations:		
Beginning balances	$ 101,289,856	$ 101,098,058
Budgetary financing sources:		
Appropriations received	55,200,000	50,800,000
Appropriations transferred in/out	7,250,000	2,778,000
Other adjustments (rescissions, etc.)	(2,998,102)	(3,003,972)
Appropriations used	(56,110,429)	(50,382,230)
Total budgetary financing sources	3,341,469	191,798
Total unexpended appropriations	$ 104,631,325	$ 101,289,856
Net position	$ 104,675,092	$ 101,296,726

See accompanying notes to financial statements.

U.S. TRADE AND DEVELOPMENT AGENCY

Statements of Budgetary Resources

For the years ended September 30, 2010 and 2009

		FY 2010		FY 2009
Budgetary resources:				
Unobligated balance, brought forward, October 1	$	6,330,098	$	7,429,651
Adjustment to beginning balance brought forward		10,261		—
Recoveries of prior year unpaid obligations		5,001,677		3,031,220
Budget authority:				
Appropriations		55,200,000		50,800,000
Spending authority from offsetting collections:				
Collected		—		78,900
Change in receivables from federal sources		26,925		
Advance received		—		(78,900)
Nonexpenditure transfers		7,250,000		2,778,000
Permanently not available:				
Cancellation of expired accounts		(2,998,103)		(3,003,972)
Total budgetary resources	$	70,820,858	$	61,034,899
Status of budgetary resources:				
Obligations incurred:				
Direct (Note 7)	$	64,130,570	$	54,704,800
Unobligated balance available:				
Apportioned (Notes 2 & 8)		2,889,608		3,520,756
Unobligated balance not available (Note 2)		3,800,680		2,809,343
Total status of budgetary resources	$	70,820,858	$	61,034,899
Change in obligated balance:				
Unpaid obligations, brought forward, October 1	$	102,101,873	$	100,977,582
Adjustment to unobligated balance brought forward		(10,261)		—
Obligations incurred		64,130,570		54,704,800
Less: Gross outlays		(54,659,990)		(50,549,289)
Less: Recoveries of prior years' obligations		(5,001,677)		(3,031,220)
Obligated balance, – end of the period		106,560,515		102,101,873
Less: Uncollected customer payments from federal sources		(26,925)		—
Obligated balance, net – end of the period (Note 9)	$	106,533,590	$	102,101,873
Net Outlays:				
Gross outlays	$	54,659,990	$	50,549,289
Less: Offsetting collections		—		—
Net outlays	$	54,659,990	$	50,549,289

See accompanying notes to financial statements.

U.S. TRADE AND DEVELOPMENT AGENCY

Notes to Financial Statements

September 30, 2010 and 2009

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The U.S. Trade and Development Agency (USTDA or the Agency) 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 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 reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

The organization was established on July 1, 1980 as the U.S. 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 a separate component agency of IDCA. On October 28, 1992, the Jobs Through Exports Act of 1992 established USTDA as an independent agency under the foreign policy guidance of the Secretary of State.

(b) Basis of Presentation

These financial statements have been prepared to report the financial position, net costs, changes in net position, and budgetary resources of USTDA, as required by its authorizing legislation (Public Law 102-549, Title II). These financial statements include all activity related to USTDA's appropriation (No. 11-1001) and reimbursable interagency agreements, whereby USTDA receives transfers from other federal agencies for use in specific regions or sectors.

(c) Budgets and Budgetary Accounting

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

(d) Basis of Accounting

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

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

(e) Revenue and Other Financing Sources

During FY 2009 and FY 2010, USTDA received a two-year appropriation to be used for program and administrative expenses, which are available for obligation through September 30, 2010 and 2011, respectively. These funds were issued in accordance with Section 7011 of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2009 and 2010 ("The Act"). The Act allows 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. The reprogramming of funds properly obligated in FY 2009, begins with de-obligations of such funds that occur after September 30, 2010. No funds were reprogrammed during FY 2010.

Funds transferred from the U.S. Agency for International Development (USAID) for Support for East European Democracy Act (SEED), Economic Support Funds (ESF), and the Freedom Support Act (FSA) during FY 2002-2005, are available for reobligation in the manner described in the preceding paragraph. SEED, ESF, and FSA funds for FY 1999-2001 that were initially obligated prior to their expiration remain available for re-obligation until expended.

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 revenues as the resultant related expenses are incurred.

(f) Fund Balance with Treasury

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

(g) Property and Equipment

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

(h) Liabilities

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

USTDA has no capital leases. Regarding its building lease, the General Services Administration (GSA) entered into a lease agreement for USTDA's rental of building space. USTDA pays GSA a standard-level users' charge for the annual rental. The standard-level users' charge approximates the commercial rental rates for similar properties. Average annual rent expense and related charges are approximately $1.5 million through 2012.

(i) Undelivered Orders

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

(j) Accrued Leave

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

(k) Cumulative Results of Operations

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

(l) Retirement Plan

USTDA's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7.0% of their gross pay to the plan, and USTDA contributes 8.51%. The cost of providing a CSRS benefit, which is 30.1% as computed by the Office of Personnel Management (OPM), is more than the amounts contributed by USTDA and its employees. In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, USTDA reports the full cost of providing pension benefits to include the cost financed by OPM.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983 are automatically covered by FERS and the Social Security Act. Employees hired prior to January 1, 1984 could elect either to join FERS and the Social Security Act or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which USTDA automatically contributes 1% of employees' pay and matches any employee contribution up to an additional 4% of basic pay. For most employees hired since December 31, 1983, USTDA also contributes the employer's matching share under the Social Security Act. For the FERS basic benefit, the employees contribute 0.8% of their basic pay while USTDA contributes 11.2% for a total contribution rate of 12%. The cost of providing a FERS benefit, as computed by OPM is 13.8%.

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY 2010 amounted to $391,660 which includes $162,535 for pension cost for CSRS and FERS; $228,365 for the Federal Employees Health Benefit Program (FEHP); and $760 for Federal

Employees Group Life Insurance (FEGLI). These amounts are included in USTDA's FY 2010 financial statements. In FY 2009, OPM funded $313,149 to pension, health, and life insurance benefits on behalf of USTDA's employees.

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

USTDA paid approximately $446,690 and $445,670 for retirement system coverage for its employees during FY 2010 and FY 2009, respectively.

(m) Use of Estimates

Management has made certain estimates and assumptions when reporting in these financial statements on assets and liabilities. They are also used in expenses and note disclosures. Actual results could differ from these estimates. Significant estimates underlying the accompanying financial statements include depreciable lives of property and equipment with no residual value, and the grants payable accrual. USTDA uses a ratio of the average of accounts payable to unpaid obligations over a three year period and applies 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, 2010 and 2009, as follows:

		FY 2010		**FY 2009**
Fund balances:				
Appropriated funds	$	113,223,878	$	108,431,972
Miscellaneous receipts		28,126		424,647
Total	$	113,252,004	$	108,856,619
Status of Fund Balance with Treasury:				
Unobligated balance:				
Available	$	2,889,608	$	3,520,756
Unavailable		3,800,680		2,809,343
Obligated balance not yet disbursed		106,533,590		102,101,873
Non-budgetary		28,126		424,647
Total	$	113,252,004	$	108,856,619

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) Receivables and Other Assets

Receivables and other assets at September 30, 2010 and 2009 consist of the following components:

		FY 2010		**FY 2009**
Accounts receivable, net	$	26,925	$	72,059
Advances and prepayments		—		385,596
Total Receivable and Advances	$	26,925	$	457,655

The accounts receivable reported represent erroneous charges made by other agencies against USTDA's appropriation as of September 30, 2010. The proper agencies will be charged in the next fiscal year. Accounts receivable as of September 30, 2009 represented the net amount due as a result of the close-out of one grant in FY 2008.

Advances and prepayments as of September 30, 2009 represented amounts provided to Multilateral Development Banks for costs related to various project planning activities funded by USTDA. These advances and prepayments have been fully liquidated as of September 30, 2010.

(4) Property and Equipment, Net

Property and equipment and related accumulated depreciation balances at September 30, 2010, and 2009 are as follows:

FY 2010

Class of Asset	Service life	Acquisition value	Accumulated depreciation/ amortization	Net book value
Computer Equipment	5 years	$ 453,200	211,136	242,064
Furniture and Fixtures	10 years	232,468	146,699	85,769
Computer Software	5 years	5,046	505	4,541
Other Equipment	10 years	243,668	137,096	106,572
Leasehold Improvement	8 years	113,182	35,043	78,139
Total property and equipment		$ 1,047,564	530,479	517,085

FY 2009

Class of Asset	Service life	Acquisition value	Accumulated depreciation/ amortization	Net book value
Computer Equipment	5 years	$ 397,107	149,339	247,768
Furniture and Fixtures	10 years	178,769	140,251	38,518
Computer Software	5 years	11,721	11,721	—
Other Equipment	10 years	234,256	141,715	92,541
Leasehold Improvement	8 years	20,255	13,925	6,330
Total property and equipment		$ 842,108	456,951	385,157

Depreciation expense for fiscal years ended September 30, 2010 and 2009 is $129,218 and $98,426, respectively.

During FY 2010 and 2009, USTDA purchased property and equipment in the amount of $264,925 and $226,213, respectively. In addition, during FY 2010, USTDA disposed of property that cost $59,470, with related accumulated depreciation amounting to $55,691.

(5) Liabilities

Total liabilities represent the sum of liabilities not covered by budgetary resources, and those covered by budgetary resources. As of September 30, 2010 and 2009, total liabilities were as follows:

		FY 2010		FY 2009
Intragovernmental liabilities:				
Liabilities not covered by budgetary resources:				
Miscellaneous receipts to be returned to Treasury	$	28,126	$	424,647
Liabilities covered by budgetary resources:				
Accounts payable		74,007		96,413
Total intragovernmental liabilities	$	102,133	$	521,060
Other liabilities:				
Liabilities not covered by budgetary resources:				
Accrued annual leave	$	473,318	$	450,346
Liabilities covered by budgetary resources:				
Accounts payable		8,087,922		6,979,796
Accrued payroll		457,549		451,503
Total other liabilities		9,018,789		7,881,645
Total Liabilities	$	9,120,922	$	8,402,705

All liabilities other than unfunded accrued leave are considered to be current liabilities. $7.8 million of the accounts payable balance as of September 30, 2010 relates to grants payments owed but unpaid. This balance was $6.2 million as of September 30, 2009.

(6) Intragovernmental Costs and Exchange Revenue

Program costs for fiscal years ended September 30, 2010 and 2009 consist of the following:

Grants Program		**FY 2010**		**FY 2009**
Intragovernmental costs	$	3,701,368	$	3,077,059
Public costs		52,763,824		47,973,827
Total grant program costs		56,465,192		51,050,886
Intragovernmental earned revenue		—		(78,900)
Net grant program costs	$	56,465,192	$	50,971,986

Costs incurred by USTDA in FY 2010 and FY 2009, that do not require resources were not assigned to the grants program.

(7) Apportionment Categories of Obligations Incurred

During the years ended September 30, 2010 and 2009, funds were obligated in the following categories:

Obligations		FY 2010		FY 2009
Category A – funds that are obligated for operating expenses	$	14,292,885	$	11,752,928
Category B – funds that are obligated for program activities		49,837,685		42,951,872
Total obligations incurred	$	64,130,570	$	54,704,800

(8) Unobligated Balances Available – Apportioned

Total available unobligated balance of budget authority at September 30, 2010 and 2009 consist of the following.

		FY 2010		FY 2009
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 Eastern European Democracy (SEED)		304,498		325,170
Funds transferred from USAID for feasibility studies and related activities in the New Independent States (FSA no-year funds)		150,841		704,893
Total no-year funds	$	781,298	$	1,356,022
Funds transferred from USAID for feasibility studies and related activities in the NIS (FSA funds)		—		127,402
USTDA core budget two-year appropriations		2,108,310		2,037,332
Total unobligated and available appropriations	$	2,889,608	$	3,520,756

All funds transferred from USAID were appropriation transfers. USTDA did not receive any allocations during FY 2010.

(9) Undelivered Orders

At September 30, 2010 and 2009, undelivered orders balances consisted of the following**:**

Purpose		FY 2010		FY 2009
Obligated balance at the end of the period	$	106,533,590	$	102,101,873
Accounts payable (covered by budgetary resources)		(8,619,478)		(7,527,712)
Undelivered orders	$	97,914,112	$	94,574,161

(10) Permanent Indefinite Appropriations

No-year funds at September 30, 2010 and 2009 exist for the following purposes:

Purpose		FY 2010		FY 2009
General program activities	$	325,959	$	325,959
Freedom Support Act (FSA) transfer funds for feasibility studies and activities in the NIS		150,841		704,893
Support for feasibility studies and activities (SEED)		304,498		325,170
Total permanent indefinite appropriations	$	781,298	$	1,356,022

(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, 2010 and 2009:

		FY 2010		FY 2009
Resources used to finance activities:				
Budgetary resources obligated	$	64,130,570	$	54,704,800
Adjustment to beginning balance brought forward		(10,261)		—
Recoveries of prior years obligations		(5,001,677)		(3,031,220)
Imputed financing for costs absorbed by others		391,660		313,149
Other		117,195		256,797
Total resources used to finance activities	$	59,627,487	$	52,243,526
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	$	(2,981,279)	$	(1,212,511)
Change in offsetting collections and receipts that do not affect the net cost of operations		—		(78,900)
Resources that finance the acquisition of assets		(264,925)		(226,213)
Adjustment for loss not realized		—		1,477
Loss on disposition of assets		3,779		18,181
Total resources used to finance items not part of the net cost of operations	$	(3,242,425)	$	(1,497,966)
Costs that do not require resources:				
Depreciation and amortization	$	129,218	$	98,426
Bad debt expenses		(72,060)		72,060
Costs that require resources in a future period:				
Increase in accrued leave liability		22,972		55,940
Total costs that do not require resources	$	80,130	$	226,426
Net cost of operations	$	56,465,192	$	50,971,986

U.S. TRADE AND DEVELOPMENT AGENCY

Other Accompanying Information

Intragovernmental Assets, Liabilities and Expenses

September 30, 2010

Intragovernmental Assets

Trading Partner	Partner #	Accounts Receivable	Fund Balance with Treasury
Department of the Treasury	20	$ —	$ 113,252,004
Department of State	19	8,609	—
Peace Corps	11	18,316	—
Total		$ 26,925	$ 113,252,004

Intragovernmental Liability

Trading Partner	Partner #	Accounts Payable	Fund to be Returned to Treasury
Department of the Agriculture	12	$ 3,000	$ —
Department of State	19	36,179	—
Department of the Treasury	20	—	28,126
U.S. Foreign Commercial Services	13	31,828	—
Department of Interior	14	3,000	—
Total		$ 74,007	$ 28,126

Intragovernmental Expense

Trading Partner	Partner #	Amount
Department of Agriculture	12	$ 3,000
Department of Defense	21	1,060
Department of the Interior (NBC)	14	1,809,819
Department of State	19	381,039
U.S. Foreign Commercial Services	13	60,613
General Services Administration	47	1,412,110
Department of Homeland Security	70	21,167
Office of Personnel Management	24	1,513
National Archives	88	1,051
U.S. Postal Service	18	9,996
Total		$ 3,701,368

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Independent Auditors' Report on Internal Control Over Financial Reporting

The Director
U.S. Trade and Development Agency:

We have audited the balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2010 and 2009 and the related statements of net cost, changes in net position, and budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated November 12, 2010.

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. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the USTDA is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2010 audit, we considered the USTDA's internal control over financial reporting by obtaining an understanding of the USTDA's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the USTDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the USTDA's internal control over financial reporting. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the third paragraph of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2010 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain additional matters that we have reported to management of the USTDA in a separate letter dated November 12, 2010.

This report is intended solely for the information and use of the USTDA's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 12, 2010

KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Compliance and Other Matters

The Director
U.S. Trade and Development Agency:

We have audited the balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2010 and 2009, and the related statements of net cost, changes in net position, and budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated November 12, 2010.

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. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the USTDA is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the USTDA. As part of obtaining reasonable assurance about whether the USTDA's financial statements are free of material misstatement, we performed tests of the USTDA's 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 the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the USTDA. 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 certain of our tests of compliance described in the preceding paragraph disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, and are described below.

We noted certain additional matters that we have reported to management of the USTDA in a separate letter dated November 12, 2010.

This report is intended solely for the information and use of the USTDA's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 12, 2010

U.S. Trade and Development Agency

Performance and Accountability Report

FISCAL YEAR 2011

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Released November 15, 2011

U.S. Trade and Development Agency
FY 2011 Performance and Accountability Report
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Director's Message

It is my pleasure to present the U.S. Trade and Development Agency's (USTDA or the Agency) Performance and Accountability Report (PAR) for FY 2011. This report sets out the results of the Agency's strong program performance and sound financial management over the past year. During the past fiscal year, USTDA continued to demonstrate both the importance of its unique mission and its ability to achieve outstanding results. Through a combination of new and time tested programs, the Agency helped U.S. companies create jobs here at home through the export of U.S. goods and services, and encouraged economic growth through the development of sustainable infrastructure in our partner countries.

In FY 2011, USTDA continued to place increased emphasis on promoting clean energy and supporting priority transportation, information and communication technology and environmental infrastructure projects abroad. A hallmark of our program is its focus on opportunities in which U.S. private sector goods and services can play a leading role. With a mission dually focused on exports and development, USTDA is well positioned to respond to President Obama's call to double exports by 2015.

The following highlights just a few of USTDA's FY 2011 accomplishments.

Continued Support of the National Export Initiative (NEI)

In response to the launch of the NEI in 2010, USTDA mobilized all of its tools and created a new International Business Partnership Program (IBPP) with an initial focus on reverse trade missions (RTMs) specifically directed by the President to support U.S. industry's efforts to broaden its export markets. When the NEI started, USTDA committed to sponsoring 35 RTMs in FY 2010, a 60 percent increase from FY 2009. In fact, USTDA exceeded that goal, sponsoring over 40 RTMs both in FY 2010 and FY 2011. An increase in RTMs was part of a determined effort to focus on short-term results, and the Agency is already seeing the benefits of that decision.

Cooperation Programs

In response to requests from U.S. industry, USTDA established two new cooperation programs in FY 2011—the U.S.-India Energy Cooperation Program (ECP) and the U.S.-China Health Cooperation Program (HCP). The cooperation programs are public-private partnerships initiated by and through USTDA that bring U.S. companies together with the U.S. and partner country governments to address strategically critical infrastructure and other development projects. These partnerships give both governments an important private sector resource to draw from to help with key development issues. They have generated numerous specific business opportunities for U.S. companies.

In support of the U.S.-India ECP, USTDA launched the Efficiency and Clean Energy Exchange Program to introduce Indian officials and private sector project sponsors to U.S. clean energy and energy efficiency technologies through a series of four RTMs to the United States. These RTMs, which began in FY 2011 and will continue next year, focus on the highest priority areas of clean energy and energy efficiency commercial opportunities such as: smart grid applications, grid-scale solar power development, unconventional gas, coal bed methane and carbon capture and storage, and industrial energy efficiency. The success of these cooperative programs has allowed USTDA to showcase its unique ability to leverage the U.S. private sector in its infrastructure development activities, thereby creating lasting benefits both for the United States and USTDA's partner countries.

Egypt: Forward

A prime example of USTDA's leadership in FY 2011 was its quick response to Egypt following the transformational events of January 2011. USTDA, cognizant of the need to bolster economic growth to help stabilize the country and support the new government, sponsored the Egypt: Forward Forum and Site Visits in June 2011, to send a clear message to U.S. businesses that Egypt is open for business and that the United States Government is supporting its Egyptian partners.

The Forum in June was followed up immediately with site visits which brought public and private sector representatives from four sectors in Egypt together with hundreds of U.S. company representatives and officials from several U.S. departments and agencies; and provided an unprecedented opportunity to foster trade, commercial opportunities, and economic ties between the United States and Egypt. USTDA already has begun to see the benefits—financial and otherwise—of its sponsorship of the Forum and site visits, and will continue to support projects and partnerships that grow out of the Forum.

USTDA also recognizes that the key to implementing and maintaining a successful strategy is creating strong partnerships and fostering increased cooperation. Chief among these are the synergies between our sister U.S. foreign assistance agencies, international development organizations, financiers and the U.S. private sector, all of whom contributed significantly to the Agency's accomplishments. By encouraging U.S. business involvement in emerging economies, USTDA achieves its dual mission of supporting priority development projects in our partner countries and opening new markets for increased exports for U.S.-manufactured goods and services. USTDA's approach represents a clear focus on trade and investment, resulting in increasing exports, economic growth and U.S. job creation.

In FY 2011, USTDA identified many new export successes resulting from the Agency's investments. Overall, USTDA increased its export multiplier to a ratio of 58 to 1, meaning that for every dollar the Agency invested, $58 in U.S. exports were generated, up from $47 in FY

2010. As part of our continuing evaluation of our past activities and current program, USTDA also identified $4.9 billion in new export successes this year, bringing our total exports generated to date to nearly $41 billion. I am confident that USTDA will continue to play an important role in opening foreign markets to increased U.S. exports while encouraging economic development in our partner countries.

Finally, I want to thank the entire USTDA staff. USTDA is fortunate to have dedicated and knowledgeable professionals who possess strong technical skills and experience. Their tireless work enables our agency to leverage our resources and achieve results.

/s/ Leocadia I. Zak

Director
U.S. Trade and Development Agency

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

USTDA at a Glance

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

USTDA seeks out and funds projects that have a high probability of implementation and U.S. exports and have 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 and the likelihood of receiving implementation financing.

USTDA also considers a project's potential adverse environmental implications by ensuring that provision is made for a preliminary environmental impact assessment in all USTDA-funded grant activities.

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

Mission Statement

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

Organizational Structure

The Agency is divided into five geographic regions that manage USTDA's program activities: Latin America and the Caribbean, East Asia and Eurasia, Sub-Saharan Africa, Middle East and North Africa, South and South East Asia. These Program Offices are supported by the following Offices: General Counsel, Finance, Information Technology, Contracts, Grants Administration, Congressional Affairs and Public Relations, Program Evaluation, Administration, and an Information Resources Center.

Performance Goals, Objectives and Results

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

USTDA focuses on meeting stated goals and objectives in its current Strategic Plan covering the 2008-2012 time period. See www.ustda.gov/otherinfo/USTDAStrategicPlan2008_2012.pdf for a copy of USTDA's strategic plan.

Every year USTDA conducts an extensive review of its ongoing programs and projects to determine the Agency's overall effectiveness and responsiveness to its various stakeholders. In FY 2011, USTDA continued to pursue a more targeted approach to delivering assistance and streamlined the Agency's country and sector focus. USTDA highlighted 26 priority countries (out of 131 countries eligible for USTDA assistance) and three priority sectors (with two additional sectors for more limited consideration) that offered the best prospects for U.S. exports, job growth, and overseas economic development. The results of pursuing a more focused strategy once again exceeded the Agency's expectations. In addition to the developmental benefits resulting from USTDA projects, the Agency's success is seen in the increase of exports generated per dollar programmed from 47 to 58 by the close of FY 2011, meaning that every dollar the Agency invested in its program is now generating $58 in U.S. exports.

USTDA uses two specific performance measures, the "multiplier" and the "hit rate" to ascertain whether its program achieves the long-term strategic objectives of advancing U.S. commercial interests in development projects. The targets for the "multiplier" and "hit rate" performance measures, while ambitious, have remained fairly constant. USTDA projects often take many years to mature and, therefore, the measures are applied on the basis of a ten-year rolling average (TYRA).

FY 2011 proved to be an impressive year for USTDA. Although the Agency faced budgetary constraints amid growing demands for assistance, USTDA demonstrated its ability to pursue a strategic agenda that balanced the Administration's foreign policy and development priorities with the need to support U.S. exports and jobs. For the last two fiscal years, USTDA has narrowed the focus of its program to target 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. In FY 2011 USTDA produced outstanding results in terms of increasing its export multiplier, identifying new project successes, supporting over 40 new reverse trade missions, and demonstrating its willingness to take the lead and launch new programs to help the U.S. government meets its strategic objectives.

FY 2011 Strategic Investments	**Overall Success Rates**
Priority Countries: $36.2M (87.7%)	**Export Multiplier: 58 to 1**
Information & Communications Technologies: $7.6M (18%)	**New Exports Identified: $4.9B**
Transportation: $11.4 (28%)	**Total Exports to Date: $40.7B**
Clean Energy/Energy Efficiency: $15.5M (38%)	
Water and Environment: $1.2M (3%)	

USTDA's total obligations in its 26 priority countries increased from 84.6 percent of the Agency's total program obligations in FY 2010 (the first year in which the Agency's improved strategic planning process was fully implemented) to 87.7 percent of total program obligations in FY 2011. With respect to the results for the FY 2011 selected priority sectors, Information & Communications Technologies (ICT) sector investments increased from 14 percent of FY 2010 total program obligations to 18 percent of FY 2011 total program obligations, and transportation sector investments increased from 22 percent of FY 2010 total program obligations to 28 percent of FY 2011 total program obligations. With these increased investments in the ICT and transportation sectors, the clean energy and energy efficiency sector declined somewhat from 46 percent of FY 2010 total program obligations to 38 percent in FY 2011. In the water sector, which is a sector of limited consideration for the Agency, USTDA's investments for FY 2011 declined to 3 percent of its total program obligations, compared to 7 percent in FY 2010.

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

Reliability and Completeness of the Performance Data

USTDA maintains an internal evaluations team and also contracts with independent evaluators. The internal and independent teams review USTDA activities for commercial impacts and developmental impacts. Review of USTDA activities takes place while activities are ongoing and upon completion. 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 team or its external evaluations team that there are any material inadequacies that would significantly impede the use of performance data by the Agency's management and government decision-makers.

Evaluations

USTDA's evaluations staff is responsible for maintaining status reports on the results of the Agency's activities and providing summary reports on the Agency's success in achieving U.S. export and host country development objectives. Management has designed and followed a plan to provide reasonable assurance that reported performance information is relevant and reliable.

Analysis of Financial Statements

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

The following table summarizes the significant changes in USTDA's financial position during FY 2011:

Financial Condition	FY 2011 Balance	FY 2010 Balance	Increase/ (Decrease)	Percentage Difference
Total Assets	$107,816,895	$113,796,014	($5,979,119)	(5.25%)
Total Liabilities	$7,913,295	$9,120,922	($1,207,627)	(13.24%)
Net Position	$99,903,600	$104,675,092	($4,771,492)	(4.56%)
Net Cost of Operations	$53,123,988	$56,465,192	($3,341,204)	(5.92%)
Budgetary Resources	$62,622,027	$70,820,858	($8,198,831)	(11.58%)

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 notes to the accompanying audit report presented in the Financial Section of this report.

Balance Sheet

The accompanying balance sheet as of September 30, 2011, reports a net position of approximately $99.9 million. Specifically, USTDA's total assets of approximately $107.8 million include fund balance with Treasury of approximately $107.4 million. The total assets as of September 30, 2011 decreased by approximately $6.0 million from September 30, 2010. The decrease was primarily due to a decrease in Fund Balance with Treasury of $5.8 million.

Total liabilities reported are $7.9 million and are comprised of approximately $7.2 million of accounts payable, of which $6.2 million relates to grant payments owed, but unpaid as of September 30, 2011. Total liabilities as of September 30, 2011 decreased by approximately $1.2 million from FY 2010. The decrease was primarily due to the decrease in the accrual for grant payments.

Statement of Net Cost

USTDA's net cost of operations for the year ended September 30, 2011 amounted to approximately $53.1 million. The net cost of operations for FY 2011 decreased by approximately $3.3 million from FY 2010 due to a decrease in funding, which resulted in fewer grants and contracts as compared to the prior year.

Statement of Budgetary Resources

The budgetary resources for FY 2011 decreased by approximately $8.2 million from FY 2010, due primarily from changes in appropriations, transfers and funds permanently not available that totaled approximately $11.5 million. However, this decrease was offset by approximately $3.3 million derived primarily from amounts brought forward from 2010 and recoveries from prior years.

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

Data and Financial System Assessment

USTDA develops and promulgates accounting systems and procedures for use by its staff to maximize accountability, standardization and cost effectiveness; monitors Agency compliance with these systems and procedures; reviews reports of the independent auditors to ensure compliance with auditor recommendations; monitors the activities of the Agency's programs; and performs analysis of required changes in procedure that affects the financial reporting of the Agency.

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

The Agency has service level agreements with the National Business Center (NBC) of the Department of the Interior for payroll, personnel, and accounting services. The operating effectiveness of the NBC's Oracle Federal Financials, General Information Technology and Accounting Operations Controls was 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). A qualified opinion was issued by NBC's independent public accounting firm for the period July 1, 2010 through June 30, 2011. NBC implemented mitigating controls to address the qualification and also conducted an assessment in accordance with OMB Circular A-123, in which no material weaknesses or significant deficiencies were noted. Accordingly, NBC was able to provide USTDA with assurance that the description of controls in the FY 2011 report presents fairly the operating effectiveness of the NBC controls that were in place as of September 30, 2011 as they relate to key controls relied upon by USTDA. The results of this report provide reasonable assurance that USTDA's financial management systems complied substantially with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Management Assurances

Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) is implemented by OMB Circular A-123, revised, *Management's Responsibility for Internal Control* and OMB Circular A-127, *Financial Management Systems*. The objectives 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 2011 provide unqualified assurance that USTDA's systems and management controls comply with the requirements of the FMFIA.

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

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

U. S. TRADE AND DEVELOPMENT AGENCY

Annual Assurance Statement on Internal Control

USTDA's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA. USTDA conducted an assessment of the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, USTDA can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of June 30, 2011 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

In addition, USTDA conducted an assessment of the effectiveness of its internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, USTDA can provide reasonable assurance that internal control over financial reporting as of June 30, 2011 was operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

/s/ Leocadia I. Zak

Director

July 25, 2011

Date

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Accountability of Tax Dollars Act

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

Government Performance and Results Act

GPRA requires a recurring cycle of performance reporting for federal agencies. This cycle involves five-year strategic plans, annual performance plans, and annual program performance reports. USTDA's annual performance report is combined with its annual financial statements in this PAR.

GPRA Modernization Act

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

Federal Information Security Management Act

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

During FY 2011, 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—P.L. 107-300) requires federal agencies to identify and report on significant payment programs that are susceptible to improper payments. IPIA defines significant improper payments as those within a single payment program that exceed both 2.5 percent of that program's annual amounts paid and $10 million annually. The Improper Payments Elimination and Recovery Act of 2010 (IPERA), enacted on July 22, 2010, 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. "Significant," as defined in the Act, means that in the preceding fiscal year, improper payments in the program or activity may have exceeded $10,000,000 of all program or activity payments made during that fiscal year reported and 2.5 percent of program outlays; or $100,000,000.

USTDA reviewed its operations identifying two payment programs: (1) the Foreign Grant Program (e.g., grants, reverse trade missions, contracts and related assistance); and (2) the Operating Expenses (OE) Program (e.g., salaries and benefits, rent, other administrative costs). Approximately 75 percent of USTDA's funding was dedicated to the Foreign Grant Program, which amounted to approximately $41.0 million, and the remaining 25 percent was allocated to OE, which was approximately $13.5 million.

USTDA assessed each program to determine which, if any, were susceptible to significant improper payments, as both programs make annual payments that exceed $10 million. In undertaking this analysis, USTDA's Finance Department reviewed every transaction processed during FY 2010. The results of that analysis did not find any significant improper payments that reached the level required for reporting by IPERA. For the few, immaterial, improper payments identified in FY 2010, USTDA recovered the full amount. 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.

USTDA has in place internal and external controls making improper grant program payments highly unlikely. For example, invoices go through many levels of review and approval, including by a certified Contracting Officer's Technical Representative, before being transmitted to the Finance Department for processing. With respect to payments made under the Foreign Grant Program, disbursements are made only after certain certifications concerning the completion of a particular milestone have been received from the U.S. contractor performing the work, and from the foreign grantee for whom the work has been performed. The submitted invoice and certifications are reviewed and approved by USTDA program staff, and with respect to final invoices, by Grants Administration, prior to being authorized to be disbursed by the Finance Department. Furthermore, each grant and contract is retrieved by USTDA's payment center and reviewed by a certified financial officer to verify vendor name, contract terms and performance periods before payment is validated for disbursement from the U.S. Treasury.

Based on the results of the FY 2010 improper payments analysis and review, there were no significant improper payments. Although USTDA concluded its programs are not susceptible to improper payments as defined under IPERA, both the OE Program payments and the Foreign Grant Program payments are reviewed as part of the OMB Circular A-123 Internal Control Assessment and Testing Program discussed above. The agency reviews its controls and systems under the FMFIA to ensure that the agency remains compliant. The agency will continue to review its programs annually to determine if any significant improper payments exist and complete a full review every three years as required.

Limitations of the Financial Statements

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

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

U.S. Trade and Development Agency
Performance

Performance Objectives and Results

USTDA helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions 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, North Africa and Europe, South and South East Asia to accomplish its mission.

In its ongoing effort to focus on emerging markets (developing- and middle-income countries) that offer the greatest potential for project success, growth for U.S. exports, developmental need, and market share growth for U.S. companies, the Agency has reduced the number of priority countries from 26 to 20 countries, in FY 2012. The priority countries are now as follows:

Region	Priority Countries
East Asia and Eurasia	China
Latin America and the Caribbean	Brazil, Chile, Colombia, Mexico
Middle East, North Africa and Europe	Egypt, Jordan, Morocco, Romania, Turkey
South and Southeast Asia	India, Indonesia, Pakistan*, Philippines, Vietnam
Sub-Saharan Africa	Angola, Ghana, Kenya, Nigeria, South Africa

*USTDA will only use special transfer funds to support projects in this country

Based on extensive analysis of the demand from the U.S. business community for USTDA assistance in priority countries, as well as a review of U.S. competitiveness in specific technologies, the Agency will continue its targeted sector approach. The priority sectors for FY 2012—clean energy/energy efficiency, information and communication technology, and transportation—(1) have proven capacity for increased U.S. exports and in turn job creation, (2) reflect the greatest demand from developing and middle-income countries, and (3) represent areas of U.S. private sector expertise and competitiveness. In addition to the three priority sectors, healthcare, which was established as a sector of special consideration in FY 2011, remains a focus in China.

Also, USTDA will continue to support foreign policy priorities of the Administration by directing its funding to support: the National Export Initiative (NEI); clean energy development and the U.S. Climate Change Agenda; and the Millennium Development Goals (MDGs).

USTDA's Evaluation Measurements and Targets

USTDA maintains a robust Program Evaluation Office that is responsible for tracking the results of the Agency's funding commitments. It evaluates both the short- and long-term impact of USTDA's program as it relates to U.S. export generation and benefits to host country economies. These efforts are critical to the Agency's ability to identify and quickly respond to the needs of

U.S. companies seeking to pursue business and export opportunities in international markets. The measurements used by the Agency to determine whether its commercial objectives are being achieved include:

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

- Multiplier: effectiveness or ability of USTDA's funding to generate U.S. exports, stated in terms of the ratio by dollar value of U.S exports to USTDA program expenditures. In general terms, the "export return on USTDA investment." In addition, the agency has calculated the percentage of projects that generate exports, although the resulting "hit rate" has proven to be of limited value in view of the matrix of USTDA's dual mission.[1]

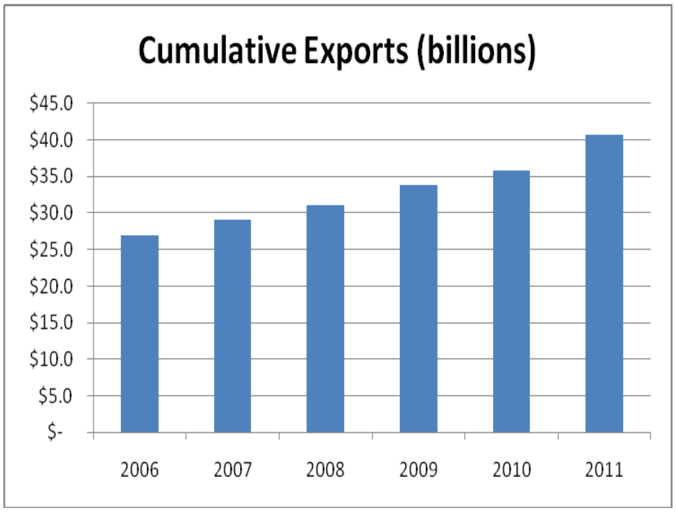
Although these metrics can be used to generate data for any period of time, the Agency, as a rule, calculates the Multiplier using a Ten-Year Rolling Average (TYRA). FY 2011 the TYRA is made up of projects completed between 1998 and 2007. The TYRA is explained in greater detail in the Procedures to Ensure Performance Reporting section. Therefore, the data on commercial outcomes provided in this PAR are calculated using the TYRA, unless otherwise stated.

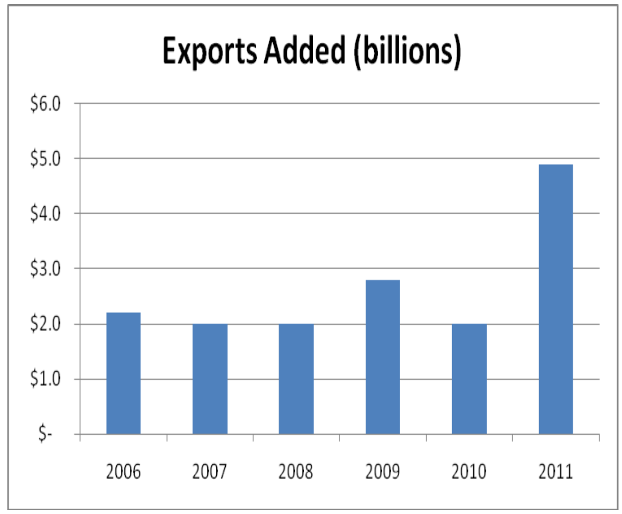
Comparison of Performance to Goals

Total Cumulative Exports
This figure is generated by calculating the sum of total exports, documented in the USTDA database. Since its inception in 1981, USTDA's programs have helped generate more than $40.7 billion in U.S. exports. In FY 2011 USTDA identified $4.9 billion new exports attributed to USTDA supported projects. The Agency's cumulative exports increased substantially this year, compared to last, due to large successes identified with a Colombian refinery project as well as the Agency's China Aviation Cooperation Program.

[1] The hit rate, while providing the percentage of projects that yield exports, does not take into account the nature of the project being supported, how close it is to implementation and the economic conditions surrounding the projects that may prevent it from being implemented. USTDA funding is requested to support projects that are challenging and often lack financial commitments. Further, USTDA works in developing- and middle-income countries where foreign transactions supporting multi-million dollar infrastructure projects are impacted by unpredictable events. Thus, it is important to note that the hit rate is of limited value in determining the overall benefits of USTDA funding.

U.S. Trade and Development Agency Performance



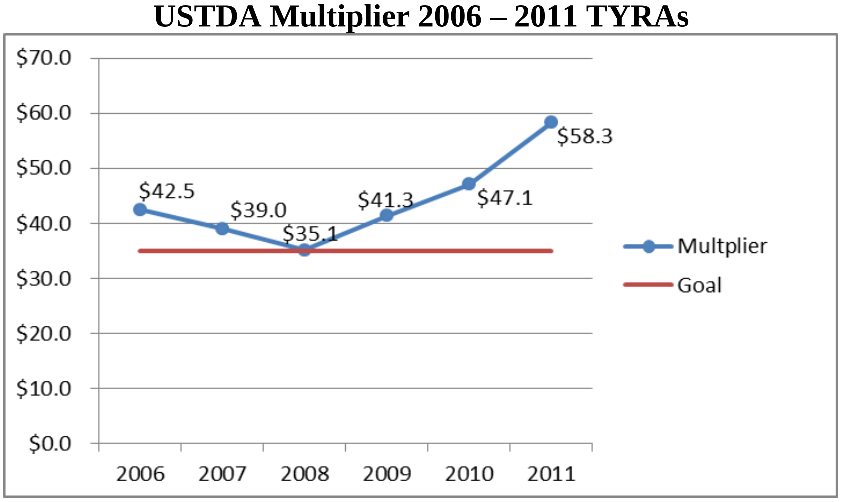


Export Multiplier Rate Calculation

The multiplier rate quantifies the amount of exports generated for every USTDA program dollar obligated. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA's funding commitments. For the current TYRA projects completed between 1999 and 2008, USTDA has obligated $302.0 million to support foreign projects, which has helped to generate $17.6 billion in U.S. exports. Thus, for every $1 dollar of USTDA funding, $58.30 in U.S. exports are generated, which exceeds last year's multiplier rate of $47.1 and two years ago of $41.3. This increase, in part, is attributed to the Agency's support for longer term aviation and energy cooperative programs that have started to generate significant results. These programs consist of multiple focused activities over many years that coordinate efforts with US private industry on their long term commercial objectives.

Export Multiplier: $\dfrac{\$17.6 \text{ billion}}{\$302 \text{ million}} = \$58.30$

USTDA Multiplier 2006 – 2011 TYRAs



U.S. Trade and Development Agency
Performance

Other Measurements

Small Business Impact

The Small Business Administration (SBA) has set a goal for federal agencies to work with small businesses on at least 23 percent of their procurements and contracts. Between 2004-2009, over 76 percent of USTDA's project related activities were awarded to small businesses, significantly exceeding SBA's goals. Based on 2004-2009 data, 93 percent of direct contracts have been awarded to U.S. small businesses.[2]

Trade Capacity Building

Since 2001 the U.S. Agency for International Development (USAID) has performed an annual survey on behalf of the U.S. Trade Representative (USTR) to quantify trade capacity building (TCB) activities conducted by the U.S. government. TCB activities result in the growth of a developing country's ability to participate in international trade and commerce. Additionally such activities help the U.S. government fulfill commitments made towards the Doha Development Agenda. As part of USTDA's responsibility as a foreign assistance agency of the U.S. government, we review activities annually, classify them in their appropriate TCB categories and report them to USAID through an online database. USTDA does not have any targets or goals set for TCB requirements.

Procedures to Ensure Performance Measurement Reporting

The Agency's Program Evaluation Office works throughout the year to compile information related to the Agency's performance measurements. The following parameters are used when compiling and generating the measures:

TYRA is a ten-year interval used to measure the results of program. The TYRA consists of all projects for which the completion year of the project falls within the TYRA years. The last year of the TYRA is recent enough to influence future planning, but far enough away to ensure USTDA funding activities have been evaluated at least once by the independent evaluation team (IET). Further, the gap between the last year of the TYRA and first year of evaluation is justified because most large infrastructure projects take years to develop and the USTDA project cycle typically requires a minimum of two years to complete. Thus, for FY 2011 the TYRA is 1998-2007, FY 2010 the TYRA was 1997-2006, and so on.

[2] Many activities obligated in Fiscal Years 2010 and 2011 are too recent to have had a contractor selected so these activities are not being officially reported. As of June 2011, over 80 percent of FY 2010 activities were awarded to small businesses; however, there were approximately 50 activities which have been obligated but for which a contractor has yet to be selected and as such, these activities were omitted from analysis in FY 2011.

U.S. Trade and Development Agency Performance

USTDA funds projects by using its Core funds, appropriated by Congress, and in some instances, transfer funds provided by other government agencies such as USAID and the State Department. Transfer funds often carry restrictions with respect to how the funding can be used (e.g., country limitations, industry priorities, or specific activities). Therefore, with the approval of OMB and in order to establish consistent evaluation criteria and performance measures, the Agency evaluates program results based on core funded activities only.

The Program Evaluation Office seeks to determine whether and to what extent a USTDA activity assisted U.S. companies in successfully exporting to support a project. The U.S. exports USTDA attributes to its program efforts must have a credible and significant linkage to a USTDA-funded activity. To be considered a "success", the exports must involve U.S. content. USTDA strives to attribute goods, but also counts services when they can be identified. There are no time limitations during which USTDA may claim credit for U.S. export or development impact generation but USTDA takes into consideration the general constraints it has when measuring exports and development benefit.

USTDA seeks to establish a credible linkage between a USTDA activity and the resulting exports. There may be any number of factors that lead to a project being implemented, resulting in exports and benefits to the host country. In order to establish a linkage, USTDA gathers information that explains how the USTDA-funded activity affected the final result. This information includes input from stakeholders who confirm that USTDA played a contributing role to the project being implemented or other results. Additionally, USTDA seeks to determine the significance of the Agency's activity in the final outcome: in particular, the impact of the activity on project implementation, export generation and development benefits.

U.S. Content

U.S. content is defined as goods manufactured in the U.S. or services provided by U.S. corporations/workers. USTDA obtains U.S. content data in a number of different ways but most commonly via information provided by U.S. contractors, suppliers, host country project sponsors, financiers, and other U.S. agencies involved in implementing the project. In cases where exact figures cannot be provided, USTDA works with the entity providing the data to estimate the U.S. content. U.S. content is difficult to document in detail given the rise of multinational companies and complexity of supply chains. Further, with the exception of contracts financed by the U.S. Export-Import Bank, entities may not document the data or have specific knowledge about the value of contracts or where the content was produced. In instances where data is limited, USTDA works with the entities involved in the project implementation to identify an order of magnitude to estimate the U.S. content values.

Independent Evaluation Team

USTDA hires an outside IET to evaluate 400 USTDA projects annually (or roughly 40-50 percent of USTDA's projects open for evaluation). The IET provides a complete assessment of project outcomes; both exports and development impact measurements. These assessments are provided in individual project reports that present details about the individual U.S. companies that exported to USTDA - funded projects; how the USTDA funded work led to or contributed to project implementation; the reasons why a project did not move forward; information about financing that was used; and the specific U.S. goods and services that were supplied. Additionally, the IET individual project reports contain detailed information about the entities that were contacted during the individual project evaluations.

In addition to these project reports, the IET provides a comprehensive final report that summarizes the findings associated with the cohort of 400 projects. After several annual assessments by the IET, if any outstanding questions remain, these are handled directly by USTDA's Project Evaluation Office.

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Independent Auditors' Report

The Director
U.S. Trade and Development Agency:

We have audited the accompanying balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, and combined statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended. These financial statements are the responsibility of the USTDA's management. 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. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the USTDA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the USTDA as of September 30, 2011 and 2010, and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with U.S. generally accepted accounting principles.

The information in the Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

The information in the Other Accompanying Information section is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 9, 2011 on our consideration of the USTDA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

November 9, 2011

KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Internal Control Over Financial Reporting

The Director
U.S. Trade and Development Agency:

We have audited the balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2011 and 2010 and the related statements of net cost, changes in net position, and budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated November 9, 2011.

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. 07-04, *Audit Requirements for Federal Financial Statements,* as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the USTDA is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2011 audit, we considered the USTDA's internal control over financial reporting by obtaining an understanding of the USTDA's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the USTDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the USTDA's internal control over financial reporting. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the third paragraph of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2011 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the USTDA's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 9, 2011

KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

KPMG

Independent Auditors' Report on Compliance and Other Matters

The Director
U.S. Trade and Development Agency:

We have audited the balance sheets of the U.S. Trade and Development (USTDA) as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, and combined statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated November 9, 2011.

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. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the USTDA is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the USTDA. As part of obtaining reasonable assurance about whether the USTDA's financial statements are free of material misstatement, we performed tests of the USTDA's 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 the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the USTDA. 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 described in the preceding paragraph of this report, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

This report is intended solely for the information and use of the USTDA's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 9, 2011

U.S. Trade and Development Agency
Balance Sheets
As of September 30, 2011 and 2010

Assets	**2011**	**2010**
Intragovernmental:		
Fund balance with Treasury (Note 2)	$107,439,008	$113,252,004
Accounts receivable, net (Note 3)	--	26,925
Total intragovernmental	107,439,008	113,278,929
Accounts receivable, net (Note 3)	88	--
General property and equipment, net (Note 4)	377,799	517,085
Total assets	$107,816,895	$113,796,014
Liabilities and Net Position		
Liabilities		
Intragovernmental:		
Accounts payable (Note 5)	$ 270,000	$ 74,007
Other liabilities (Notes 2 & 5)	11,674	28,126
Total intragovernmental	281,674	102,133
Accounts payable (Note 5)	6,895,481	8,087,922
Other liabilities (Note 5)	736,140	930,867
Total liabilities	7,913,295	9,120,922
Net position:		
Unexpended appropriations	100,017,436	104,631,325
Cumulative results of operations	(113,836)	43,767
Total net position	99,903,600	104,675,092
Total liabilities and net position	$107,816,895	$113,796,014

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, 2011 and 2010

	2011	2010
Cost of Operations:		
Grants program costs:	$53,123,988	$56,465,192
Less earned revenue	--	--
Net cost of operations (Notes 6 & 11)	$53,123,988	$56,465,192

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, 2011 and 2010

	2011	2010
Cumulative results of operations:		
Beginning balances	$ 43,767	$ 6,870
Budgetary financing sources:		
Appropriations used	52,564,787	56,110,429
Other financing sources:		
Imputed financing	401,598	391,660
Total financing sources	52,966,385	56,502,089
Net cost of operations	(53,123,988)	(56,465,192)
Net change	(157,603)	36,897
Ending balances	$ (113,836)	$ 43,767
Unexpended appropriations:		
Beginning balances	$ 104,631,325	$101,289,856
Adjustment to beginning balance	10,261	--
Adjusted beginning balance	104,641,586	101,289,856
Budgetary financing sources:		
Appropriations received	50,000,000	55,200,000
Appropriations transferred in	2,050,000	7,250,000
Other adjustments (rescissions and cancellation of expired funds)	(4,109,363)	(2,998,102)
Appropriations used	(52,564,787)	(56,110,429)
Total budgetary financing sources	(4,624,150)	3,341,469
Total unexpended appropriations	$ 100,017,436	$104,631,325
Net position	$ 99,903,600	$104,675,092

The accompanying notes are an integral part of these statements.

U.S. Trade and Development Agency
Statements of Budgetary Resources
For the Years Ended September 30, 2011 and 2010

	2011	2010
Budgetary resources:		
Unobligated balance, brought forward, October 1	$ 6,690,288	$ 6,330,098
Adjustment to beginning balance brought forward	--	10,261
Recoveries of prior year unpaid obligations	8,018,027	5,001,677
Budget authority:		
Appropriations	50,000,000	55,200,000
Spending authority from offsetting collections:		
Collected	--	--
Change in receivables from federal sources	(26,925)	26,925
Nonexpenditure transfers	2,050,000	7,250,000
Permanently not available:		
Enacted Reduction	(100,000)	--
Cancellation of expired accounts	(4,009,363)	(2,998,103)
Total budgetary resources	$ 62,622,027	$ 70,820,858
Status of budgetary resources:		
Obligations incurred:		
Direct (Note 7)	$ 54,620,592	$ 64,130,570
Unobligated balance available:		
Apportioned (Notes 2, 8 & 10)	3,854,997	2,889,608
Unobligated balance not available (Note 2)	4,146,438	3,800,680
Total status of budgetary resources	$ 62,622,027	$ 70,820,858
Change in obligated balance:		
Unpaid obligations, brought forward, October 1	$106,560,515	$102,101,873
Adjustment to unobligated balance brought forward	338	(10,261)
Obligations incurred	54,620,592	64,130,570
Less: Gross outlays	(53,737,519)	(54,659,990)
Less: Recoveries of prior years' obligations	(8,018,027)	(5,001,677)
Obligated balance-end of the period	99,425,899	106,560,515
Less: Uncollected customer payments from federal sources	--	(26,925)
Obligated balance, net-end of the period (Note 9)	$ 99,425,899	$106,533,590
Net Outlays:		
Gross outlays	$ 53,737,519	$ 54,659,990
Less: Offsetting collections	--	--
Net outlays	$ 53,737,519	$ 54,659,990

The accompanying notes are an integral part of these statements.

U.S. Trade and Development Agency
Notes to Financial Statements
September 30, 2011

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The U.S. Trade and Development Agency (USTDA or the Agency) 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).

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 reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

The organization was established on July 1, 1980 as the U.S. 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 a separate component agency of IDCA. On October 28, 1992, the Jobs Through Exports Act of 1992 established USTDA as an independent agency under the foreign policy guidance of the Secretary of State.

(b) Basis of Presentation

These financial statements have been prepared to report the financial position, net costs, changes in net position, and budgetary resources of USTDA, as required by its authorizing legislation (Public Law 102-549, Title II). These financial statements include all activity related to USTDA's appropriation (No. 11-1001) and reimbursable interagency agreements, whereby USTDA receives transfers from other federal agencies for use in specific regions or sectors.

(c) Budgets and Budgetary Accounting

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

(d) Basis of Accounting

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

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

(e) Appropriations and Other Financing Sources

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

During each of FY 2010 and FY 2011, USTDA received an appropriation to be used for program and administrative expenses, which are available for obligation through September 30, 2011 and 2012, respectively. These funds were appropriated in accordance with Section 7011 of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010 and Section 2114 of the Department of Defense and Full-Year Continuing Resolution Act, 2011 (“The Acts”). Beginning with FY 2008 appropriations, the 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 2011, USTDA re-apportioned approximately $1.3 million of FY 2008 de-obligations and approximately $1.4 million of FY 2009 de-obligations.

Funds transferred from the U.S. Agency for International Development (USAID) for Support for East European Democracy Act (SEED), Economic Support Funds (ESF), and the Freedom Support Act (FSA) during FY 2002-2005, are available for reobligation in the manner described in the preceding paragraph. SEED, ESF, and FSA funds for FY 1999-2001 that were initially obligated prior to their expiration remain available for re-obligation until expended.

(f) Fund Balance with Treasury

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

(g) Property and Equipment

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

(h) Liabilities

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

USTDA has no capital leases. Regarding its building lease, the General Services Administration (GSA) entered into a lease agreement for USTDA's rental of building space. USTDA pays GSA a standard-level users' charge for the annual rental. The standard-level users' charge approximates the commercial rental rates for similar properties. Average annual rent expense and related charges are approximately $1.5 million through 2012.

(i) Undelivered Orders

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

(j) Accrued Leave

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

(k) Cumulative Results of Operations

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

(l) Retirement Plan

USTDA's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7.0 percent of their gross pay to the plan, and USTDA contributes 8.51 percent. The cost of providing a CSRS benefit, which is 30.1 percent as computed by the Office of

Personnel Management (OPM), is more than the amounts contributed by USTDA and its employees. In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, USTDA reports the full cost of providing pension benefits to include the cost financed by OPM.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983 are automatically covered by FERS and the Social Security Act. Employees hired prior to January 1, 1984 could elect either to join FERS and the Social Security Act or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which USTDA automatically contributes 1 percent of employees' pay and matches any employee contribution up to an additional 4 percent of basic pay. For most employees hired since December 31, 1983, USTDA also contributes the employer's matching share under the Social Security Act. For the FERS basic benefit, the employees contribute 0.8 percent of their basic pay while USTDA contributes 11.2 percent for a total contribution rate of 12 percent. The cost of providing a FERS benefit, as computed by OPM is 13.8 percent.

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY 2011 amounted to $401,598 which includes $150,534 for pension cost for CSRS and FERS; $250,174 for the Federal Employees Health Benefits (FEHB) Program; and $890 for Federal Employees Group Life Insurance (FEGLI). These amounts are included in USTDA's FY 2011 financial statements. In FY 2010, OPM funded $391,660 to pension, health, and life insurance benefits on behalf of USTDA's employees.

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

USTDA paid approximately $500,230 and $446,690 for retirement system coverage for its employees during FY 2011 and FY 2010, respectively.

(m) Use of Estimates

Management has made certain estimates and assumptions when reporting in these financial statements on assets and liabilities. They are also used in expenses and note disclosures. Actual results could differ from these estimates. Significant estimates underlying the accompanying financial statements include depreciable lives of property and equipment with no residual value, and the grants payable accrual. USTDA uses a ratio of the average of accounts payable to unpaid obligations over a three year period and applies 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, 2011 and 2010, as follows:

	2011	**2010**
Fund balances:		
Appropriated funds	$107,427,334	$113,223,878
Miscellaneous receipts	11,674	28,126
Total	$107,439,008	$113,252,004
Status of Fund Balance with Treasury:		
Unobligated balance:		
Available	$ 3,854,997	$ 2,889,608
Unavailable	4,146,438	3,800,680
Obligated balance not yet disbursed	99,425,899	106,533,590
Non-budgetary	11,674	28,126
Total	$107,439,008	$113,252,004

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 Receivables

Accounts receivables at September 30, 2011 and 2010 consist of the following components:

	2011	**2010**
Accounts receivable, net	$ 88	$ 26,925
Total Receivable and Advances	$ 88	$ 26,925

FY 2011 accounts receivable represents an employee health insurance premium which will be collected in FY 2012. The accounts receivable reported in FY 2010 represent erroneous charges made by other agencies against USTDA's appropriation. The correction was made in FY 2011.

(4) Property and Equipment, Net

Property and equipment and related accumulated depreciation balances at September 30, 2011, and 2010 are as follows:

2011

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	471,823	$	287,009	$	184,814
Furniture and Fixtures	10 years		232,468		163,873		68,595
Computer Software	5 years		5,046		1,514		3,532
Other Equipment	10 years		243,668		159,981		83,687
Leasehold Improvement	2 years		113,182		76,011		37,171
		$	1,066,187	$	688,388	$	377,799

2010

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	453,200	$	211,136	$	242,064
Furniture and Fixtures	10 years		232,468		146,699		85,769
Computer Software	5 years		5,046		505		4,541
Other Equipment	10 years		243,668		137,096		106,572
Leasehold Improvement	3 years		113,182		35,043		78,139
		$	1,047,564	$	530,479	$	517,085

Depreciation expense for fiscal years ended September 30, 2011 and 2010 is $157,909 and $129,218, respectively.

During FY 2011 and 2010, USTDA purchased property and equipment in the amount of $18,623 and $264,925, respectively. In addition, during FY 2011 there were no disposals, while in FY 2010, USTDA disposed of property that cost $59,470, with related accumulated depreciation amounting to $55,691.

(5) Liabilities

Total liabilities represent the sum of liabilities not covered by budgetary resources, and those covered by budgetary resources. As of September 30, 2011 and 2010, total liabilities were as follows:

	2011	2010
Intragovernmental liabilities:		
Liabilities not covered by budgetary resources:		
Miscellaneous receipts to be returned to Treasury	$ 11,674	$ 28,126
Liabilities covered by budgetary resources:		
Accounts payable	270,000	74,007
Total intragovernmental liabilities	$ 281,674	$ 102,133
Other liabilities:		
Liabilities not covered by budgetary resources:		
Accrued annual leave	$ 491,723	$ 473,318
Liabilities covered by budgetary resources:		
Accounts payable	6,895,481	8,087,922
Accrued payroll	244,417	457,549
Total other liabilities	7,631,621	9,018,789
Total Liabilities	$ 7,913,295	$ 9,120,922

All liabilities other than unfunded accrued leave are considered to be current liabilities. Approximately $6.2 million of the accounts payable balance as of September 30, 2011 relates to grants payments owed but unpaid. This balance was $7.8 million as of September 30, 2010.

(6) Intragovernmental Costs and Exchange Revenue

Program costs for fiscal years ended September 30, 2011 and 2010 consist of the following:

Grants Program	**2011**	**2010**
Intragovernmental costs	$ 2,953,748	$ 3,701,368
Public costs	50,170,240	52,763,824
Total grant program costs	53,123,988	56,465,192
Intragovernmental earned revenue	--	--
Net grant program costs	$ 53,123,988	$ 56,465,192

(7) Apportionment Categories of Obligations Incurred

During the years ended September 30, 2011 and 2010, funds were obligated in the following categories:

Obligations	2011	2010
Category A–funds that are obligated for operating expenses	$ 13,548,511	$ 14,292,885
Category B–funds that are obligated for program activities	41,072,081	49,837,685
Total obligations incurred	$ 54,620,592	$ 64,130,570

(8) Unobligated Balances Available – Apportioned

Total available unobligated balance of budget authority at September 30, 2011 and 2010 consist of the following:

	2011	2010
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)	61,565	304,498
Funds transferred from USAID for feasibility studies and related activities in the NIS (Freedom Support Act (FSA) no-year funds)	63,315	150,841
Total no-year funds	450,839	781,298
Funds transferred from USAID for feasibility studies and related activities in the NIS (FSA funds)	318,930	--
USTDA core budget two-year appropriations	3,085,228	2,108,310
Total unobligated and available appropriations	$ 3,854,997	$ 2,889,608

All funds transferred from USAID were appropriation transfers. USTDA did not receive any allocations during FY 2010.

(9) Undelivered Orders

At September 30, 2011 and 2010, undelivered orders balances consisted of the following**:**

Purpose	2011	2010
Obligated balance at the end of the period	$ 99,425,899	$ 106,533,590
Accounts payable (covered by budgetary resources)	(7,409,898)	(8,619,478)
Undelivered orders	$ 92,016,001	$ 97,914,112

(10) Permanent Indefinite Appropriations

No-year funds at September 30, 2011 and 2010 exist for the following purposes:

Purpose		2011		2010
General program activities	$	325,959	$	325,959
FSA transfer funds for feasibility studies and activities in the NIS		63,315		150,841
Support for feasibility studies and activities (NIS and SEED)		61,565		304,498
Total permanent indefinite appropriations	$	450,839	$	781,298

(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, 2011 and 2010:

		2011		2010
Resources used to finance activities:				
Budgetary resources obligated	$	54,620,592	$	64,130,570
Adjustment to beginning balance brought forward		10,261		(10,261)
Recoveries of prior years obligations		(8,018,027)		(5,001,677)
Imputed financing for costs absorbed by others		401,598		391,660
Other		--		117,195
Total resources used to finance activities	$	47,014,424	$	59,627,487
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	$	5,925,036	$	(2,981,279)
Resources that finance the acquisition of assets		(18,623)		(264,925)
Loss on disposition of assets		--		3,779
Total resources used to finance items not part of the net cost of operations	$	5,906,413	$	(3,242,425)
Costs that do not require resources:				
Depreciation and amortization	$	157,909	$	129,218
Decrease in accounts receivable		26,837		--
Bad debt expenses		--		(72,060)
Costs that require resources in a future period:				
Increase in accrued leave liability		18,405		22,972
Total costs that do not require resources	$	203,151	$	80,130
Net cost of operations	$	53,123,988	$	56,465,192

U.S. Trade and Development Agency
Other Accompanying Information
September 30, 2011

Intragovernmental Assets

Trading Partner	Partner #		Accounts Receivable		Fund Balance with Treasury
Department of the Treasury	20	$	--	$	107,439,008
Total		$	--	$	107,439,008

Intragovernmental Liability

Trading Partner	Partner #		Accounts Payable		Fund to be Returned to Treasury
National Archives and Records	88	$	96	$	--
Office of Personnel Management	24		1,800		--
Department of State	19		132,837		--
Department of the Treasury	20		--		11,674
U.S. Foreign Commercial Services	13		94,295		--
General Services Administration	47		40,972		--
Total		$	270,000	$	11,674

Intragovernmental Expense

Trading Partner	Partner #		Amount
Department of Agriculture-CEPO	12	$	(3,000)
Foreign Service Institute	21		735
Department of the Interior (NBC)	14		1,008,626
Department of State	19		403,584
U.S. Foreign Commercial Services	13		63,985
General Services Administration	47		1,446,495
Department of Homeland Security	70		21,167
Office of Personnel Management	24		6,014
National Archives and Records	88		1,150
U.S. Postal Service	18		4,992
Total		$	2,953,748

U.S. Trade and Development Agency
Other Accompanying Information
September 30, 2011

Summary of the Financial Statement Audit and Management's Assurances

Table 1: Summary of Financial Statement Audit:

Audit Opinion	**Unqualified**				
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:

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

Summary of Management Assurances **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

U.S. Trade and Development Agency
List of Acronyms and Abbreviations
September 30, 2011

ATDA	Accountability of Tax Dollars Act
AICPA	American Institute of Certified Public Accountants
CSRS	Civil Service Retirement Act
ECP	Energy Cooperation Program
ESF	Economic Support Funds
FEHB	Federal Employees' Health Benefits
FEGLI	Federal Employees Group Life Insurance
FERS	Federal Employees Retirement System
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FSA	Freedom Support Act
GSA	General Services Administration
GAAP	Generally Accepted Accounting Principles
GPRA	Government Performance and Results Act of 1993
HCP	Health Cooperation Program
IBPP	International Business Partnership Program
ICT	Information & Communications Technologies
IDCA	International Development Cooperation Agency
IET	Independent Evaluation Team
IPERA	Improper Payments Elimination and Recovery Act
IPIA	Improper Payments Information Act of 2000
MDGs	Millennium Development Goals
NBC	National Business Center
NEI	National Export Initiative

U.S. Trade and Development Agency
List of Acronyms and Abbreviations
September 30, 2011

NIS	New Independent States
NIST	National Institute of Standards and Technology
OE	Operating Expenses
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 Standards
SSAE	Statements on Standards for Attestation Engagements
TCB	Trade Capacity Building
TYRA	Ten-Year Rolling Average
USAID	U.S. Agency for International Development
USTDA	U.S. Trade and Development Agency
USTR	United States Trade Representative

U.S. Trade and Development Agency

Performance and Accountability Report

FISCAL YEAR 2012

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Released November 7, 2012

U.S. Trade and Development Agency

FY 2012 Performance and Accountability Report

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Director's Message

It is my pleasure to present the U.S. Trade and Development Agency's (USTDA or the Agency) Performance and Accountability Report (PAR) for FY 2012. This report sets out the results of the Agency's strong program performance and sound financial management over the past year. During the past fiscal year, USTDA continued to demonstrate both the importance of its unique mission and its ability to achieve outstanding results.

Through a combination of new and time-tested programs, USTDA continued to place emphasis on programs that increased exports of U.S. manufactured goods and services while supporting the development of sustainable infrastructure in our partner countries. Key sectors for USTDA programming remained energy (with a continued focus on clean energy and energy efficiency), transportation, information and communication technologies and environmental infrastructure projects abroad. With a mission dually focused on exports and development, USTDA proved, once again, that it is well positioned to respond to President Obama's call to double exports by 2015.

In FY 2012, USTDA identified many new export successes resulting from the Agency's investments. Overall, USTDA increased its export multiplier to a ratio of 63 to 1, meaning that for every dollar the Agency programmed, $63 in U.S. exports were generated, up from $47 in FY 2010. As part of our continuing evaluation of our past activities and current program, USTDA also identified $2.2 billion in new export successes this year, bringing our total exports generated to date to nearly $42.9 billion. Given this history of success, I am confident that USTDA will continue to play an important role in opening foreign markets to increased U.S. exports while encouraging economic development in our partner countries.

The following highlights represent just a few of USTDA's FY 2012 accomplishments.

Aviation Programs and Initiatives

As a result of the Agency's extremely successful aviation cooperation programs in both China and India, USTDA continues to receive numerous requests from U.S. industry to launch similar programs in specific high-growth markets around the world. In FY 2012, in response to the ongoing industry interest, USTDA established two new programs: the U.S.-Brazil Aviation Partnership, and the Aviation Initiative for South Africa.

The U.S.-Brazil Aviation Partnership is a public-private partnership initiated by and through USTDA that brings U.S. companies together with the U.S. and Brazilian governments to address strategically critical infrastructure and other development projects. This Partnership gives both governments an important private sector resource to draw from to help with key development issues. This Partnership was launched during Brazilian President Rousseff's visit to the United States and was considered a key example of the growth of this important bilateral commercial cooperation. It will also generate numerous business opportunities for U.S. companies, as Brazil continues to invest heavily in its aviation sector.

The Aviation Initiative for South Africa will leverage the expertise and resources of the private sector, both in the United States and South Africa, to build the human capacity and infrastructure needed to strengthen the aviation sector. In addition, the Initiative aims to build business relationships and position U.S. industry for significant procurement opportunities in South Africa's dynamic aviation market.

Making Global Local and the President's Export Council (PEC)

Making Global Local is a new initiative designed to connect towns and cities across the country with USTDA's export-promoting programs. The aim of Making Global Local is to increase the number of U.S. businesses that are benefitting from the Agency's programs to expand exports to emerging markets and create high-paying jobs in their communities. To accomplish this goal, USTDA is forging new and innovative partnerships with business development and trade promotion organizations. Within months of its launch, USTDA established valuable relationships with local chambers of commerce, local trade centers, and other trade promoting organizations in communities across the United States.

The goal of Making Global Local directly supports the PEC's objectives of promoting intergovernmental collaboration and information and best practice sharing among Federal, state and local governments, to better serve the needs of small and medium-sized enterprises, and to highlight on a local level the importance of promoting American goods and services globally.

U.S. - ASEAN Connectivity Cooperation Initiative

USTDA's relationship with the Association of Southeast Asian Nations (ASEAN) continues to flourish, as the economies in the ASEAN region are growing rapidly. The International Monetary Fund World Economic Outlook projects 6.1 percent growth in the ASEAN region, which will drive investment and present enormous opportunity for U.S. exports. To take advantage of this growth and in support of the Administration's greater focus on economic and business engagement with the region, the private sector and an interagency working group requested that USTDA take the lead in the development and implementation of the U.S.-ASEAN Connectivity Cooperation Initiative, which was announced by President Obama in November 2011. This partnership between the U.S. government and U.S. industry is playing a vital role in accelerating the region's economic integration while opening markets for increased exports of U.S.-manufactured goods and services.

The Connectivity Initiative is designed to support ASEAN's goal of achieving an economically integrated ASEAN Community by 2015, and through its efforts will strengthen the mutually beneficial relationship between the United States and ASEAN. Leveraging U.S. private sector resources and expertise, USTDA is working with U.S. companies and ASEAN partners to support activities that foster effective new partnerships between private sector and government entities to increase connectivity and investment in the energy, transportation, and telecommunications sectors.

In closing, I wish to thank the entire USTDA staff. USTDA is fortunate to have dedicated and knowledgeable professionals who possess strong technical skills and experience. Their tireless work enables our agency to leverage our resources and achieve results.

/s/ Leocadia I. Zak

Director
U.S. Trade and Development Agency

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

USTDA at a Glance

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

USTDA funds projects that have a high probability of implementation, generating U.S. exports and achieving positive developmental benefits. The Agency looks for projects that are mutually beneficial for the host country and the U.S. business community, and evaluates the priority of the project to the project sponsor and the likelihood of receiving implementation financing.

USTDA also considers a project's potential adverse environmental implications by ensuring that provision is made for a preliminary environmental impact assessment in all USTDA-funded grant activities.

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

Mission Statement

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

Organizational Structure

The Agency is divided into five geographic regions that manage USTDA's program activities: Latin America and the Caribbean: East Asia and Eurasia; Sub-Saharan Africa; Middle East and North Africa and Europe; and South and South East Asia. These Program Offices are supported by the following Offices: General Counsel, Finance, Information Technology, Contracts, Grants Administration, Congressional Affairs and Public Relations, Program Evaluation, Administration, and an Information Resources Center.

Performance Goals, Objectives and Results

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

GPRA by requiring quarterly performance assessments of programs in assessing USTDA's performance and improvement.

USTDA focuses on meeting stated goals and objectives in its current Strategic Plan covering the 2008-2012 time period. See www.ustda.gov/otherinfo/USTDAStrategicPlan2008_2012.pdf for a copy of USTDA's strategic plan.

Every year USTDA conducts an extensive review of its ongoing programs and projects to determine the Agency's overall effectiveness and responsiveness to its various stakeholders. In FY 2012, USTDA continued to pursue a more targeted approach to delivering assistance and streamlined the Agency's country and sector focus. USTDA highlighted 20 priority countries (out of 133 countries eligible for USTDA assistance), three priority sectors, and one additional sector of special consideration added mid-year, which offered the best prospects for U.S. exports, job growth, and overseas economic development. The results of pursuing a more focused strategy once again exceeded the Agency's expectations. In addition to the developmental benefits resulting from USTDA projects, the Agency's success is seen in the increase of exports generated per dollar programmed from 58 in FY 2011 to 63 by the close of FY 2012, meaning that every dollar the Agency invested in its program is now generating $63 in U.S. exports.

FY 2012 proved to be an impressive year for USTDA. Although the Agency faced budgetary constraints amid growing demands for assistance, USTDA demonstrated its ability to pursue a strategic agenda that balanced the Administration's foreign policy and development priorities with the need to support U.S. exports and jobs. For the last three fiscal years, USTDA has narrowed the focus of its program to target 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. In FY 2012, USTDA produced outstanding results in terms of increasing its export multiplier, identifying new project successes, supporting over 55 new RTMs, and demonstrating its willingness to take the lead and launch new programs to help the U.S. government meets its strategic objectives.

FY 2012 Strategic Investments	**Overall Success Rates**
(percent is of total program obligations)	
Priority Countries: $34.7M (79%)	**Export Multiplier: 63 to 1**
Information & Communications Technologies: $4.3M (10%)	**New Exports Identified: $2.2B**
Transportation: $17.4M (40%)	**Total Exports to Date: $42.9 B**
Clean Energy/Energy Efficiency: $16.3M (37%)	
Water and Environment: $2.7M (6%)	

USTDA invested 79 percent of its total program obligations in its 20 priority countries in FY 2012. With respect to the FY 2012 priority sectors, transportation sector investments increased from 27 percent of FY 2011 total program obligations to 40 percent of FY 2012 total program obligations. USTDA's investments in the water and environment sector, which was elevated to a sector of special consideration for the Agency in the middle of FY 2012, also increased from 3 percent of 2011 total program obligations to 6 percent of FY 2012 total program obligations. With these increased investments, particularly in the transportation sector, it is reasonable to expect that the clean energy and energy efficiency sectors experienced a slight decline from 38 percent of FY 2011 total program obligations to 37 percent of FY 2012 total program obligations. In the ICT sector, USTDA's investments for FY 2012 declined to 10 percent of its total program obligations, compared to 19 percent of total program obligations in FY 2011. Overall, USTDA increased its obligations in its priority sectors in FY 2012, investing 93 percent of its total program obligations in its priority sectors in FY 2012 compared to 87 percent in FY 2011.

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

Analysis of Financial Statements

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

The following table summarizes the significant changes in USTDA's financial position between the end of FY 2011 and the end of FY 2012:

Financial Condition	FY 2012 Balance	FY 2011 Balance	Increase/ (Decrease)	Percentage Difference
Total Assets	$106,392,328	$107,816,895	($1,424,567)	(1.32 %)
Total Liabilities	$8,008,707	$7,913,295	$ 95,412	1.21%
Net Position	$98,383,621	$99,903,600	($1,519,979)	(1.52%)
Net Cost of Operations	$54,920,156	$53,123,988	$1,796,168	3.38 %
Budgetary Resources	$68,282,566	$62,622,027	$5,660,539	9.04%

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 notes to the accompanying audit report presented in the Financial Section of this report.

Balance Sheet

The accompanying balance sheet as of September 30, 2012, reports a net position of approximately $98.4 million. Specifically, USTDA's total assets are approximately $106.4 million primarily comprised of fund balance with Treasury of approximately $105.9 million. The total assets as of September 30, 2012 decreased by approximately $1.4 million from September 30, 2011. The decrease was primarily due to a decrease in fund balance with Treasury of $1.5 million.

Total liabilities reported are approximately $8 million and are comprised of approximately $7 million of accounts payable, of which approximately $6.1 million relates to grant payments owed, but unpaid, as of September 30, 2012. Total liabilities as of September 30, 2012 increased by approximately $0.1 million during FY 2012. The increase was primarily due to an increase in intra-governmental liabilities for miscellaneous receipts to be returned to Treasury and accounts payable.

Statement of Net Cost

USTDA's net cost of operations for the year ended September 30, 2012 amounted to approximately $54.9 million. Net cost of operations increased by approximately $1.8 million in FY 2012, due to increased grant activity.

Statement of Budgetary Resources

The budgetary resources for FY 2012 increased by $5.7 million from FY 2011, due primarily to the receipt of transfer funds in the amount of $3.7 million from the U.S. Agency for International Development (USAID) and $1.4 million less in cancellation of expired funds.

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

Data and Financial System Assessment

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

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

The Agency has service level agreements with the National Business Center (NBC) of the Department of the Interior for payroll, personnel, and accounting services. The operating effectiveness of the NBC's Oracle Federal Financials, General Information Technology and Accounting Operations Controls was 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). NBC's independent public accounting firm issued an unqualified opinion for the period July 1, 2011 through June 30, 2012. Accordingly, NBC was able to provide USTDA with assurance that the description of controls in the FY 2012 report presents fairly the operating effectiveness of the NBC controls that were in place as of September 30, 2012 as they relate to key controls relied upon by USTDA. The results of this report provide reasonable assurance that USTDA's financial management systems complied substantially with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Management Assurances

Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) is implemented by OMB Circular A-123, revised, *Management's Responsibility for Internal Control* and OMB Circular A-127, *Financial Management Systems*. The objectives 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 FY2012 provide unqualified assurance that USTDA's systems and management controls comply with the requirements of the FMFIA.

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

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

U.S. TRADE AND DEVELOPMENT AGENCY

Annual Assurance Statement on Internal Control

USTDA's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA. USTDA conducted an assessment of the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, USTDA can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of June 30, 2012 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

In addition, USTDA conducted an assessment of the effectiveness of its internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, USTDA can provide reasonable assurance that internal control over financial reporting as of June 30, 2012 was operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

/s/ Leocadia I. Zak

Director

July 20, 2012

Date

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Accountability of Tax Dollars Act

The Accountability of Tax Dollars 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 No. A-136, *Financial Reporting Requirements*, enables agencies to consolidate their audited financial statements and other financial and performance reports into one report, the PAR. This report meets the requirements of the ATDA.

Government Performance and Results Act

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

GPRA Modernization Act

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

Federal Information Security Management Act

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

During FY 2012, USTDA maintained its information security program by (1) providing annual information security awareness training to its user community, including contractors; (2) performing annual assessments on its major information systems, incorporating the testing of management, operational, and technical security controls; (3) maintaining the process for planning, implementing, evaluating, and documenting remedial action to address any deficiencies in the information security policies, procedures, and practices; (4) maintaining procedures for detecting, reporting, and responding to security incidents, consistent with standards and guidelines issued by the OMB and the National Institute of Standards and Technology (NIST); and (5) applying secure configuration baselines from NIST, based on functional requirements.

Improper Payments Elimination and Recovery Act

The Improper Payments Information Act of 2002 (IPIA) requires federal agencies to identify and report on significant payment programs that are susceptible to improper payments. The Improper Payments Elimination and Recovery Act of 2010 (IPERA), requires the development of policies and procedures for the prevention and detection of improper payments in the federal government. IPERA expands on IPIA by, among other things, requiring an initial assessment to identify those programs that are susceptible to significant risk of improper payments.

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 2011. The results of that analysis did not find any significant improper payments that reached the level required for reporting by IPERA. 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.

Under the Project Development Program, USTDA funds grants to foreign project sponsors for the completion of U.S.-led feasibility studies, technical assistance or pilot projects. USTDA has in place internal controls making improper payments under its Project Development Program highly unlikely. With respect to such payments, disbursements are made only after submitted invoices containing certain certifications concerning the completion of a particular milestone have been received from the U.S. contractor performing the work, and from the foreign grantee for whom the work has been performed. The submitted invoice and certifications are reviewed and approved by USTDA program staff, and with respect to final invoices, by USTDA's Office of Grants Administration, prior to being authorized to be disbursed by the Finance Department. Furthermore, each grant and its underlying contract is retrieved by NBC and reviewed by a certified financial officer to verify vendor name, contract terms and performance periods before payment is validated for disbursement from the U.S. Treasury. At the end of the grant process, USTDA receives a final report and the Office of Grants Administration carefully reviews the final report to ensure that all of the tasks were completed at the level of detail required by the terms of reference to merit full grant payment. USTDA's grants are also subject to review by the Agency's audit program, which focuses on post-award audits that are performed by the Office of Grants Administration and/or by independent external auditors.

Activities under the International Business Partnership Program are implemented through a contract mechanism. Accordingly, for payments under the International Business Partnership Program and Agency Support Contracts, invoices are reviewed and approved at several levels, including by a certified Contracting Officer's Technical Representative, before transmittal to the Finance Department for processing. Each contract is retrieved by NBC and reviewed by a certified financial officer to verify vendor name, contract terms and performance periods before payment is validated for disbursement from the U.S. Treasury. In addition to the processes described above, from time to time, the Agency contracts with external auditors to review its processes and procedures.

Based on the results of the FY 2012 improper payments analysis and review, there were no significant improper payments. Although USTDA concluded its programs are not susceptible to improper payments as defined under IPERA, all three activities are reviewed as part of the OMB Circular A-123 *Internal Control Assessment and Testing Program* discussed above. The Agency reviews its controls and systems under FMFIA to ensure that it remains compliant.

Limitations of the Financial Statements

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

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

U.S. Trade and Development Agency Performance

Performance Objectives and Results

USTDA helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions 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 South East Asia.

There were exceptional activities to highlight in FY 2012. USTDA launched new public-private partnerships in Brazil with its U.S. – Brazil Aviation Partnership, and in South Africa with its new Aviation Initiative. The U.S.-India Aviation Cooperation Program (ACP) connected the U.S. and Indian civil aviation industries and worked with the ACP's 30 U.S. private sector members and public partners to identify areas for technical collaboration. To date, U.S.-India ACP programs have generated approximately $340 million in U.S. exports. The Agency also hosted 35 RTMs (in addition to programming funding for 55 new RTMs) and sponsored nine additional new workshops that we anticipate will generate U.S. exports and facilitate partnerships between U.S. companies and USTDA's partner economies. These activities helped define USTDA's overall success in fulfilling its mission and they capture some of the best investments the Agency made in FY 2012.

In its ongoing effort to focus on emerging markets (developing- and middle-income countries) that offer the greatest potential for project success, growth for U.S. exports, developmental need, and market share growth for U.S. companies, the Agency has reduced the number of priority countries from 20 to 18 countries, in FY 2013. The priority countries are now as follows:

Region	Priority Countries
East Asia and Eurasia	China
Latin America and the Caribbean	Brazil, Chile, Colombia, Mexico, Panama
Middle East, North Africa and Europe	Egypt, Morocco, Romania, Turkey
South and Southeast Asia	India, Indonesia, Philippines, Vietnam
Sub-Saharan Africa	Ghana, Kenya, Nigeria, South Africa

Based on extensive analysis of the demand from the U.S. business community for USTDA assistance in priority countries, as well as a review of U.S. competitiveness in specific technologies, the Agency will continue its targeted sector approach. The priority sectors for FY 2013—energy, transportation, and telecommunications—(1) have proven capacity for increased U.S. exports and in turn job creation, (2) reflect the greatest demand from developing and middle-income countries, and (3) represent areas of U.S. private sector expertise and competitiveness. In addition to the three priority sectors, healthcare, including the pilot U.S. – China Healthcare Cooperation Program remains a sector of special consideration.

Also, USTDA will continue to support foreign policy priorities of the Administration by directing its funding to support the following efforts: the National Export Initiative (NEI); clean energy development and the President's Global Climate Change Initiative; and the President's Policy Directive for sub-Saharan Africa.

USTDA's Evaluation Measurements and Targets

USTDA maintains a robust Program Evaluation Office that is integrated into all individual project, management and policy decisions. The Program Evaluation Office (Evaluation Office) participates in each stage of USTDA's project life cycle; providing data and feedback regarding past results, anticipated outcomes, and proposed evaluation strategies during the initial activity development stage; conducting international evaluation of prior projects to inform USTDA's evaluation strategies and policies; and overseeing the work of an outside evaluation contractor that gathers data and documents 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 team or its outside evaluations team that there are any material inadequacies that would significantly impede the use of performance data by the Agency's management and government decision-makers.

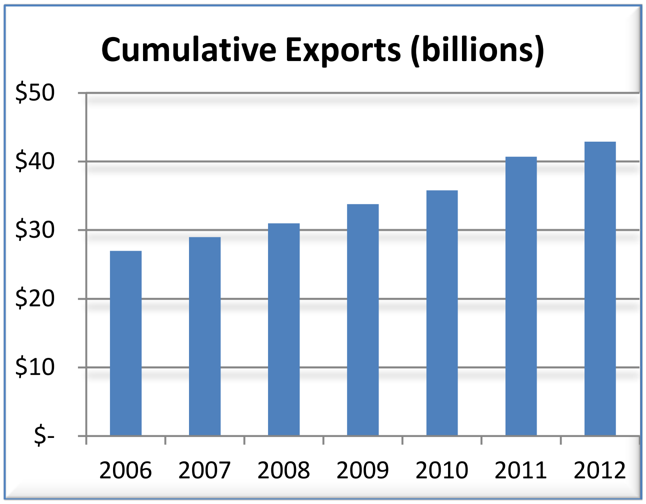
The measurements used by the Agency to determine whether its commercial objectives are being achieved include:

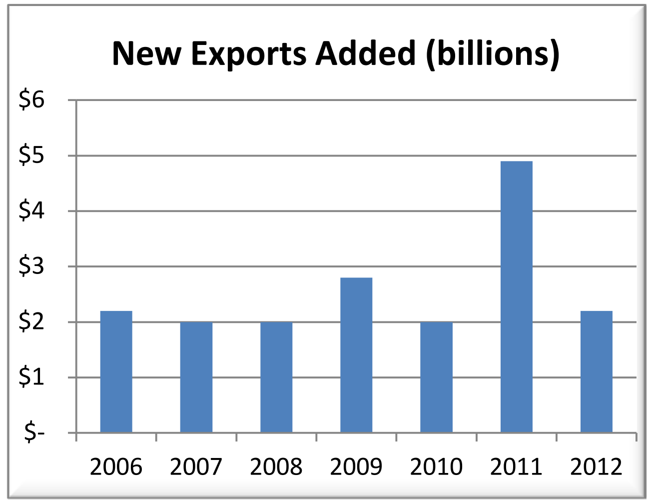
- Total Cumulative Exports: amount of exports associated with USTDA funded activities in any given time period.

- Multiplier: quantifies the amount of exports generated for every USTDA program dollar obligated and thus is the export return on USTDA investments. In FY 2012, USTDA generated $63 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 2000 and 2009. The TYRA is explained in greater detail in the Procedures to Ensure Performance Reporting section.

Total Cumulative Exports
This figure is generated by calculating the sum of total exports, documented in the USTDA database. Since its inception in 1981, USTDA's programs have helped generate more than $42.9 billion in U.S. exports. In FY 2012, USTDA identified $2.2 billion new exports attributed to USTDA supported projects.

U.S. Trade and Development Agency Performance

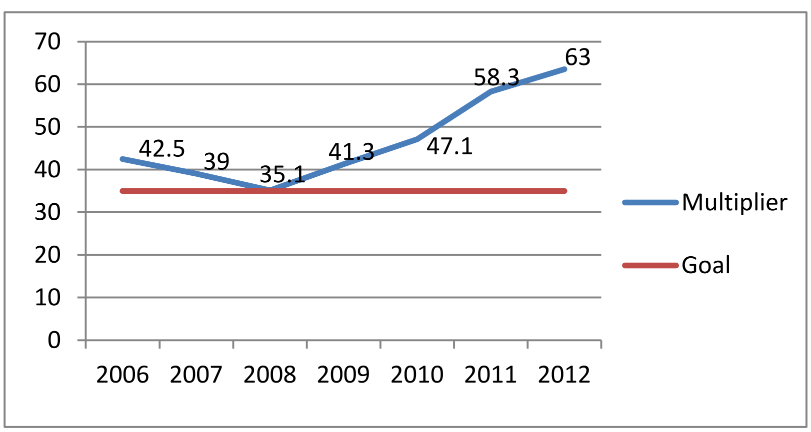




Export Multiplier Rate Calculation
The multiplier rate quantifies the amount of exports generated for every USTDA program dollar obligated. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA's funding commitments. For the current TYRA, which contains projects completed between 2000 and 2009, USTDA has obligated $312.0 million to support foreign projects, which has helped to generate $19.7 billion in U.S. exports. Thus, for every $1 dollar of USTDA funding, $63 in U.S. exports are generated, which exceeds last year's multiplier rate of $58 and the multiplier for two years ago of $47. This increase is attributed partly to the Agency's support for longer term aviation and energy cooperative programs that have started to generate significant results. These programs consist of multiple focused activities over many years that coordinate efforts with US private industry on their long term commercial objectives.

Export Multiplier: $\frac{\$19.7 \text{ billion}}{\$312 \text{ million}} = \$63$

USTDA Multiplier 2006 – 2012 TYRAs



Other Measurements

Small Business Impact
Over the past ten years, more than 72 percent of USTDA's activities have been awarded to small businesses. These project-related activities include FAR contracts, as well as grant program activities. 88% of FAR contracts and 43% of grant activities were awarded to small businesses.

Trade Capacity Building
Since 2001, USAID has performed an annual survey on behalf of the U.S. Trade Representative (USTR) to quantify trade capacity building (TCB) activities conducted by the U.S. government. TCB activities result in the growth of a developing country's ability to participate in international trade and commerce. Additionally, such activities help the U.S. government fulfill commitments made towards the Doha Development Agenda. As part of USTDA's responsibility as a foreign assistance agency of the U.S. government, USTDA reviews activities annually, classifies them in their appropriate TCB categories and reports them to USAID through an online database. In FY 2011, USTDA provided $13,412,745 in funding for TCB related activities. Over the past five years, 46 percent of USTDA's program funded obligations have supported TCB activities.

Procedures to Ensure Performance Measurement Reporting

There are a number of factors that lead to USTDA's results. USTDA's Evaluation Office strives to obtain information that validates whether and how USTDA's funding affected the outcomes identified. The information collected is intended to support organizational learning within USTDA and assist the Agency in documenting the relationship between its activities and its outcomes. The following parameters are used when compiling and generating export measures:

U.S. exports and U.S. content: U.S. exports attributed to USTDA's funding must have a credible and significant linkage to the USTDA-funded activity. USTDA defines U.S. exports as the (i) U.S. content associated with goods manufactured in the U.S. or (ii) services provided by U.S. companies. This definition enables USTDA to make the best estimation of its impact on U.S. jobs based on the U.S. export[1] attributed to its funding. This data supports the direct benefit that USTDA-funded activities bring in the creation of U.S. jobs and to U.S. companies.

[1]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

Ten Year Rolling Average: The TYRA is a ten-year interval of time used to report the outcomes resulting from USTDA's program. The TYRA currently consists of all USTDA activities completed between years 2000-2009. Due to the nature of USTDA's funding – early project planning development – it is not common to experience immediate results from the Agency's activities. Large infrastructure projects take years to develop and complete. As such, this interval of time is used to capture meaningful and relevant representation of the results of USTDA's program funds. The last year of the TYRA (2009) is recent enough to influence Agency planning, but encompasses a sufficient time period to ensure USTDA funded activities have been evaluated at least once by USTDA's external contractor.

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 how the funding can be used (e.g., country limitations, industry priorities, or specific activities). Therefore, with the approval of OMB and in order to establish consistent evaluation criteria and performance measures, the Agency evaluates program results based on core funded activities only.

External Evaluation Contractors: USTDA hires an outside evaluation team (OET) to evaluate 400 USTDA projects annually (or roughly 40-50 percent of USTDA's projects open for evaluation). The OET provides a complete assessment of project outcomes, in terms of both exports and development impact measurements. These assessments are provided in individual project reports that present details about the individual U.S. companies that exported to USTDA-funded projects that are being implemented; how the USTDA funded work led to or contributed to project implementation; the reasons why a project did not move forward; information about the type of financing that was used; and the specific U.S. goods and services that were supplied. The OET individual project reports contain detailed information about the entities that were contacted during the individual project evaluations. In addition to these project reports, the OET provides a comprehensive final report that summarizes the findings associated with the cohort of 400 projects. After several annual assessments by the OET, if any outstanding questions remain, these are handled directly by USTDA's Evaluation Office.

Historically, USTDA has relied on a single OET to review the outcomes of USTDA projects annually. In FY 2012, USTDA strengthened its external evaluation system by beginning the process of selecting a second external evaluation contractor to supplement and improve this process.

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Independent Auditors' Report

The Director
U.S. Trade and Development Agency:

We have audited the accompanying balance sheets of the U.S. Trade and Development Agency (USTDA) as of September 30, 2012 and 2011, and the related statements of net cost, changes in net position, and statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended. The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our fiscal year 2012 audit, we also considered the USTDA's internal control over financial reporting and tested the USTDA's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these financial statements.

Summary

As stated in our opinion on the financial statements, we concluded that the USTDA's financial statements as of and for the years ended September 30, 2012 and 2011, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

As discussed in our Opinion on the Financial Statements, the USTDA changed its presentation for reporting the Statement of Budgetary Resources in fiscal year 2012.

Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined in the Internal Control Over Financial Reporting section of this report.

The results of our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

The following sections discuss our opinion on the USTDA's financial statements; our consideration of the USTDA's internal control over financial reporting; our tests of the USTDA's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements; and management's and our responsibilities.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of the United States Trade and Development Agency as of September 30, 2012 and 2011, and the related statements of net cost, changes in net position, and the statements of budgetary resources for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Trade and Development Agency as of September 30, 2012 and 2011, and its net costs, changes in net position, and budgetary resources for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the USTDA changed its presentation for reporting the Statement of Budgetary Resources in fiscal year 2012, based on new reporting requirements under OMB Circular No. A-136, *Financial Reporting Requirements*. As a result, the USTDA's Statement of Budgetary Resources for fiscal year 2011 has been adjusted to conform to the current year presentation.

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

Internal Control Over Financial Reporting

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2012 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

The results of certain of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA), disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our other tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our tests of FFMIA disclosed no instances in which the USTDA's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

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Responsibilities

Management's Responsibilities. Management is responsible for the financial statements; establishing and maintaining effective internal control over financial reporting; and complying with laws, regulations, contracts, and grant agreements applicable to the USTDA.

Auditors' Responsibilities. Our responsibility is to express an opinion on the fiscal year 2012 and 2011 financial statements of the USTDA 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 OMB Bulletin No. 07-04. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the USTDA's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2012 audit, we considered the USTDA's internal control over financial reporting by obtaining an understanding of the USTDA's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the USTDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the USTDA's internal control over financial reporting. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

As part of obtaining reasonable assurance about whether the USTDA's fiscal year 2012 financial statements are free of material misstatement, we performed tests of the USTDA's 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 the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the USTDA. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the USTDA's management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 7, 2012

U.S. Trade and Development Agency
Balance Sheets
As of September 30, 2012 and 2011

Assets	2012	2011
Intragovernmental:		
Fund balance with Treasury (Note 2)	$ 105,936,940	$ 107,439,008
Total intragovernmental	105,936,940	107,439,008
Accounts receivable (Note 3)	130	88
General property and equipment, net (Note 4)	455,258	377,799
Total assets	$ 106,392,328	$ 107,816,895

Liabilities and Net Position		
Liabilities		
Intragovernmental:		
Accounts payable (Note 5)	$ 410,012	$ 270,000
Other liabilities (Notes 2 & 5)	344,960	11,674
Total intragovernmental	754,972	281,674
Accounts payable (Note 5)	6,635,416	6,895,481
Other liabilities (Note 5)	618,319	736,140
Total liabilities	8,008,707	7,913,295
Net position:		
Unexpended appropriations	98,368,749	100,017,436
Cumulative results of operations	14,872	(113,836)
Total net position	98,383,621	99,903,600
Total liabilities and net position	$ 106,392,328	$ 107,816,895

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, 2012 and 2011

	2012	2011
Cost of Operations:		
Grants program costs:	$ 54,920,156	$ 53,123,988
Less earned revenue	--	--
Net cost of operations (Notes 6 & 11)	$ 54,920,156	$ 53,123,988

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

U.S. Trade and Development Agency
Statements of Changes in Net Position
For the Years Ended September 30, 2012 and 2011

	2012	2011
Cumulative results of operations:		
Beginning balances	$ (113,836)	$ 43,767
Budgetary financing sources:		
Appropriations used	54,714,403	52,564,787
Other financing sources:		
Imputed financing	334,461	401,598
Total financing sources	55,048,864	52,966,385
Net cost of operations	(54,920,156)	(53,123,988)
Net change	128,708	(157,603)
Ending balances	$ 14,872	$ (113,836)
Unexpended appropriations:		
Beginning balances	$ 100,017,436	$ 104,631,325
Adjustment to beginning balance	--	10,261
Adjusted beginning balance	100,017,436	104,641,586
Budgetary financing sources:		
Appropriations received	50,000,000	50,000,000
Appropriations transferred in	5,700,000	2,050,000
Other adjustments (rescissions and cancellation of expired funds)	(2,634,284)	(4,109,363)
Appropriations used	(54,714,403)	(52,564,787)
Total budgetary financing sources	(1,648,687)	(4,624,150)
Total unexpended appropriations	$ 98,368,749	$ 100,017,436
Net position	$ 98,383,621	$ 99,903,600

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

U.S. Trade and Development Agency
Statements of Budgetary Resources
For the Years Ended September 30, 2012 and 2011

	2012	2011
Budgetary resources:		
Unobligated balance, brought forward, October 1	$ 8,001,435	$ 6,690,288
Recoveries of prior year unpaid obligations	7,215,415	8,018,027
Other changes in unobligated balance	3,065,716	(1,959,363)
Unobligated balance from prior year budget authority, net	18,282,566	12,748,952
Appropriations (discretionary and mandatory)	50,000,000	49,900,000
Spending authority (discretionary and mandatory)	--	(26,925)
Total budgetary resources	$ 68,282,566	$ 62,622,027
Status of budgetary resources:		
Obligations incurred (Note 7):	$ 56,949,477	$ 54,620,592
Unobligated balance, end of year:		
Apportioned (Notes 2, 8 & 10)	6,478,431	3,854,997
Unapportioned (Note 2)	4,854,658	4,146,438
Total unobligated balance, end of year	11,333,089	8,001,435
Total budgetary resources	$ 68,282,566	$ 62,622,027
Change in obligated balance:		
Unpaid obligations, brought forward, October 1 (gross)	$ 99,425,899	$ 106,560,515
Obligated balance, start of year (net) before adjustments		
Adjustment to unobligated balance start of year (net)	--	338
Obligated balance, start of year (net), as adjusted	99,425,899	106,560,853
Obligations incurred	56,949,477	54,620,592
Outlays (gross)	(54,901,070)	(53,737,519)
Recoveries of prior years' obligations	(7,215,415)	(8,018,027)
Obligated balance-end of the period		
Unpaid obligations, end of year (gross)	$ 94,258,891	$ 99,425,899
Obligated balance, end of the period (net) (Note 9)	$ 94,258,891	$ 99,425,899

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

U.S. Trade and Development Agency
Statements of Budgetary Resources
For the Years Ended September 30, 2012 and 2011

	2012	2011
Budget Authority and Outlays, Net		
Budget Authority, gross (discretionary and mandatory)	$ 50,000,000	$ 49,900,000
Budget Authority, net (discretionary and mandatory)	50,000,000	49,900,000
Outlays, gross (discretionary and mandatory)	54,901,070	53,737,519
Outlays, net (discretionary and mandatory)	54,901,070	53,737,519
Distributed offsetting receipts	--	--
Agency outlays, net (discretionary and mandatory)	$ 54,901,070	$ 53,737,519

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

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The U.S. Trade and Development Agency (USTDA or the Agency) 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).

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 reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

The organization was established on July 1, 1980 as the U.S. 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 a separate component agency of IDCA. On October 28, 1992, the Jobs Through Exports Act of 1992 established USTDA as an independent agency under the foreign policy guidance of the Secretary of State.

(b) Basis of Presentation

These financial statements have been prepared to report the financial position, net costs, changes in net position, and budgetary resources of USTDA, as required by its authorizing legislation (Public Law 102-549, Title II). These financial statements include all activity related to USTDA's appropriation (No. 11-1001) and reimbursable interagency agreements, whereby USTDA receives transfers from other federal agencies for use in specific regions or sectors.

USTDA changed its presentation for reporting the Statement of Budgetary Resources in FY 2012, based on new reporting requirements under OMB Circular No. A-136, *Financial Reporting Requirements*. As a result, the Statement of Budgetary Resources for FY 2011 has been adjusted to conform to the current year presentation.

(c) Budgets and Budgetary Accounting

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

(d) Basis of Accounting

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

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

(e) Appropriations and Other Financing Sources

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

During FY 2011 and FY 2012, USTDA received an appropriation to be used for program and administrative expenses, which are available for obligation through September 30, 2012 and 2013, respectively. These funds were appropriated in accordance with Section 2114 of the Department of Defense and Full-Year Continuing Resolution Act, 2011 and Title VI of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 ("The Acts"). Beginning with FY 2008 appropriations, the 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 2012, USTDA re-apportioned approximately $.2 million of FY 2008 de-obligations, approximately $.9 million of FY 2009 de-obligations, and $.7 million of FY 2010 de-obligations.

Funds transferred from the U.S. Agency for International Development (USAID) for Support for East European Democracy Act (SEED), Economic Support Funds (ESF), and the Freedom Support Act (FSA) during FY 2002-2005, are available for reobligation in the manner described in the preceding paragraph. SEED, ESF, and FSA funds for FY 1999-2001 that were initially obligated prior to their expiration remain available for re-obligation until expended. During FY 2012, approximately $1.5 million of FY 2009 de-obligations were reapportioned for re-use thru FY 2014.

(f) Fund Balance with Treasury

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

(g) Property and Equipment

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

(h) Liabilities

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

USTDA has no capital leases. Regarding its building lease, the General Services Administration (GSA) entered into a lease agreement for USTDA’s rental of building space. USTDA pays GSA a standard-level users’ charge for the annual rental. The standard-level users’ charge approximates the commercial rental rates for similar properties. Average annual rent expense and related charges are approximately $1.5 million through 2012.

(i) Undelivered Orders

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

(j) Accrued Leave

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

(k) Cumulative Results of Operations

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

(l) Retirement Plan

USTDA's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7.0 percent of their gross pay to the plan, and USTDA contributes 8.51 percent. The cost of providing a CSRS benefit, which is 29.8 percent as computed by the Office of Personnel Management (OPM), is more than the amounts contributed by USTDA and its employees. In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, USTDA reports the full cost of providing pension benefits to include the cost financed by OPM.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983 are automatically covered by FERS and the Social Security Act. Employees hired prior to January 1, 1984 could elect either to join FERS and the Social Security Act or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which USTDA automatically contributes 1 percent of employees' pay and matches any employee contribution up to an additional 4 percent of basic pay. For most employees hired since December 31, 1983, USTDA also contributes the employer's matching share under the Social Security Act. For the FERS basic benefit, the employees contribute 0.8 percent of their basic pay while USTDA contributes 11.2 percent for a total contribution rate of 12 percent. The cost of providing a FERS benefit, as computed by OPM is 13.7 percent.

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY 2012 amounted to $334,461 which includes $100,933 for pension cost for CSRS and FERS; $232,622 for the Federal Employees Health Benefits (FEHB) Program; and $906 for Federal Employees Group Life Insurance (FEGLI). These amounts are included in USTDA's FY 2012 financial statements. In FY 2011, OPM funded $401,598 to pension, health, and life insurance benefits on behalf of USTDA's employees.

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

USTDA paid approximately $521,551 and $500,230 for retirement system coverage for its employees during FY 2012 and FY 2011, respectively.

(m) Use of Estimates

Management has made certain estimates and assumptions when reporting in these financial statements on assets and liabilities. They are also used in expenses and note disclosures. Actual results could differ from these estimates. Significant estimates underlying the accompanying financial statements include depreciable lives of property and equipment with no residual value, and the grants payable accrual. USTDA uses a ratio of the average of accounts payable to unpaid obligations over a four year period and applies 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, 2012 and 2011, as follows:

	2012	2011
Fund balances:		
Appropriated funds	$105,591,980	$107,427,334
Miscellaneous receipts	344,960	11,674
Total	$105,936,940	$107,439,008
Status of Fund Balance with Treasury:		
Unobligated balance:		
Available	$ 6,478,431	$ 3,854,997
Unavailable	4,854,658	4,146,438
Obligated balance not yet disbursed	94,258,891	99,425,899
Non-budgetary	344,960	11,674
Total	$105,936,940	$107,439,008

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 Receivables

Accounts receivables at September 30, 2012 and 2011 consist of the following components:

	2012	2011
Accounts receivable	$ 130	$ 88

FY 2012 accounts receivable represents an employee salary compensation to be returned to USTDA; no allowance is necessary as the amount is fully collectable. FY 2011 accounts receivable represents an employee health insurance premium that was collected in FY 2012.

(4) Property and Equipment, Net

Property and equipment and related accumulated depreciation balances at September 30, 2012, and 2011 are as follows:

September 30, 2012

Class of Asset	Service life	Acquisition value	Accumulated depreciation/ amortization	Net book value
Computer Equipment	5 years	$ 553,166	$ 363,059	$ 190,107
Furniture and Fixtures	10 years	274,764	176,431	98,333
Computer Software	5 years	10,050	3,023	7,027
Other Equipment	10 years	266,313	106,522	159,791
Leasehold Improvement	1 year	113,182	113,182	--
		$ 1,217,475	$ 762,217	$ 455,258

September 30, 2011

Class of Asset	Service life	Acquisition value	Accumulated depreciation/ amortization	Net book value
Computer Equipment	5 years	$ 471,823	$ 287,009	$ 184,814
Furniture and Fixtures	10 years	232,468	163,873	68,595
Computer Software	5 years	5,046	1,514	3,532
Other Equipment	10 years	243,668	159,981	83,687
Leasehold Improvement	2 years	113,182	76,011	37,171
		$ 1,066,187	$ 688,388	$ 377,799

Depreciation expense for fiscal years ended September 30, 2012 and 2011 is $153,379 and $157,909 respectively.

During FY 2012 and 2011, USTDA purchased property and equipment in the amount of $239,296 and $18,623 respectively. In addition, during FY 2012 USTDA retired $88,008 in property and equipment with related accumulated depreciation amounting to $79,549, representing a loss on disposals of $8,459 while in FY 2011 there were no disposals.

(5) Liabilities

Total liabilities represent the sum of liabilities not covered by budgetary resources, and those covered by budgetary resources. As of September 30, 2012 and 2011, total liabilities were as follows:

	2012	2011
Intragovernmental liabilities:		
Liabilities not covered by budgetary resources:		
Miscellaneous receipts to be returned to Treasury	$ 344,960	$ 11,674
Liabilities covered by budgetary resources:		
Accounts payable	410,012	270,000
Total intragovernmental liabilities	$ 754,972	$ 281,674
Other liabilities:		
Liabilities not covered by budgetary resources:		
Accrued annual leave	$ 440,515	$ 491,723
Liabilities covered by budgetary resources:		
Accounts payable	6,635,416	6,895,481
Accrued payroll	177,804	244,417
Total other liabilities	7,253,735	7,631,621
Total liabilities	$ 8,008,707	$ 7,913,295

All liabilities other than unfunded accrued leave are considered to be current liabilities. Approximately $6.1 million of the accounts payable balance as of September 30, 2012 relates to grants payments owed but unpaid. This balance was $6.2 million as of September 30, 2011.

(6) Intragovernmental Costs and Exchange Revenue

Program costs for the fiscal years ended September 30, 2012 and 2011 consists of the following:

Grants Program	2012	2011
Intragovernmental costs	$ 2,656,359	$ 2,953,748
Public costs	52,263,797	50,170,240
Total grant program costs	54,920,156	53,123,988
Intragovernmental earned revenue	--	--
Net grant program costs	$ 54,920,156	$ 53,123,988

(7) Apportionment Categories of Obligations Incurred

During the years ended September 30, 2012 and 2011, funds were obligated in the following categories:

Obligations	2012	2011
Category A–funds that are obligated for operating expenses	$ 12,725,724	$ 13,548,511
Category B–funds that are obligated for program activities	44,223,753	41,072,081
Total obligations incurred	$ 56,949,477	$ 54,620,592

(8) Unobligated Balances Available – Apportioned

Total available unobligated balance of budget authority at September 30, 2012 and 2011 consist of the following:

	2012	2011
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)	49,564	61,565
Funds transferred from USAID for feasibility studies and related activities in the NIS (Freedom Support Act (FSA) no-year funds)	58,328	63,315
Total no-year funds	433,851	450,839
Funds transferred from USAID for feasibility studies and related activities in the NIS (FSA funds)	--	318,930
Funds transferred from USAID for feasibility studies and related activities in Libya (ESF-MERF)	41,681	--
Funds transferred from USAID and reapportioned for feasibility studies and related activities in Pakistan (ESF) and regional Eurasia (AEECA)	380,987	--
USTDA core budget two-year appropriations	5,621,912	3,085,228
Total unobligated and available appropriations	$ 6,478,431	$ 3,854,997

(9) Undelivered Orders

At September 30, 2012 and 2011, undelivered orders balances consisted of the following:

Purpose		2012		2011
Obligated balance at the end of the period	$	94,258,891	$	99,425,899
Liabilities covered by budgetary resources		(7,223,232)		(7,409,898)
Undelivered orders	$	87,035,659	$	92,016,001

10) Permanent Indefinite Appropriations

No-year funds at September 30, 2012 and 2011 exist for the following purposes:

Purpose		2012		2011
General program activities	$	325,959	$	325,959
FSA transfer funds for feasibility studies and activities in the NIS		58,328		63,315
Support for feasibility studies and activities (NIS and SEED)		49,564		61,565
Total permanent indefinite appropriations	$	433,851	$	450,839

(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, 2012 and 2011:

		2012		2011
Resources used to finance activities:				
Budgetary resources obligated	$	56,949,477	$	54,620,592
Adjustment to beginning balance brought forward		--		10,261
Recoveries of prior years obligations		(7,215,415)		(8,018,027)
Imputed financing for costs absorbed by others		334,461		401,598
Total resources used to finance activities	$	50,068,523	$	47,014,424
Resources used to finance items not part of the net cost of operations:				
Change in budgetary resources obligated for goods and services ordered, but not received	$	4,980,341	$	5,925,036
Resources that finance the acquisition of assets		(239,296)		(18,623)
Loss on disposition of assets		8,459		--
Total resources used to finance items not part of the net cost of operations	$	4,749,504	$	5,906,413

Costs that do not require resources:		
Depreciation and amortization	$ 153,379	$ 157,909
(Increase)/decrease in accounts receivable	(42)	26,837
Costs that require resources in a future period:		
(Decrease)/increase in accrued leave liability	(51,208)	18,405
Total costs that do not require resources	$ 102,129	$ 203,151
Net cost of operations	$ 54,920,156	$ 53,123,988

U.S. Trade and Development Agency
Other Accompanying Information
Intragovernmental Assets, Liabilities, and Expenses
As of and for the year ended September 30, 2012

Intragovernmental Assets

		As of September 30, 2012	
Trading Partner	**Partner #**	**Accounts Receivable**	**Fund Balance with Treasury**
Department of Treasury	20	$ --	$ 105,936,940
Total		$ --	$ 105,936,940

Intragovernmental Liabilities

		As of September 30, 2012	
Trading Partner	**Partner #**	**Accounts Payable**	**Funds to be Returned to Treasury**
Department of Agriculture	12	$ 1,000	$ --
Department of State	19	130,005	--
Department of Treasury	20	--	344,960
Foreign Service Institute	21	340	--
General Services Administration	47	82,457	--
Office of Personnel Management	24	551	--
U.S. Foreign Commercial Services	13	195,659	--
Total		$ 410,012	$ 344,960

Intragovernmental Expense

	For the Year Ended September 30, 2012	
Trading Partner	**Partner #**	**Amount**
Department of Agriculture	12	$ 3,000
Foreign Service Institute	21	2,560
Department of Homeland Security	70	23,733
Department of Interior (NBC)	14	674,375
Department of State	19	354,290
General Services Administration	47	1,472,206
National Archives	88	1,363
Office of Personnel Management	24	742
U.S. Foreign Commercial Services	13	123,905
U.S. Postal Service	18	185
Total		$ 2,656,359

U.S. Trade and Development Agency
Other Accompanying Information
Intragovernmental Assets, Liabilities, and Expenses
As of and for the year ended September 30, 2012

Summary of the Financial Statement Audit and Management's Assurances

Table 1: Summary of Financial Statement Audit:

Audit Opinion	**Unqualified**				
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:

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

Summary of Management Assurances **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

U.S. Trade and Development Agency
List of Acronyms and Abbreviations
September 30, 2012

ACP	Aviation Cooperation Program
ASEAN	Association of Southeast Nations
ATDA	Accountability of Tax Dollars Act
AICPA	American Institute of Certified Public Accountants
CSRS	Civil Service Retirement Act
ESF	Economic Support Funds
FAR	Federal Acquisition Regulation
FEHB	Federal Employees' Health Benefits
FEGLI	Federal Employees Group Life Insurance
FERS	Federal Employees Retirement System
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FSA	Freedom Support Act
GSA	General Services Administration
GAAP	Generally Accepted Accounting Principles
GPRA	Government Performance and Results Act of 1993
ICT	Information & Communications Technology
IDCA	International Development Cooperation Agency
IMF	International Monetary Fund
IPERA	Improper Payments Elimination and Recovery Act
IPIA	Improper Payments Information Act of 2000
NBC	National Business Center
NEI	National Export Initiative
NIS	New Independent States

U.S. Trade and Development Agency
List of Acronyms and Abbreviations
September 30, 2012

NIST	National Institute of Standards and Technology
OET	Outside Evaluation Team
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 Standards
SSAE	Statements on Standards for Attestation Engagements
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

USTDA

U.S. Trade and Development Agency

Performance and Accountability Report

Fiscal Year 2013

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U.S. Trade and Development Agency

FY 2013 Performance and Accountability Report

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Director's Message

It is my pleasure to present the U.S. Trade and Development Agency's (USTDA or the Agency) Performance and Accountability Report (PAR) for FY 2013. This report sets out the results of the Agency's strong program performance and sound financial management over the past year. During the past fiscal year, USTDA continued to demonstrate both the importance of its unique mission and its ability to achieve outstanding results.

Through a combination of innovative and time-tested programs, USTDA continued to place emphasis on activities that increased exports of U.S. goods and services while supporting the development of sustainable infrastructure in our partner countries. Key sectors for USTDA programming remained energy (with a continued focus on clean energy and energy efficiency), transportation, and telecommunications. With a mission dually focused on exports and development, USTDA proved, once again, that it is well positioned to support the Administration's top priority of creating U.S. jobs.

In FY 2013, USTDA identified many new export successes resulting from the Agency's investments. Overall, USTDA increased its export multiplier to a ratio of 73 to 1, meaning that for every dollar the Agency programmed, $73 in U.S. exports were generated, up from $41 just four years ago. As part of our continuing evaluation of our past activities and current program, USTDA also identified $2.9 billion in new export successes this year, bringing our total exports generated to date to nearly $45.8 billion.[1] Given this history of success, I am confident that USTDA will continue to play an important role in opening foreign markets to increased U.S. exports while encouraging economic development in our partner countries.

The following highlights represent just a few of USTDA's FY 2013 accomplishments.

Global Procurement Initiative

USTDA partnered with George Washington University's School of Law to develop the *Global Procurement Initiative: Understanding Best Value*, which aims to address the challenges posed by least-cost procurement methods that often undercut the ability of U.S. firms to expand into

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[1] This historical cumulative export total includes data collected by the Agency's predecessor organization, prior to USTDA's formation as an independent agency in 1992.

emerging markets by failing to consider the benefits that can be gained from high-quality, innovative equipment and services. The *Global Procurement Initiative* will improve the ability of procurement officers in partner countries to make an objective evaluation of quality that takes into account all relevant costs of goods and services over the entire project life cycle.

In September, the U.S. industry members of the President's Export Council, the principal national advisory committee on international trade, submitted a letter to the President in support of the *Global Procurement Initiative*. The letter stated, "Although U.S.-manufactured goods and services often offer superior quality and value to buyers, least-cost procurement policies, which are widely used throughout emerging market economies, can be a severe impediment to U.S. exports and investment. When government procurement agencies and officers are able to fairly and transparently evaluate 'best value' in tenders, government contracts in emerging markets will offer revitalized business and job opportunities for U.S. companies that offer 'best value' solutions."[2]

Working with George Washington University as well as with the multilateral development banks, USTDA will improve foreign governments' capacity to make more transparent qualitative procurement decisions – leveling the playing field for U.S. businesses in international tenders while supporting broad-based economic growth in the Agency's partner countries.

Power Africa Initiative

USTDA is supporting the Administration's goal of mobilizing $16 billion in capital for Africa's critical power infrastructure needs by leveraging its financial resources to move projects closer to "bankability" and funding from the Overseas Private Investment Corporation (OPIC), the Export-Import Bank of the United States (Ex-Im), the multilateral development banks and private financiers. These efforts are complemented by the U.S.-Africa Clean Energy Development and Finance Center (CEDFC) in Johannesburg, South Africa, which was recently launched by USTDA, OPIC and Ex-IM as part of the Administration's *Doing Business in Africa Campaign*. CEDFC is already providing a vehicle through which USTDA can leverage its relationships with Africa's leading infrastructure finance institutions, such as the Development Bank of Southern Africa and the Africa Finance Corporation, in support of Power Africa projects.

Making Global Local and the President's Export Council (PEC)

MAKING GLOBAL LOCAL
U.S. TRADE AND DEVELOPMENT AGENCY

Since USTDA launched its *Making Global Local* campaign in May 2012, it has become the largest domestic outreach effort in the Agency's history. *Making Global Local* was designed to increase the number of U.S. companies that benefit from USTDA's programs with the ultimate goal of creating U.S. jobs through increased exports.

[2] The President's Export Council, Letter to the President on September 19, 2013, available at http://www.ustda.gov/news/pressreleases/2013/US/GlobalProcurementInitiativePECLetter_092613.pdf

The Agency has been leveraging its partnerships with local business organizations and government entities to participate in governor and mayor-led trade missions, and to effectively coordinate and market over 35 reverse trade missions it hosts each year. Through its *Making Global Local* partners, USTDA gathers business intelligence on key industry clusters, cutting-edge manufacturers and innovative service providers – the majority of which are small and medium-sized enterprises (SMEs) – in order to connect U.S. businesses from around the country with foreign buyers. This approach is aligned with the President's Export Council's (PEC) focus on increased cooperation between Federal, state and local governments in order to promote U.S. exports. In a letter to President Obama, the PEC's private sector members called for "[improved] understanding of SME needs and opportunities," stating that "better data and qualitative information about potential exporters could help Federal authorities reach a wider constituency to provide information about available Federal programs and resources to help SMEs grow exports and create jobs."[3] *Making Global Local* has proven to be an effective tool for engaging with SMEs, who frequently learn about USTDA's program through its *Making Global Local* partners.

In closing, I wish to thank the entire USTDA staff. USTDA is fortunate to have dedicated and knowledgeable professionals who possess strong technical skills and experience. Their tireless work enables our agency to leverage our resources and achieve results.

/s/ Leocadia I. Zak

Director
U.S. Trade and Development Agency

[3] The President's Export Council, Letter to the President on June 6, 2012, available at http://trade.gov/pec/docs/PEC_Fed_State_Local_Export_Cooperation_Letter_060612.pdf.

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

USTDA at a Glance

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

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

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

Mission Statement

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

Organizational Structure

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

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

Programmatic, operational and administrative support is provided by the Offices of General Counsel, Congressional Affairs and Public Relations, Program Evaluation, Finance, Acquisition Management, Grant Administration, Information Technology, and Administration. Additionally, USTDA utilizes shared servicing agreements for support functions wherever possible. This structure allows USTDA to maximize its resources in support of the Agency's statutory mission.

Performance Goals, Objectives and Results

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

Every year USTDA conducts an extensive review of its ongoing programs and projects to determine the Agency's overall effectiveness and responsiveness to its various stakeholders. In FY 2013, USTDA continued to pursue a more targeted approach to delivering assistance and streamlined the Agency's country and sector focus. USTDA highlighted 18 priority countries (out of 131 countries eligible for USTDA assistance), three priority sectors, and two additional sectors of special consideration, which offered the best prospects for U.S. exports, job growth, and overseas economic development. The results of pursuing a more focused strategy once again exceeded the Agency's expectations. In addition to the developmental benefits resulting from USTDA projects, the Agency's success is seen in the increase of exports generated per dollar programmed from 63 in FY 2012 to 73 by the close of FY 2013, meaning that every dollar the Agency invested in its program is now generating $73 in U.S. exports.

FY 2013 proved to be an impressive year for USTDA. Although the Agency faced budgetary constraints amid growing demands for assistance, USTDA demonstrated its ability to pursue a strategic agenda that balanced the Administration's foreign policy and development priorities with the need to support U.S. exports and jobs. During the last four fiscal years, USTDA has narrowed the focus of its program to target 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. In FY 2013, USTDA produced outstanding results in terms of increasing its export multiplier, identifying new project successes, supporting over 35 new RTMs, and demonstrating its willingness to take the lead and launch new programs to help the U.S. government meets its strategic objectives.

USTDA focuses on meeting stated goals and objectives in its current Strategic Plan. The plan which covers the 2008-2012 time period will be updated and finalized during FY 2014. See www.ustda.gov/otherinfo/USTDAStrategicPlan2008_2012.pdf for a copy of USTDA's current strategic plan.

FY 2013 Strategic Investments	**Overall Success Rates**
(percent is of total program obligations)	
Priority Countries: $36.4M (88%)	**Export Multiplier: 73 to 1**
Energy: $19.4M (47%)	**New Exports Identified: $2.9B**
Transportation: $12.2M (29%)	**Total Exports to Date: $45.8 B**
Telecommunications: $3.9M (9%)	
Countries of Special Interest: $2.6M (6%)	
Water and Environment: $1.4M (3%)	
Agribusiness: $0.3M (1%)	

USTDA invested 88 percent of its total program obligations in its 18 priority countries in FY 2013 (as discussed below). Including the Agency's 15 countries of special interest, USTDA invested 94 percent of its total program obligations in priority countries and countries of special interest in FY 2013. With respect to the FY 2013 priority sectors, energy sector investments experienced a large increase from 37 percent of FY 2012 total program obligations to 47 percent of FY 2013 total program obligations. In the telecommunications sector, USTDA's investments for FY 2013 increased to 9 percent of its total program obligations, compared to 7.5 percent of total program obligations in FY 2012. As a result of these increases, transportation sector investments decreased from 40 percent of FY 2012 total program obligations to 29 percent of FY 2013 total program obligations. Overall, USTDA invested 90 percent of its total program obligations in its priority sectors and sectors of special consideration FY 2013.

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

Analysis of Financial Statements

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

The following table summarizes the significant changes in USTDA's financial position between the end of FY 2012 and the end of FY 2013:

Financial Condition	FY 2013 Balance	FY 2012 Balance	Increase/ (Decrease)	Percentage Difference
Total Assets	$98,056,369	$106,392,328	($8,335,959)	(7.84%)
Total Liabilities	$7,252,732	$8,008,707	($755,975)	(9.44%)
Net Position	$90,803,637	$98,383,621	($7,579,984)	(7.70%)
Net Cost of Operations	$51,986,382	$54,920,156	($2,933,774)	(5.34%)
Budgetary Resources	$65,145,017	$68,282,566	($3,137,549)	(4.59%)

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, 2013 reports a net position of approximately $90.8 million. Specifically, USTDA's total assets are approximately $98.1 million, primarily comprised of fund balance with Treasury of approximately $97.5 million. The total assets as of September 30, 2013 decreased by approximately $8.3 million from September 30, 2012. The decrease was primarily due to a decrease in fund balance with Treasury of $8.4 million.

Total liabilities reported are approximately $7.3 million and are comprised of approximately $6.6 million of accounts payable, of which approximately $6.0 million relates to grant payments owed, but unpaid, as of September 30, 2013. Total liabilities as of September 30, 2013 decreased by approximately $0.8 million during FY 2013. The decrease was primarily due to a decrease in intra-governmental liabilities for miscellaneous receipts to be returned to Treasury and accounts payable.

Statement of Net Cost

USTDA's net cost of operations for the year ended September 30, 2013 amounted to approximately $52.0 million. Net cost of operations decreased by approximately $2.9 million in FY 2013, due to decreased cash outlays.

Statement of Budgetary Resources

The budgetary resources for FY 2013 decreased by $3.1 million from FY 2012, due primarily to sequestration/recission of $2.5 million.

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

Data and Financial System Assessment

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

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

The Agency has service level agreements with the Interior Business Center (IBC) of the U.S. Department of the Interior for payroll, personnel, and accounting services. The operating effectiveness of the IBC's Oracle Federal Financials, General Information Technology and Accounting Operations Controls was 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 an unqualified opinion for the period July 1, 2012 through June 30, 2013. Accordingly, IBC was able to provide USTDA with assurance that the description of controls in the FY 2013 report presents fairly the operating effectiveness of the IBC controls that were in place as of June 30, 2013 as they relate to key controls relied upon by USTDA. The results of this report in conjunction with user controls USTDA has put in place provide reasonable assurance that USTDA's financial management systems complied substantially with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Management Assurances

Federal Managers' Financial Integrity Act (FMFIA)

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

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

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

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

Section 2 of the FMFIA requires Federal agencies to report, on the basis of annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls. The reviews that took place during FY2013 provide unqualified assurance that USTDA's systems and management controls comply with the requirements of the FMFIA.

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

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

U. S. TRADE AND DEVELOPMENT AGENCY

Annual Assurance Statement on Internal Control

USTDA's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA. USTDA conducted an assessment of the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, USTDA can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2013 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

In addition, USTDA conducted an assessment of the effectiveness of its internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, USTDA can provide reasonable assurance that internal control over financial reporting as of June 30, 2013 was operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

/s/ Leocadia I. Zak

Director

October 23, 2013

Date

Accountability of Tax Dollars Act

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

Government Performance and Results Act

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

GPRA Modernization Act

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

Federal Information Security Management Act

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

During FY 2013, USTDA maintained its information security program by (1) providing annual information security awareness training to its user community, including contractors; (2) performing annual assessments on its major information systems, incorporating the testing of management, operational, and technical security controls; (3) maintaining the process for planning, implementing, evaluating, and documenting remedial action to address any deficiencies in the information security policies, procedures, and practices; (4) maintaining procedures for detecting, reporting, and responding to security incidents, consistent with standards and guidelines issued by the OMB and the National Institute of Standards and Technology (NIST); and (5) applying secure configuration baselines from NIST, based on functional requirements.

Improper Payments Elimination and Recovery Act

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

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

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

USTDA assessed each program to determine which, if any, were susceptible to significant improper payments. In undertaking this analysis, USTDA's Finance Department reviewed every transaction processed during FY 2012. 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, the Agency did not find any significant improper payments that reached the level required for reporting by IPERA. In addition, in order to enhance its policies and procedures for the prevention and detection of improper payments, the Agency has entered into an agreement with IBC, its shared service provider to utilize the Do Not Pay Business Center to check all invoices prior to payment in an effort to further reduce improper payments. The Do Not Pay Business Center provides data on whether or not an individual or company is eligible to receive Federal payments.

Limitations of the Financial Statements

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

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

U.S. Trade and Development Agency Performance

Performance Objectives and Results

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

In FY 2013, 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 new cooperative efforts under the U.S.-Africa Clean Energy Development and Finance Center, Power Africa, and the U.S.-Asia-Pacific Comprehensive Energy Partnership. USTDA also continued to support its existing cooperation programs in China, India and Brazil; these programs have helped leverage private sector resources to promote the sustainable development of vital infrastructure in some of the largest overseas markets. In addition, the Agency hosted 49 International Business Partnership Program (IBPP) activities and obligated funds for 53 new IBPP activities that are expected to generate U.S. exports and facilitate partnerships between U.S. companies and USTDA's partner economies. These activities, which demonstrate some of the strategic investments the Agency made in FY 2013, facilitated USTDA's overall success in fulfilling its mission.

Focusing on select priority countries has proven to be a successful strategy for USTDA, and offers the greatest potential for project success, growth for U.S. exports, developmental need, and market share growth for U.S. companies. The Agency will target the following 18 priority countries in FY 2014:

Region	Priority Countries
East Asia and Eurasia	China
Latin America and the Caribbean	Brazil, Dominican Republic, Colombia, Mexico, Panama
Middle East, North Africa and Europe	Egypt, Kazakhstan, Romania, Turkey
South and Southeast Asia	India, Indonesia, Philippines, Vietnam
Sub-Saharan Africa	Ghana, Kenya, Nigeria, South Africa

Based on extensive analysis of the demand from the U.S. business community for USTDA assistance in priority countries, as well as a review of U.S. competitiveness in specific technologies, the Agency will continue its targeted sector approach. The priority sectors for FY 2013—energy, transportation, and telecommunications—(1) have proven capacity for increased U.S. exports, and, in turn, job creation, (2) reflect the greatest demand from developing and middle-income countries, and (3) represent areas of U.S. private sector expertise and competitiveness. In addition to the three priority sectors, agribusiness and the environment and water sectors are sectors of special consideration.

USTDA will continue to support foreign policy priorities of the Administration by directing its funding to support the following efforts: the National Export Initiative, Power Africa, Rebalancing Toward Asia and the President's Global Climate Change Initiative.

USTDA's Evaluation Measurements and Targets

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

USTDA has 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.

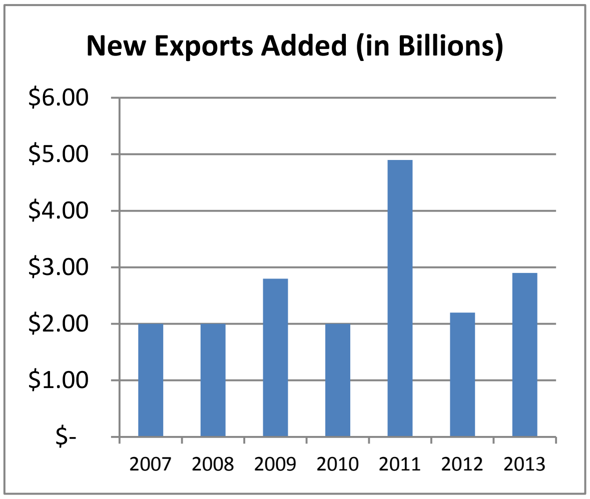
The measurements used by the Agency to determine whether its commercial objectives are being achieved include:

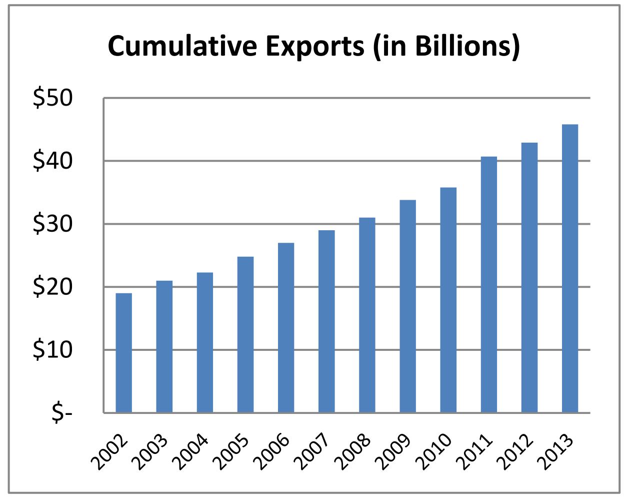
- Total Cumulative Exports: the amount of exports associated with USTDA-funded activities in any given time period.

- Export Multiplier: quantifies the amount of exports generated for every USTDA program dollar obligated and thus is the export return on USTDA investments. In FY 2013, USTDA generated $73 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 2001 and 2010. The TYRA is explained in greater detail in the Procedures to Ensure Performance Reporting section.

Total Cumulative Exports
This figure is generated by calculating the sum of total exports documented in the USTDA database. Since its inception in 1981, USTDA's programs have helped generate more than $45.8 billion in U.S. exports. In FY 2013, USTDA identified $2.9 billion new exports attributed to USTDA-supported projects.

U.S. Trade and Development Agency Performance



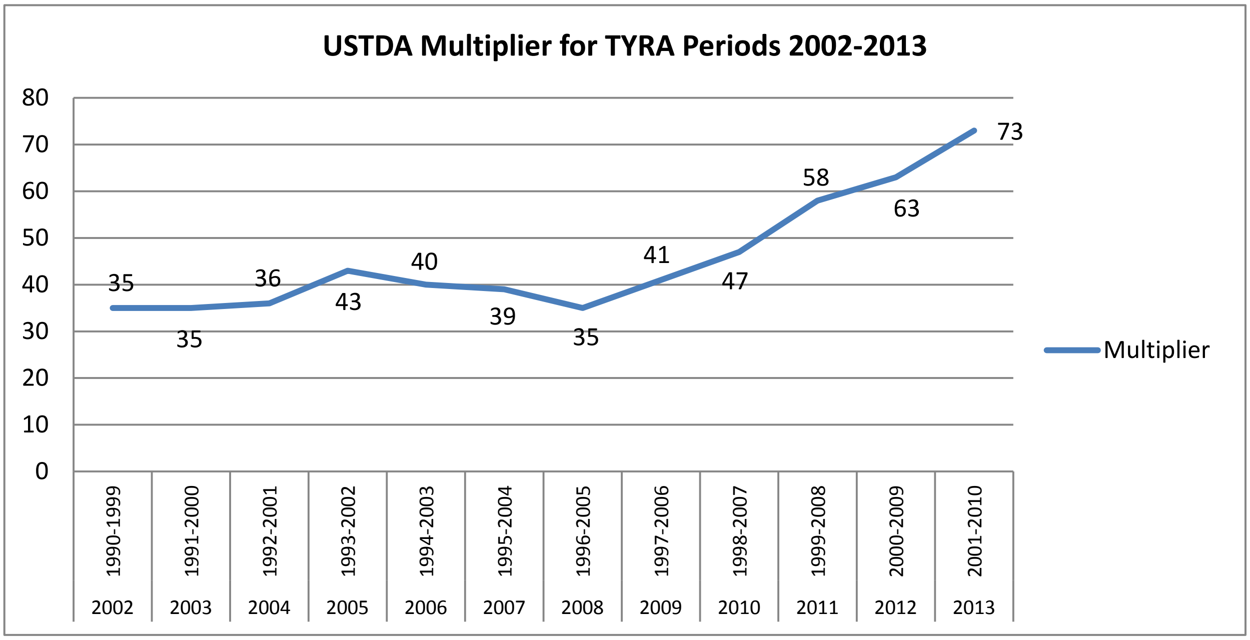


Export Multiplier Rate Calculation

The multiplier rate quantifies the amount of exports generated for every USTDA program dollar obligated. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA's funding commitments. For the current TYRA, which contains projects completed between 2001 and 2010, USTDA has obligated $314.8 million to support foreign projects, which has helped to generate $23 billion in U.S. exports. Thus, for every $1 dollar of USTDA funding, $73 in U.S. exports are generated, which exceeds last year's multiplier rate of $63. This increase is attributed partly to the Agency's support for longer-term aviation and energy cooperative programs that have started to generate significant results. These programs consist of multiple focused activities over many years that coordinate efforts with US private industry on their long- term commercial objectives.

Export Multiplier: $\dfrac{\textit{\$23 billion}}{\textit{\$314.8 million}}$ = ***$73***

U.S. Trade and Development Agency Performance



Other Measurements

Small Business Impact

The U.S. Small Business Administration (SBA) has set a goal for Federal agencies to award at least 23 percent of their procurements to small businesses.[4] USTDA has far surpassed that mark for more than 10 years—in FY 2013, more than 64 percent of Agency contract awards under the Federal Acquisition Regulation were won by 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 activities help the U.S. government fulfill commitments made towards the Doha Development Agenda. As part of USTDA's responsibility as a foreign assistance agency of the U.S. government, USTDA reviews activities annually, classifies them in their appropriate TCB categories and reports them to USAID through an online database. This categorization and reporting process takes place in the first quarter for the fiscal year. Therefore it has not yet been

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

conducted for FY2013; however, in FY 2012, USTDA provided $15.9 million in funding for TCB related activities.

Procedures to Ensure Performance Measurement Reporting

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

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

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

Ten Year Rolling Average: The TYRA is a ten-year interval of time used to report the outcomes resulting from USTDA's program. The TYRA currently consists of all USTDA activities completed between years 2001-2010. Due to the nature of the projects that USTDA funds – early project planning development projects – it is not common to experience immediate results from the Agency's activities. Large infrastructure projects take years to develop and complete. As such, this interval of time is used to capture meaningful and relevant representation of the results of USTDA's program funds. The last year of the TYRA (2010) is recent enough to influence Agency planning, but encompasses a sufficient time period to ensure USTDA-funded activities have been evaluated at least once by USTDA's external contractors.

Type of Funding: USTDA funds projects by using its core funds (those funds that Congress appropriates directly to USTDA), and in some instances, transfer funds provided by other government agencies such as USAID and the Department of State. Transfer funds often carry restrictions with respect to how the funding can be used (e.g., country limitations, industry priorities, or specific activities). Therefore, with the approval of OMB and in order to establish consistent evaluation criteria and performance measures, the Agency evaluates program results based on only core funded activities.

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

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

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Independent Auditors' Report

The Director
U.S. Trade and Development Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the U. S. Trade and Development Agency ("USTDA"), which comprise the balance sheets as of September 30, 2013 and 2012, the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements (hereinafter referred to as "financial statements").

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Trade and Development Agency as of September 30, 2013 and 2012, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered USTDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate 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, and certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 14-02.

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

Purpose of the Other Reporting Required by Government Auditing Standards

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

KPMG LLP

November 22, 2013

U.S. Trade and Development Agency
Balance Sheets
As of September 30, 2013 and 2012

Assets	**2013**	**2012**
Intragovernmental:		
Fund balance with Treasury (Note 2)	$ 97,489,880	$ 105,936,940
Total intragovernmental	97,489,880	105,936,940
Accounts receivable (Note 3)	3,176	130
General property and equipment, net (Note 4)	563,313	455,258
Total assets	$ 98,056,369	$ 106,392,328

Liabilities and Net Position		
Liabilities		
Intragovernmental:		
Accounts payable (Note 5)	$ 767,727	$ 410,012
Other liabilities (Notes 2 and 5)	39,812	344,960
Total intragovernmental	807,539	754,972
Accounts payable (Note 5)	5,803,284	6,635,416
Other liabilities (Note 5)	641,909	618,319
Total liabilities	7,252,732	8,008,707
Net position:		
Unexpended appropriations	90,706,792	98,368,749
Cumulative results of operations	96,845	14,872
Total net position	90,803,637	98,383,621
Total liabilities and net position	$ 98,056,369	$ 106,392,328

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, 2013 and 2012

	2013	2012
Cost of Operations:		
Grants program costs:	$ 51,986,382	$ 54,920,156
Less earned revenue	--	--
Net cost of operations (Notes 6 and 11)	$ 51,986,382	$ 54,920,156

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

U.S. Trade and Development Agency
Statements of Changes in Net Position
For the Years Ended September 30, 2013 and 2012

		2013		2012
Cumulative results of operations:				
Beginning balances	$	14,872	$	(113,836)
Budgetary financing sources:				
Appropriations used		51,714,320		54,714,403
Other financing sources:				
Imputed financing		354,035		334,461
Total financing sources		52,068,355		55,048,864
Net cost of operations		(51,986,382)		(54,920,156)
Net change		81,973		128,708
Ending balances	$	96,845	$	14,872
Unexpended appropriations:				
Beginning balances	$	98,368,749	$	100,017,436
Budgetary financing sources:				
Appropriations received		50,000,000		50,000,000
Appropriations transferred in		1,511,000		5,700,000
Other adjustments (rescissions and cancellation of expired funds)		(7,458,637)		(2,634,284)
Appropriations used		(51,714,320)		(54,714,403)
Total budgetary financing sources		(7,661,957)		(1,648,687)
Total unexpended appropriations	$	90,706,792	$	98,368,749
Net position	$	90,803,637	$	98,383,621

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

U.S. Trade and Development Agency
Statements of Budgetary Resources
For the Years Ended September 30, 2013 and 2012

	2013	2012
Budgetary resources:		
Unobligated balance, brought forward, October 1	$ 11,333,089	$ 8,001,435
Recoveries of prior year unpaid obligations	9,759,565	7,215,415
Other changes in unobligated balance	(3,416,337)	3,065,716
Unobligated balance from prior year budget authority, net	17,676,317	18,282,566
Appropriations (discretionary and mandatory)	47,468,700	50,000,000
Total budgetary resources	$ 65,145,017	$ 68,282,566
Status of budgetary resources:		
Obligations incurred (Note 7):	$ 56,010,300	$ 56,949,477
Unobligated balance, end of year:		
Apportioned (Notes 2, 8 and 10)	4,671,544	6,478,431
Unapportioned (Note 2)	4,463,173	4,854,658
Total unobligated balance, end of year	9,134,717	11,333,089
Total budgetary resources	$ 65,145,017	$ 68,282,566
Change in obligated balance:		
Unpaid obligations, brought forward, October 1 (gross)	$ 94,258,891	$ 99,425,899
Obligated balance, start of year (net)	$ 94,258,891	$ 99,425,899
Obligations incurred	56,010,300	56,949,477
Outlays (gross)	(52,190,172)	(54,901,070)
Recoveries of prior years' obligations	(9,759,565)	(7,215,415)
Obligated balance-end of the period		
Unpaid obligations, end of year (gross)	$ 88,319,454	$ 94,258,891
Obligated balance, end of the year (net) (Note 9)	$ 88,319,454	$ 94,258,891

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U.S. Trade and Development Agency
Statements of Budgetary Resources
For the Years Ended September 30, 2013 and 2012

	2013	2012
Budget Authority and Outlays, Net		
Budget Authority, gross (discretionary and mandatory)	$ 47,468,700	$ 50,000,000
Budget Authority, net (discretionary and mandatory)	$ 47,468,700	$ 50,000,000
Outlays, gross (discretionary and mandatory)	52,190,172	54,901,070
Outlays, net (discretionary and mandatory)	52,190,172	54,901,070
Distributed offsetting receipts	--	--
Agency outlays, net (discretionary and mandatory)	$ 52,190,172	$ 54,901,070

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

U.S. Trade and Development Agency
Notes to Financial Statements
September 30, 2013

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

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

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

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

(b) Basis of Presentation

These financial statements have been prepared to report the financial position, net costs, changes in net position, and budgetary resources of USTDA, as required by its authorizing legislation Public Law 113-6. These financial statements include all activity related to USTDA's appropriation (No. 11-1001) and reimbursable interagency agreements, whereby USTDA receives transfers from other Federal agencies for use in specific regions or sectors.

(c) Budgets and Budgetary Accounting

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

(d) Basis of Accounting

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

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

(e) Appropriations and Other Financing Sources

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

During FY 2012 and FY 2013, USTDA received an appropriation to be used for program and administrative expenses, which are available for obligation through September 30, 2013 and 2014, respectively. These funds were appropriated in accordance with Title VI of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 and the Further Continuing Appropriations Act, 2013 (the Act). Beginning with FY 2008 appropriations, USTDA's appropriation acts allow de-obligated funds that were initially obligated prior to their expiration to remain available for re-obligation for an additional 4 years from the date on which the availability of such funds would otherwise have expired. In FY 2013, USTDA re-apportioned approximately $.3 million of FY 2008 de-obligations, approximately $.9 million of FY 2009 de-obligations, and $2.3 million of FY 2010 de-obligations.

Funds transferred from USAID for Support for East European Democracy Act (SEED), Economic Support Funds (ESF), the Freedom Support Act (FSA) and Assistance to Europe, Eurasia, Central America (AAECA) during FY 2002-2012, are available for re-obligation in the manner described in the preceding paragraph. SEED, ESF, and FSA funds for FY 1999-2001 that were initially obligated prior to their expiration remain available for re-obligation until cancellation. In FY 2013, USTDA re-apportioned approximately $.6 million of FY 2009 transfer authority de-obligations and $.1 million of FY 2010 transfer authority de-obligations.

(f) Fund Balance with Treasury

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

(g) Property and Equipment

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

(h) Liabilities

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

USTDA has no capital leases. Regarding its building lease, the General Services Administration (GSA) entered into a lease agreement for USTDA's rental of building space. USTDA pays GSA a standard-level users' charge for the annual rental. The standard-level users' charge approximates the commercial rental rates for similar properties. Average annual rent expense and related charges are approximately $1.7 million through 2013.

(i) Undelivered Orders

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

(j) Accrued Leave

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

(k) Cumulative Results of Operations

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

(l) Retirement Plan

USTDA's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees participating in CSRS contribute 7.0 percent of their gross pay to the plan, and USTDA contributes 8.51 percent. The cost of providing a CSRS benefit, which is 32.3 percent as computed by the Office of Personnel Management (OPM), is more than the amounts contributed by USTDA and its employees. In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, USTDA reports the full cost of providing pension benefits to include the cost financed by OPM.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983 are automatically covered by FERS and the Social Security Act. Employees hired prior to January 1, 1984 could elect either to join FERS and the Social Security Act or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which USTDA automatically contributes 1 percent of employees' pay and matches any employee contribution up to an additional 4 percent of basic pay. For most employees hired since December 31, 1983, USTDA also contributes the employer's matching share under the Social Security Act. For the FERS basic benefit, the employees contribute 0.8 percent of their basic pay while USTDA contributes 11.2 percent for a total contribution rate of 12 percent. The cost of providing a FERS benefit, as computed by OPM is 14.2 percent.

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY 2013 amounted to $354,035 which includes $129,772 for pension cost for CSRS and FERS; $223,305 for the Federal Employees Health Benefits (FEHB) Program; and $958 for Federal Employees Group Life Insurance (FEGLI). In FY 2012, OPM funded $334,461 to pension, health, and life insurance benefits on behalf of USTDA's employees. These amounts are included in USTDA's FY 2013 and FY 2012 financial statements, respectively.

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

USTDA paid approximately $553,963 and $521,551 for retirement system coverage for its employees during FY 2013 and FY 2012, respectively.

(m) Use of Estimates

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

(2) Fund Balance with Treasury

Fund Balance with Treasury represents USTDA's undisbursed budgetary authority and funds to be returned to Treasury at September 30, 2013 and 2012, as follows:

	2013	2012
Fund balances:		
Appropriated funds	$97,454,171	$105,591,980
Miscellaneous receipts	35,709	344,960
Total	$97,489,880	$105,936,940
Status of Fund Balance with Treasury:		
Unobligated balance:		
Available	$ 4,671,544	$ 6,478,431
Unavailable	4,463,173	4,854,658
Obligated balance not yet disbursed	88,319,454	94,258,891
Non-budgetary	35,709	344,960
Total	$97,489,880	$105,936,940

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 Receivables

Accounts receivables at September 30, 2013 and 2012 consist of the following components:

	2013	2012
Accounts receivable	$ 3,176	$ 130

FY 2013 and FY 2012 accounts receivable represents employee salary compensation to be returned to USTDA; no allowance is necessary as the amount is fully collectable.

(4) General Property and Equipment, Net

General property and equipment and related accumulated depreciation balances at September 30, 2013, and 2012 are as follows:

September 30, 2013

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	688,638	$	440,609	$	248,029
Furniture and Fixtures	10 years		284,179		156,966		127,213
Computer Software	5 years		15,382		5,567		9,815
Other Equipment	10 years		296,094		117,838		178,256
Leasehold Improvements	0 years		113,182		113,182		--
		$	1,397,475	$	834,162	$	563,313

September 30, 2012

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	553,166	$	363,059	$	190,107
Furniture and Fixtures	10 years		274,764		176,431		98,333
Computer Software	5 years		10,050		3,023		7,027
Other Equipment	10 years		266,313		106,522		159,791
Leasehold Improvements	0 years		113,182		113,182		--
		$	1,217,475	$	762,217	$	455,258

Depreciation expense for fiscal years ended September 30, 2013 and 2012 is $141,823 and $153,379, respectively.

During FY 2013 and 2012, USTDA purchased property and equipment in the amount of $267,284 and $239,296, respectively. In addition, during FY 2013 USTDA retired $87,284 in property and equipment with related accumulated depreciation amounting to $69,878, representing a loss on disposals of $17,406. During FY2012, USTDA retired $88,008 in property and equipment with related accumulated depreciation amounting to $79,549, representing a loss on disposals of $8,459.

(5) Liabilities

Total liabilities represent the sum of liabilities not covered by budgetary resources, and those covered by budgetary resources. As of September 30, 2013 and 2012, total liabilities were as follows:

	2013	2012
Intragovernmental liabilities:		
Liabilities not covered by budgetary resources:		
Miscellaneous receipts returned to Treasury	$ 35,709	$ 344,960
Worker's Compensation	4,103	--
Liabilities covered by budgetary resources:		
Accounts payable	767,727	410,012
Total intragovernmental liabilities	$ 807,539	$ 754,972
Other liabilities:		
Liabilities not covered by budgetary resources:		
Accrued annual leave	$ 465,541	$ 440,515
Liabilities covered by budgetary resources:		
Accounts payable	5,803,284	6,635,416
Accrued payroll	176,368	177,804
Total other liabilities	6,445,193	7,253,735
Total liabilities	$ 7,252,732	$ 8,008,707

All liabilities other than unfunded accrued leave are considered to be current liabilities. Approximately $6 million of the accounts payable balance as of September 30, 2013 relates to grants payments owed but unpaid. This balance was $6.1 million as of September 30, 2012.

(6) Intragovernmental Costs and Exchange Revenue

Program costs for the fiscal years ended September 30, 2013 and 2012 consists of the following:

Grants Program	2013	2012
Intragovernmental costs	$ 2,881,398	$ 2,656,359
Public costs	49,104,984	52,263,797
Total grant program costs	51,986,382	54,920,156
Intragovernmental earned revenue	--	--
Net grant program costs	$ 51,986,382	$ 54,920,156

(7) Apportionment Categories of Obligations Incurred

During the years ended September 30, 2013 and 2012, funds were obligated in the following categories:

Obligations	2013	2012
Category A–funds that are obligated for operating expenses	$ 13,764,322	$ 12,725,724
Category B–funds that are obligated for program activities	42,245,978	44,223,753
Total obligations incurred	$ 56,010,300	$ 56,949,477

(8) Unobligated Balances Available – Apportioned

Total available unobligated balance of budget authority at September 30, 2013 and 2012 consist of the following:

	2013	2012
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)	54,564	49,564
Funds transferred from USAID for feasibility studies and related activities in the NIS (Freedom Support Act (FSA) no-year funds)	89,773	58,328
Total no-year funds	470,296	433,851
Funds transferred from USAID for feasibility studies and related activities in Libya (ESF-MERF)	--	41,681
Funds transferred from USAID and reapportioned for feasibility studies and related activities in Pakistan (ESF) and regional Eurasia (AEECA)	1,323,370	380,987
USTDA core budget two-year appropriations	2,877,878	5,621,912
Total unobligated and available appropriations	$ 4,671,544	$ 6,478,431

(9) Undelivered Orders

At September 30, 2013 and 2012, undelivered orders balances consisted of the following:

Purpose		2013		2012
Obligated balance at the end of the period	$	88,319,454	$	94,258,891
Liabilities covered by budgetary resources		(6,747,379)		(7,223,232)
Undelivered orders	$	$81,572,075	$	87,035,659

10) Permanent Indefinite Appropriations

No-year funds at September 30, 2013 and 2012 exist for the following purposes:

Purpose		2013		2012
General program activities	$	325,959	$	325,959
FSA transfer funds for feasibility studies and activities in the NIS		89,773		58,328
Support for feasibility studies and activities (NIS and SEED)		54,564		49,564
Total permanent indefinite appropriations	$	470,296	$	433,851

(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, 2013 and 2012:

		2013		2012
Resources used to finance activities:				
Budgetary resources obligated	$	56,010,300	$	56,949,477
Recoveries of prior years obligations		(9,759,565)		(7,215,415)
Imputed financing for costs absorbed by others		354,035		334,461
Total resources used to finance activities	$	46,604,770	$	50,068,523
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	$	5,463,583	$	4,980,341
Resources that finance the acquisition of assets		(267,284)		(239,296)
Loss on disposition of assets		17,406		8,459
Total resources used to finance items not part of the net cost of operations	$	5,213,705	$	4,749,504

Costs that do not require resources:				
Depreciation and amortization	$	141,823	$	153,379
(Increase)/decrease in accounts receivable		(3,045)		(42)
Costs that require resources in a future period:				
(Decrease)/increase in accrued leave liability		25,026		(51,208)
(Decrease)/increase in accrued worker's compensation liability		4,103		--
Total costs that do not require resources	$	167,907	$	102,129
Net cost of operations	$	51,986,382	$	54,920,156

U.S. Trade and Development Agency
Other Information
As of and for the Year Ended September 30, 2013

Intragovernmental Assets

		As of September 30, 2013	
Trading Partner	**Partner #**	**Accounts Receivable**	**Fund Balance with Treasury**
Department of Treasury	20	$ --	$ 97,489,880
Total		$ --	$ 97,489,880

Intragovernmental Liabilities

		As of September 30, 2013	
Trading Partner	**Partner #**	**Accounts Payable**	**Funds to be Returned to Treasury**
Department of Interior	14	$ 25,776	$ --
Department of Labor	16	4,103	--
Department of State	19	175,344	--
Department of Treasury	20	--	35,709
General Services Administration	47	381,000	--
National Archives	88	97	--
Office of Personnel Management	24	851	--
U.S. Foreign Commercial Services	13	184,659	--
Total		$ 771,830	$ 35,709

Intragovernmental Expense

	For the Year Ended September 30, 2013	
Trading Partner	**Partner #**	**Amount**
Department of Agriculture	12	$ 3,057
Foreign Service Institute	21	1,320
Department of Homeland Security	70	25,710
Department of Interior (IBC)	14	668,779
Department of State	19	404,927
General Services Administration	47	1,735,869
National Archives	88	1,254
Office of Personnel Management	24	1,072
U.S. Foreign Commercial Services	13	39,220
U.S. Postal Service	18	190
Total		$ 2,881,398

U.S. Trade and Development Agency
Other Information
As of and for the Year Ended September 30, 2013

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:

Summary of Management Assurances **Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)**						
Statement of Assurance	**Unmodified**					
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

Summary of Management Assurances **Effectiveness of Internal Control over Operations (FMFIA § 2)**						
Statement of Assurance	**Unmodified**					
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

U.S. Trade and Development Agency
List of Acronyms and Abbreviations
September 30, 2013

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

U.S. Trade and Development Agency
List of Acronyms and Abbreviations
September 30, 2013

OET	Outside Evaluation Team
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
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

USTDA

U.S. Trade and Development Agency

Performance and Accountability Report

Fiscal Year 2014

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U.S. Trade and Development Agency

FY 2014 Performance and Accountability Report

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Director's Message

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

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

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

Leadership

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

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

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

Record Return on Investment

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

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

Making Global Local

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

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

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

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

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

/s/ Leocadia I. Zak

Director
U.S. Trade and Development Agency

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

USTDA at a Glance

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

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

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

Mission Statement

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

Organizational Structure

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

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

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

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

Performance Goals, Objectives and Results

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

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

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

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

<u>FY 2014 Strategic Investments</u>
(Percent is of total program obligations)
Priority Countries: $39.8M (82%)
Energy: $23.7M (49%)
Transportation: $12.8M (26%)
Telecommunications: $3.6M (7%)
Water and Environment: $1.5M (3%)
Agribusiness: $1.1M (2%)

<u>Overall Success Rates</u>

Export Multiplier: 76.3 to 1
New Exports Identified: $5.8B
Total Exports to Date: $51.7B

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

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

Analysis of Financial Statements

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

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

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

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

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

Balance Sheet

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

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

Statement of Net Cost

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

Statement of Budgetary Resources

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

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

Data and Financial System Assessment

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

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

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

Management Assurances

Federal Managers' Financial Integrity Act (FMFIA)

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

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

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

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

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

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

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

U. S. TRADE AND DEVELOPMENT AGENCY

Annual Assurance Statement on Internal Control

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

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

/s/ Leocadia I. Zak

Director

October 21, 2014

Date

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Accountability of Tax Dollars Act

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

Government Performance and Results Act

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

GPRA Modernization Act

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

Federal Information Security Management Act

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

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

Improper Payments Elimination and Recovery Act

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

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

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

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

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

Limitations of the Financial Statements

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

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

U.S. Trade and Development Agency
Performance

Performance Objectives and Results

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

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

USTDA's Evaluation Measurements and Targets

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

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

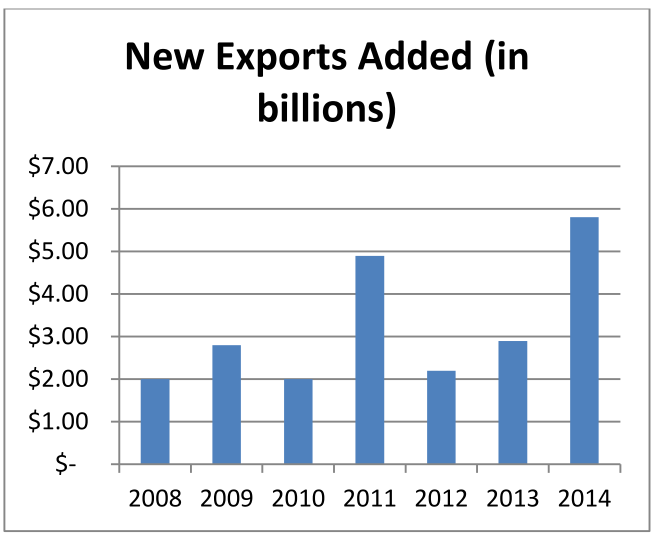
U.S. Trade and Development Agency Performance

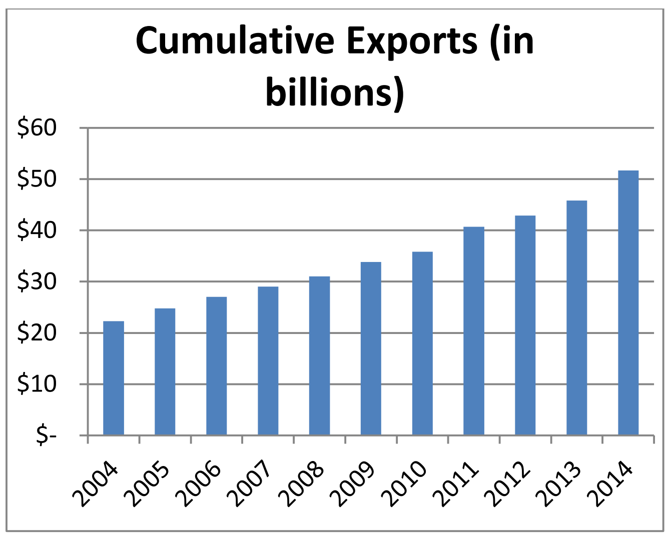
The measurements used by the Agency to determine whether its commercial objectives are being achieved include:

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

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

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





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

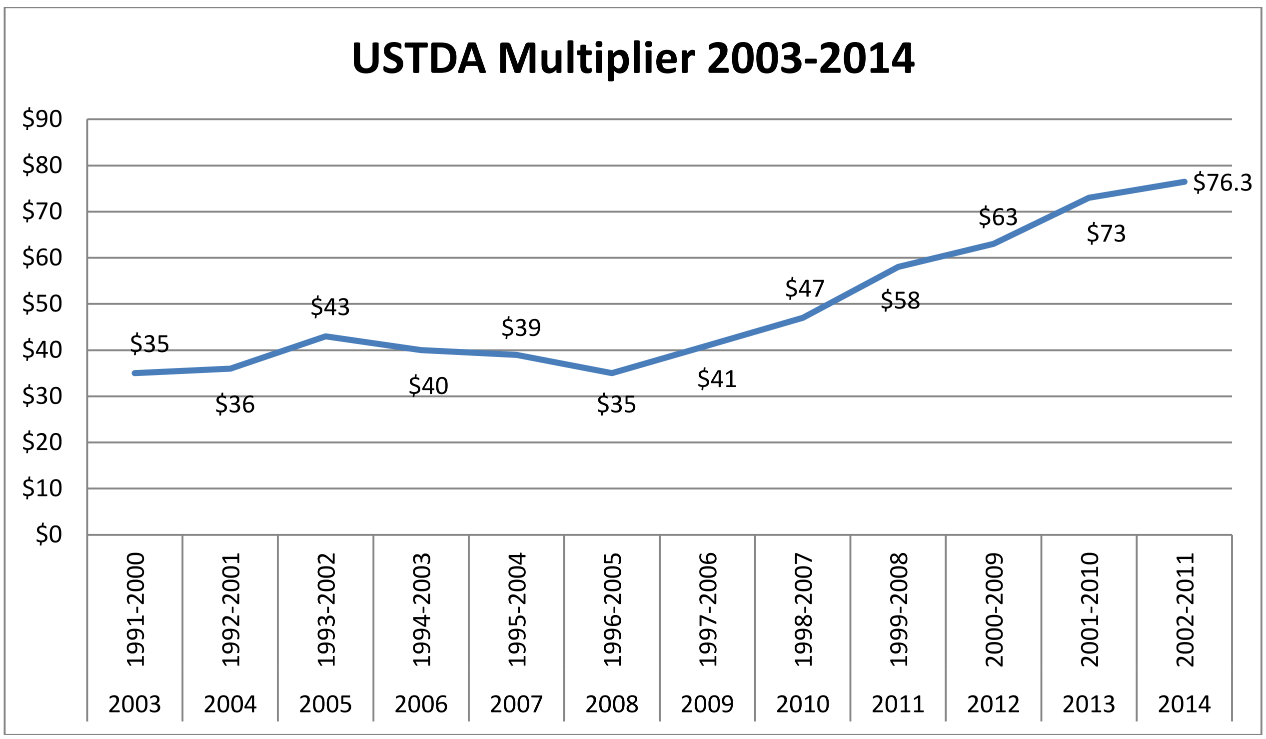
U.S. Trade and Development Agency Performance

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

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

Other Measurements

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



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

U.S. Trade and Development Agency Performance

Trade Capacity Building

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

Procedures to Ensure Performance Measurement Reporting

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

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

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

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

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

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

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

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

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Independent Auditors' Report

The Director
U.S. Trade and Development Agency:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion on the Financial Statements

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

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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

Purpose of the Other Reporting Required by Government Auditing Standards

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

KPMG LLP

November 12, 2014

U.S. TRADE AND DEVELOPMENT AGENCY
Balance Sheets
As of September 30, 2014 and 2013

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

The accompanying notes are an integral part of these statements.

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

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

The accompanying notes are an integral part of these statements.

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

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

The accompanying notes are an integral part of these statements.

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

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

The accompanying notes are an integral part of these statements.

U.S. Trade and Development Agency
Notes to Financial Statements
September 30, 2014 and 2013

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

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

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

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

(b) Basis of Presentation

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

(c) Budgets and Budgetary Accounting

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

(d) Basis of Accounting

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

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

(e) Appropriations and Other Financing Sources

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

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

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

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

(f) Fund Balance with Treasury

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

(g) Property and Equipment

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

(h) Liabilities

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

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

(i) Undelivered Orders

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

(j) Accrued Leave

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

(k) Cumulative Results of Operations

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

(l) Retirement Plan

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

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

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

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

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

(m) Use of Estimates

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

(2) Fund Balance with Treasury

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

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

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

(3) Accounts Receivable

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

		2014		2013
Accounts receivable	$	--	$	3,176

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

(4) General Property and Equipment, Net

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

September 30, 2014

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

September 30, 2013

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

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

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

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

(5) Liabilities

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

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

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

(6) Intragovernmental Costs and Exchange Revenue

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

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

(7) Apportionment Categories of Obligations Incurred

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

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

(8) Unobligated Balances Available – Apportioned

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

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

(9) Undelivered Orders

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

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

(10) Permanent Indefinite Appropriations

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

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

(11) Reconciliation of Net Cost to Budget

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

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

U.S. Trade and Development Agency
Other Information
As of and for the Year Ended September 30, 2014

Intragovernmental Assets

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

Intragovernmental Liabilities

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

Intragovernmental Expense

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

U.S. Trade and Development Agency
Other Information
As of and for the Year Ended September 30, 2014

Summary of the Financial Statement Audit and Management's Assurances

Table 1: Summary of Financial Statement Audit:

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

Table 2: Summary of Management Assurances:

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

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

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

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

U.S. Trade and Development Agency
List of Acronyms and Abbreviations
September 30, 2014

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

U.S. Trade and Development Agency
List of Acronyms and Abbreviations
September 30, 2014

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