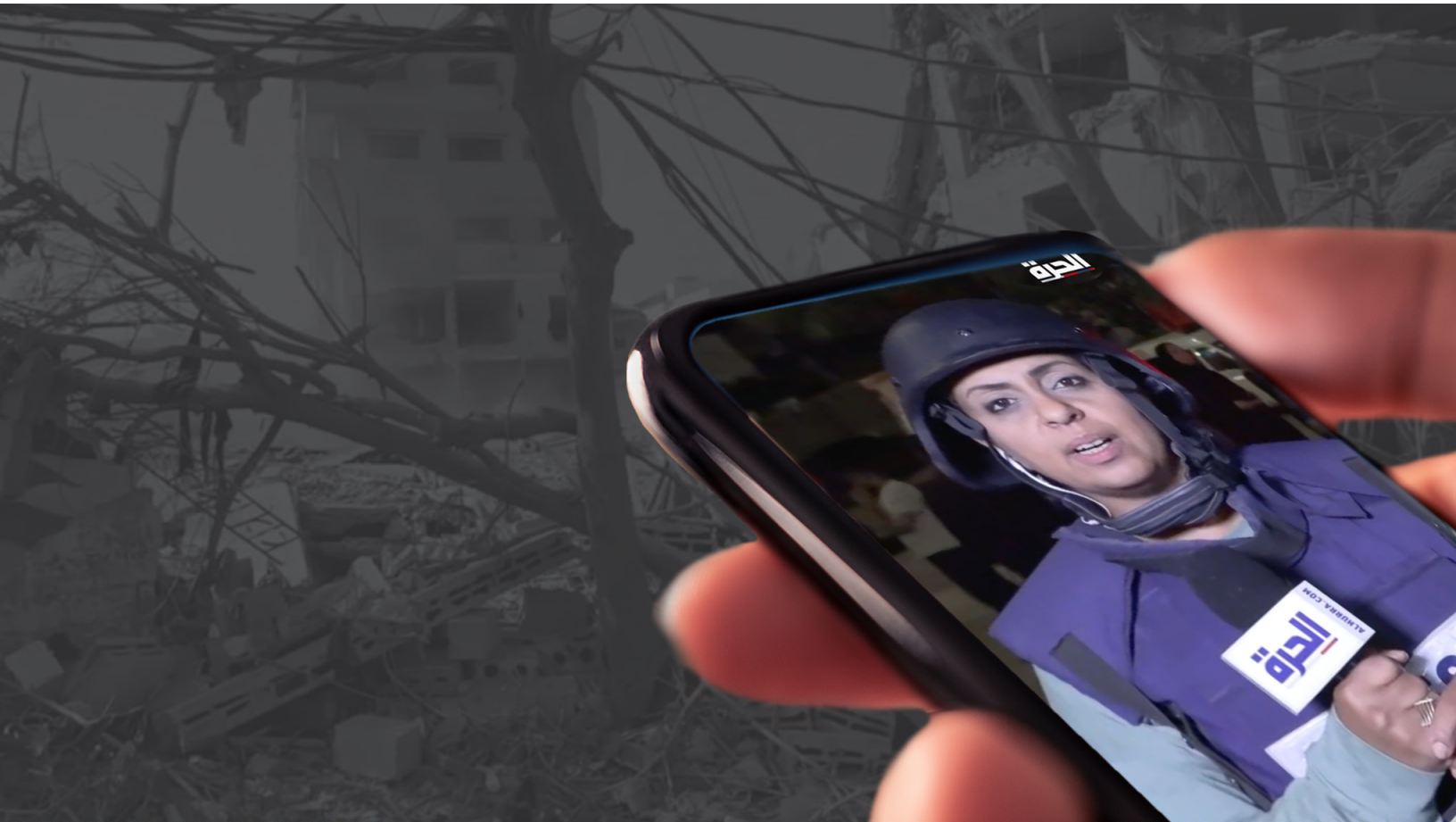


FY 2023 Agency Financial Report



United in one mission: to inform, engage, and connect audiences around the world in support of democracy.

Message from the U.S. Agency for Global Media CEO

On behalf of the U.S. Agency for Global Media (USAGM), I am pleased to present the Agency Financial Report (AFR) for Fiscal Year (FY) 2023. This report contains the results of this year's audit of the agency's financial statements and provides financial and performance information about USAGM's activities over the course of the year.

The mission of USAGM is to inform, engage, and connect people around the world in support of freedom and democracy. USAGM accomplishes this mission through two federal entities: the Voice of America (VOA) and the Office of Cuba Broadcasting (OCB); and four non-federal entities: Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), the Middle East Broadcasting Networks (MBN), and the Open Technology Fund (OTF).

In FY 2022, the measured weekly audience for news and information from USAGM's networks exceeded 410 million adults worldwide with programming in 63 languages.¹ USAGM measured audiences grew in many target markets in FY 2023, though in key areas autocratic regimes have increased challenges to independent media or criminalized its consumption. Despite draconian crackdowns on journalism in countries of key national security interest – including China, Russia, Iran, and Turkey – USAGM's networks pursue its mission by providing global audiences with essential news content in video, audio, and online formats, on broadcast, social media and mobile platforms. In the face of China's malign influence campaigns, Russia's gross mis- and disinformation operations, Iran's suppression of democratic activists, and media censorship in Africa and Latin America, it is RFA, RFE/RL and VOA journalists that help global

¹ Due to USAGM's adoption of the separate Agency Financial Report (AFR) and Agency Performance Report (APR) reporting option, in lieu of a combined Performance and Accountability Report (PAR), agency performance data for FY 2023 will be reported in USAGM APR, expected to be published in February 2024.

audiences separate facts from fake news and information. In the Middle East and Cuba, it is MBN and OCB who report on news local media are unable to address.

USAGM upholds freedom of expression and information as universal human rights. In addition, through OTF, USAGM also upholds the principle that freedom of *access* to information is also a fundamental human right. In light of ongoing state sponsored disruptions to internet freedom, notably in Russia, China and Iran, USAGM has robustly continued its support for OTF's development and maintenance of technologies that advance internet freedom and are used by over two billion people worldwide.

The agency's FY 2023 independent financial audit yielded our 20th consecutive unmodified opinion, the highest possible audit opinion. I am pleased to report that management's assessment of risks and review of controls and financial systems disclosed no material weaknesses, and that the financial and performance data presented here is reliable and complete (see Statement of Assurance, p 28.) We recognize there are a few items identified by the external audit that will require our continued attention and diligent improvement. To that end, we are committed to directly addressing these challenges and reinforcing progress.

As I begin my second year as the USAGM Chief Executive Officer, I want to recognize the agency's financial management and operational performance in FY 2023, and express my deep appreciation for the critical work of USAGM personnel carrying out the agency's mission by providing truthful, accurate, and fact-based news and information around the world. I am proud to share USAGM's FY 2023 financial information in this report and remain committed to ensure USAGM has the support and resources necessary to fulfill its mission.



Amanda Bennett
Chief Executive Officer
November 15, 2023

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Introduction

WHAT WE DO

USAGM informs, engages, and connects people around the world in support of freedom and democracy through the independent journalism of five broadcasting networks and a fund to support platforms advancing internet freedom in the world's most repressive environments. The entities USAGM oversees are two federal organizations — the Voice of America and the Office of Cuba Broadcasting, which oversees Radio and TV Martí — and four non-federal entities — Radio Free Europe/Radio Liberty, Radio Free Asia, the Middle East Broadcasting Networks, and the Open Technology Fund — which receive grants from USAGM.

USAGM provides multimedia broadcast distribution, as well as technical and administrative support to the broadcasting networks. It manages a global network of transmitting sites and an extensive system of satellite and fiber optic circuits, along with a rapidly growing internet delivery system servicing all USAGM broadcasters. It is also the administrative and marketing arm of the agency.

PURPOSE OF THE AGENCY FINANCIAL REPORT

The FY 2023 AFR provides financial and summary performance information for USAGM. This presentation of the agency's financial accountability, and managerial effectiveness is intended to assist Congress, the President, and the public in assessing USAGM's performance relative to its mission and stewardship of the resources entrusted to it.

This report is available on USAGM's website at <https://www.usagm.gov/our-work/strategy-and-results/strategic-priorities/research-reports/> and includes information that satisfies the reporting requirements contained in the following legislation:

- Federal Managers' Financial Integrity Act of 1982 (FMFIA)
- Chief Financial Officers (CFO) Act of 1990
- Government Performance and Results Act of 1993 (GPRA)

- Government Management Reform Act of 1994 (GMRA)
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002 (ATDA)
- Government Performance and Results Modernization Act of 2010 (GPRAMA)
- Federal Information Security Modernization Act of 2014 (FISMA)
- The Payment Integrity Information Act of 2019 (PIIA)

For 2023, the AFR is the first of a series of two annual financial and performance reports issued by USAGM. The reports include: (1) the Agency Financial Report issued in November 2023; and (2) an agency Agency Performance Report (APR). The FY 2023 APR will be combined with the FY 2025 Agency Performance Plan (APP) and included in the FY 2025 Congressional Budget Justification. These reports will be available online at <https://www.usagm.gov/our-work/strategy-and-results/strategic-priorities/research-reports/>

STRUCTURE OF THE AGENCY FINANCIAL REPORT

The Agency Financial Report is organized into the following three major sections:

Management’s Discussion and Analysis (MD&A)

The MD&A is an overview of USAGM, its organizational structure, and its mission. It includes a summary of the agency’s financial and program highlights and accomplishments for FY 2023. The MD&A also includes the results of the agency’s FY 2023 FMFIA internal control review and a section on management assurances.

Financial Information

The financial section contains financial details including the message from the Chief Financial Officer, USAGM’s audited financial statements with accompanying notes, and the related Independent Auditor’s Report.

Other Information

This section contains the Inspector General’s statement on top management and performance challenges along with USAGM’s response. It also contains a summary of the financial statement audit, management assurances, payment integrity.

Section 1:

Management's Discussion and Analysis

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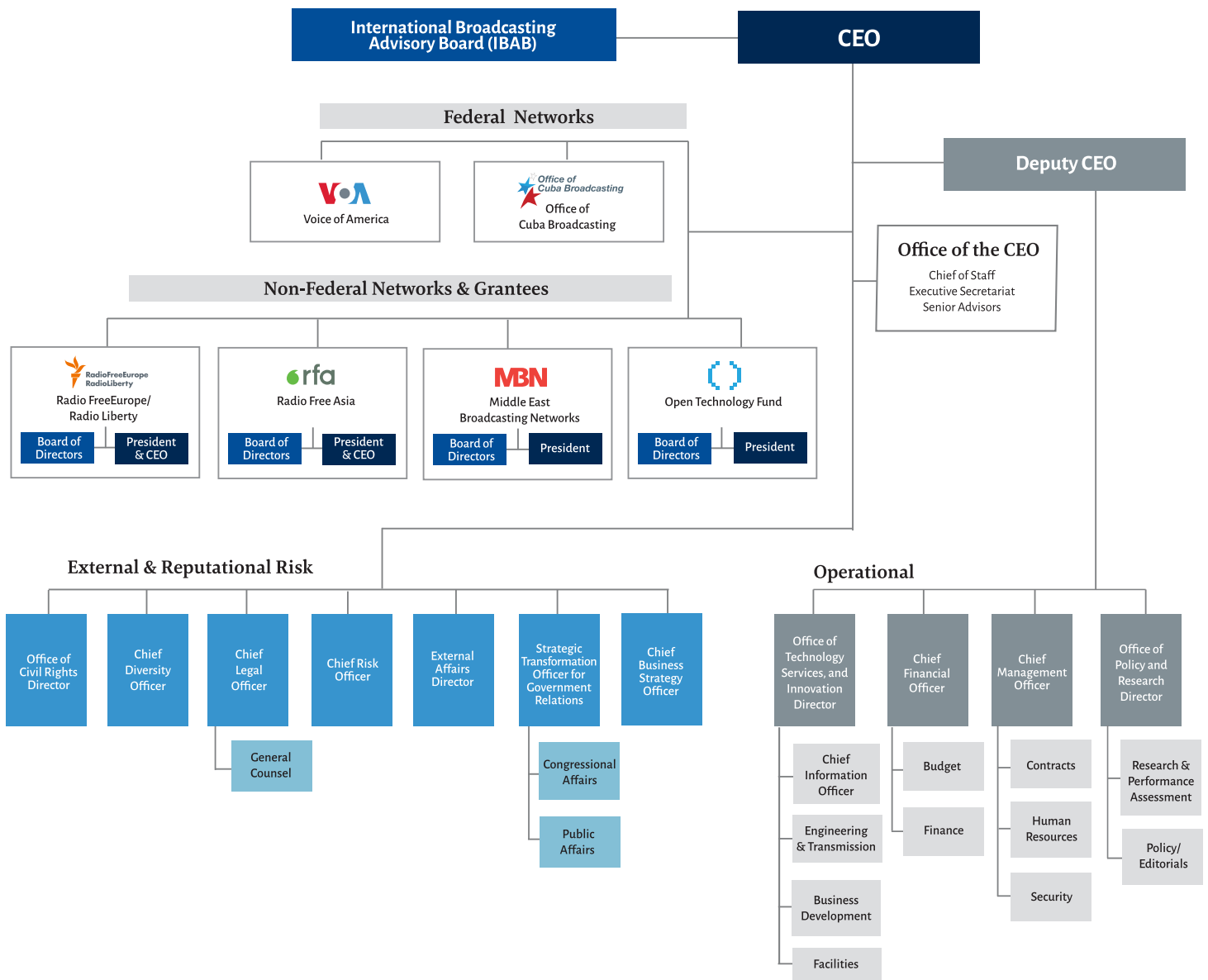
USAGM Organization

USAGM, formerly known as the Broadcasting Board of Governors, became an independent federal entity on October 1, 1999 as a result of the 1998 Foreign Affairs Reform and Restructuring Act (Public Law 105-277). USAGM was created to administer civilian international media funded by the U.S. government in accordance with the U.S. International Broadcasting Act of 1994, as amended. The FY 2017 National Defense Authorization Act made several significant reforms to the agency's management structure. Primarily, the act authorized the position of a Presidentially-nominated, Senate-confirmed Chief Executive Officer (CEO). Under this statutory structure, the CEO serves as agency head, assuming all leadership, management, and operational authorities.

USAGM comprises two federal entities – the Voice of America (VOA) and the Office of Cuba Broadcasting (OCB), which broadcasts under the Martí brand – and four non-federal entities wholly funded and overseen by USAGM – Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), the Middle East Broadcasting Networks (MBN), and the Open Technology Fund (OTF).

USAGM networks all work to advance the agency's mission but were created by the U.S. Congress to fulfill different roles in their respective markets. Telling America's story and explaining U.S. foreign policy are a significant part of USAGM's mandate. To that end, VOA provides comprehensive regional and world news to their local audiences, while also covering the United States in all its complexity, so that people in countries with at-risk systems might find inspiration in the U.S. model. RFE/RL, RFA, and OCB act as surrogate broadcasters, providing access to professional and fact-based regional and local news in countries subject to press restrictions. MBN serves as a hybrid of the two models, providing accurate and comprehensive news about the region and the United States. OTF works to advance internet freedom worldwide, enabling people to exercise their fundamental human rights online without fear of repressive censorship or surveillance.

USAGM ORGANIZATIONAL STRUCTURE



USAGM MISSION

To inform, engage, and connect people around the world in support of freedom and democracy.

USAGM informs, engages, and connects people around the world in support of freedom and democracy through its international media programs. All USAGM broadcast services must adhere to the standards and principles of the International Broadcasting Act of 1994, as amended, and support USAGM’s mission.

FY 2023 Goals and Objectives

Two overarching strategic goals are set forth in USAGM’s Strategic Plan 2022-2026:

Mission:

To inform, engage, and connect people around the world in support of freedom and democracy

Strategic Goals:

Expand freedom of information and expression
Share America’s democratic experience and values

Objectives:

Impact Objectives

Agility Objectives

In support of these goals, the Strategic Plan sets out eight Impact Objectives and four Agility Objectives:

IMPACT OBJECTIVES:

- 1 Produce and curate compelling and impactful content that audiences use and trust
- 2 Prioritize audiences that are information-denied or targets of disinformation and extremist rhetoric
- 3 Reach and engage underserved audiences, including women, youth, and marginalized populations
- 4 Overcome censorship to connect audiences in closed societies
- 5 Optimize program delivery and digital engagement
- 6 Engage and empower local media and populations
- 7 Serve as an authoritative source of information on U.S. news, policy, and society
- 8 Serve as a surrogate news operation, delivering information otherwise not available in local markets

AGILITY OBJECTIVES:

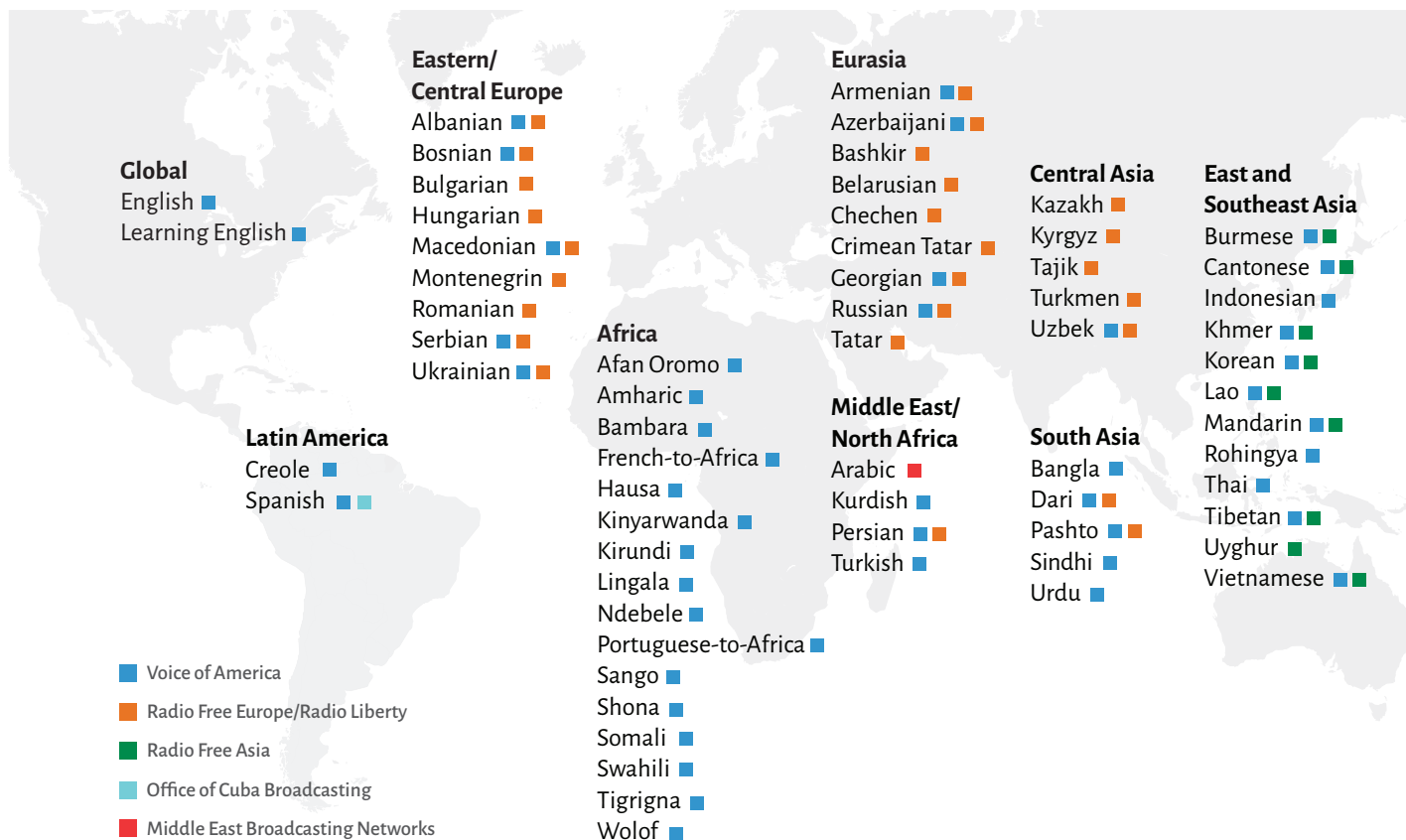
- 1 Manage a nimble, resilient, sustainable, efficient, and modern media enterprise
- 2 Enhance communication and strategic cooperation across USAGM networks and offices
- 3 Enable greater impact and accountability through data-driven evaluation and decision-making
- 4 Foster engagement, development, and equity in a diverse workforce

The agency set performance goals supporting each of the Impact and Agility Objectives. Highlights of USAGM’s performance in FY 2023 are presented on the following pages. USAGM has chosen to produce an AFR and a separate Agency Performance Report (APR) for FY 2023. The FY 2023 APR will be included with USAGM’s FY 2025 Congressional Budget Justification and will also be available on the USAGM website.

Performance Highlights & Challenges

Over the past year, USAGM has effectively distributed breaking news, in-depth reporting, and reasoned analysis via traditional- and new-media platforms, illustrating that international media is an effective U.S. instrument for providing information to people around the world who are denied it by their own governments and media.

In FY 2022, USAGM measured audience was over 410 million people per week consuming programming in 63 languages.



KEY ACCOMPLISHMENTS IN FY 2023

Voice of America

VOA serves as an authoritative and trusted source of information for those with limited or no access to a domestic free press, reaching a measured audience of over 320 million people around the world on a weekly basis in FY 2022.² VOA meets audiences in the languages they speak and on the platforms they use most. People increasingly turn to social media for news, and they find VOA; in the last year, that amounted to 611 million interactions with VOA videos and a grand total of 8.5 billion video views. Audience research and opinion surveys confirm that VOA content served as a vital resource for key markets – effectively countering the mis- and disinformation propagated by the governments of China, Russia, Iran, and North Korea, and by non-state actors like Boko Haram and Al-Shabaab. More than 80% of VOA consumers surveyed said they see VOA as a trustworthy source of news and information. VOA’s unique value stems from its global network and its position to tell America’s story through its policy, politics, and society. VOA showed how the most important events rippled across the globe. China’s international ambitions were captured through projects like VOA’s interactive Belt, Road, and Beyond, showing how an \$847 billion project has expanded People’s Republic of China (PRC) influence worldwide from Indonesia to Ecuador and across Africa by investing in soft power influence through about 60 “Confucius Institutes”. Russia’s aggression was documented as Ukrainian civilians took up arms, and as grain fields were left to waste, VOA documented the global effects of devastating malnutrition in northeastern Nigeria. Through projects like the first annual Digital Innovation Competition for African Startups, VOA highlighted young innovators throughout the continent. VOA also told the stories of refugees who found new homes in America, including a newly-launched webpage on Afghan evacuees relocated to America. VOA Korean

² Due to USAGM's adoption of the separate Agency Financial Report (AFR) and Agency Performance Report (APR) reporting option, in lieu of a combined Performance and Accountability Report (PAR), agency performance data for FY 2023 will be reported in USAGM APR, expected to be published in February 2024

produced a documentary *Three Days in a Lifetime* about difficulties of family reunion.

VOA Spanish partnered with local media on a fact-checking website, *Verificado*, to refute anti-American allegations by Venezuela and other hostile governments. And while Iran's Ayatollah Khomeini claimed to represent true democracy in contrast to American imperialism, VOA Persian's award-winning documentary, *Trickery*, showed Iran's reality as a theocracy that strips its citizens of political power.

Radio Free Europe/Radio Liberty

In FY 2023, RFE/RL demonstrated enormous impact on its audiences with its on-the-ground coverage of Russia's ongoing invasion of Ukraine and the wide-ranging consequences of the conflict that are now being felt across most of RFE/RL's coverage area. RFE/RL continued to provide an alternative to Russian and Chinese state-sponsored disinformation throughout Eurasia, offering its audiences critical, fact-based journalism, hard-hitting interviews, and unbiased coverage of major events. Much of this work is hindered by extreme levels of government censorship in many of RFE/RL's local markets. The use of mirror sites, VPNs, and other advanced circumvention techniques played a crucial role in getting RFE/RL reporting to difficult-to-reach audiences in Iran, Russia, Belarus, and across Central Asia. In Russia, Current Time produced an incredible report on the one-year anniversary of Ukraine's sinking of the Russian Navy's flagship vessel, the Moskva, in the Black Sea, interviewing the mothers of three Russian conscripts who died in the attack. In on-the-record, uncensored video interviews, the mothers all questioned the official Russian government version of events and demanded answers. As RFE/RL's Tajik Service and the newly established Migrant Unit reported, Central Asian migrants in Russia have faced much the same, with abuse, harassment and targeted violence visited upon them with regularity, and with many thousands more having been sent to the frontlines of the war in Ukraine with no choice in the matter. In Iran, despite being banned, Radio Farda made global headlines with its coverage of widespread protests following the death of Mahsa Amini at the hands of the Iranian security forces, and continues to uncover stories of extreme corruption, poverty, and human rights violations throughout every region of the country.

Radio Free Asia

RFA's China services coverage of massive protests against China's COVID lockdowns and the CCP's 20th Party Congress in late 2022 drew record-high engagement on social media. RFA Mandarin's Twitter following increased threefold, web visits doubled, and traffic from mobile Google searches increased by 233 percent as a result. RFA's record-breaking coverage was lauded by The Washington Post editorial board. RFA's new Asia Fact Check Lab and Investigative Unit extensively covered Chinese transnational repression, debt diplomacy, persecuted minorities, global public health, human trafficking, and misrepresentation of global events. RFA's youth-centered, digital Mandarin brand WHYNOT garnered top journalism awards for reports about abuse on Chinese social media, Hong Kong's exiled artists, and Chinese influence in Taiwan. RFA worked closely with its BenarNews team to bolster South China Sea and Pacific Islands coverage. RFA/Benar hired an Oceania correspondent and seven Pacific island stringers, using ship-tracking technology and satellite imagery in exclusive reports. USAGM's 2023 Myanmar survey found nearly one in five adults surveyed accessed RFA weekly, despite internet blackouts and junta threats. RFA garnered tens of millions of Facebook views for videos on June's Cyclone Mocha fatalities. New RFA podcasts in Korean, Mandarin and Khmer attracted thousands of listeners. A podcast analyzing Cambodia's historical election results earned the ire of strongman Hun Sen while attracting avid fans for host Vuthy Huot. RFA's audience inside North Korea topped other outside media brands in 2023's survey of North Korean defectors, refugees and travelers. New York Times' Seoul bureau chief called RFA "an indispensable hub of news on North Korea"; a UN official thanked RFA for exposing DPRK production of Russian army uniforms violating sanctions. RFA initiated a new Content Management System (CMS) and Digital Asset Management (DAM) system and specialists to customize new systems. RFA used expansion funds to hire a News Standards editor, Global Security director, and Information Security director.

Middle East Broadcasting Networks

MBN has been at the forefront of countering mis- and disinformation in the Arab world since its inception. The war on Ukraine is a case in point, where these outlets have provided an open microphone to Russian propaganda. MBN's reporting on all platforms (television, digital, and radio) address disinformation

head-on by providing fact-based journalism free from inherent bias, outside influence or redlines. When the fighting began in Sudan, MBN had correspondents on the frontlines to provide audiences with the latest information accurately and without bias. When devastating natural disasters struck Morocco and Libya, MBN interviewed doctors and civil engineers to get critical information to audiences in those regions, as well as news from North Africa to the rest of the Middle East. Reporting from Alhurra Television's award-winning investigative team explained how Russia's war in Ukraine has resulted in food shortages in the Arab world and how Iran is suppressing dissidents using cellular devices with the help of China. MBN launched a digital series called *Did It Really Happen?* that directly tackles the disinformation permeating the Arabic-language web. MBN networks deliver the U.S.'s perspectives and foreign policies thoroughly with context and analysis. Coverage of the U.S. and democratic values are paramount to MBN's mission. MBN has a digital landing page, a podcast, a newscast, and television and radio programs dedicated to reporting stories from and about the U.S. In Arabic media, MBN is the definitive source for news about U.S. policy, and is frequently cited by other Arab news outlets. MBN's award-winning coverage of the midterm elections highlighted issues that resonated with voters and explained how the elections impact government operations and U.S. foreign policy with more than 30 hours of live coverage and correspondents reporting from 10 states. Alhurra also reports daily on stories outside the Beltway, including a series about life in Alaska and an award-winning profile of the first female police officer to wear a hijab in Illinois.

Office of Cuba Broadcasting

OCB covered extensively anti-government protests in May 2023, holding Cuban authorities accountable for systematic attacks upon Cuban citizens and the full-scale breakdown of government infrastructure that sparked the initial unrest in 2021. OCB also reported about the hundreds of protesters that remain jailed. OCB engaged with independent journalists, forced into exile, which enhanced OCB's capability to create exclusive, original content by journalists with active contacts inside the communist island. This led to in-depth reporting on the current wave of criminal activity and its consequences that Cuban authorities deny. Following Russia's invasion of Ukraine, the Marti Noticias web page created a landing page featuring work produced through a collaboration with the Ukrainian fact-

checking outlet StopFake.org which counters mis- and disinformation about the war. OCB's multi-platform coverage from the United States/Mexico border put a spotlight on the humanitarian crisis created as a result of the hundreds of thousands of Cubans who tried to enter the United States in 2023. OCB provided accurate information on U.S. migration policy changes and the dangers involved in the treacherous journey some migrants undertook. OCB demonstrated significant impact by prioritizing social media distribution. The highly controversial participation of Cuba's National Team in the World Baseball Classic event held in Miami delivered 5.3 million Facebook video views in a two-week span. OCB's audiovisual content distributed via Facebook (where 96% of all social media traffic occurs in Cuba) accumulated 42.5 million video views.

Open Technology Fund

As a result of the intensified efforts by authoritarian regimes such as China, Russia, and Iran to censor content and crack down on access to the internet, demand for OTF-supported circumvention tools has increased from an average of 9 million users worldwide to over 40 million users per month. Despite facing increasingly sophisticated forms of censorship, OTF-supported tools continue to perform at the highest technical levels allowing quick and reliable access of blocked content. As a result of this unprecedented level of usage and subsequent budgetary challenges for these tools, OTF created the Surge and Sustain Fund. The Fund is an innovative funding structure designed to offset the marginal carrying cost of users. This is done on a reimbursement basis whereby the cost of a monthly unique user is offset to ensure that tools can support large user bases in countries where the need is greatest and few if any secure commercial alternatives exist. In addition, OTF invested in several leading-edge research projects to better understand the implementation of censorship practices by authoritarian regimes, secure new internet protocols, and better protect and support users. Over the last year, OTF made investments in both threat identification and tracking as well as technologies that advanced the state of the art of digital security. OTF also responded to numerous digital emergencies, including efforts to provide rapid support to those on the frontlines of political and military events in Iran, Myanmar, Russia, and Ukraine.

ONGOING CHALLENGES

In pursuing its mission USAGM faces ongoing challenges reaching audiences, countering mis- and disinformation, protecting journalists, and measuring agency performance. Key target countries – including but not limited to China, Russia, Iran, North Korea and Cuba – place restrictions on free access to independent journalism through criminalization of sharing content critical of their governments, denial and monitoring of internet access, and censorship of news. Also, malign state and non-state actors flood media channels with false narratives, particularly about the U.S. and its foreign policy, which USAGM must often address in addition to providing fact-based news. In several countries, journalists working with USAGM's networks are at risk of arrest, legal prosecution, and physical or financial harm simply for their news reporting. Additionally, some countries, most notably China for USAGM, pressure survey research companies, or officially restrict them, to prevent asking citizens questions about U.S. international media brands and programs, which severely compromises USAGM's ability to measure audience growth in those markets.

Financial Highlights

A summary of key financial measures from the Balance Sheet and Statements of Net Cost and Budgetary Resources is provided in the table below. In FY 2023, there were no significant variances in USAGM's financial statements.

Financial Highlights (in thousands)	FY 2023	FY 2022	Increase / (Decrease) %
At End of the Year:			
Condensed Balance Sheet Data:			
Fund Balance with Treasury	\$ 278,581	\$ 286,463	-3%
Cash and Other Monetary Assets	-	3	-100%
Accounts Receivable	549	62	781%
Property, Plant and Equipment	38,608	37,280	4%
Advances to Non-Federal Entities	107,000	105,000	2%
Other	1,102	1,361	-19%
Total Assets	\$ 425,840	\$ 430,169	-1%
Accounts Payable and Other	\$ 29,458	\$ 30,679	-4%
Retirement and Payroll	38,625	41,009	-6%
Total Liabilities	\$ 68,083	\$ 71,688	-5%
Unexpended Appropriations	\$ 341,346	\$ 344,870	-1%
Cumulative Results of Operations	16,411	13,611	21%
Total Net Position	357,757	358,481	0%
Total Liabilities and Net Position	\$ 425,840	\$ 430,169	-1%
For the Year:			
Condensed Statement of Net Cost Data:			
Total Cost	\$ 914,740	\$ 851,027	7%
Total Earned Revenue	(11,071)	(4,565)	143%
Total Net Cost of Operations	\$ 903,669	\$ 846,462	7%

The complete financial statements, including the independent auditor's reports, notes, and required supplementary information, are presented in Section II: Financial Information.

The Consolidated Balance Sheet, Statement of Net Cost, Changes in Net Position, and Combined Statement of Budgetary Resources have been prepared to report the financial position and results of operations of USAGM, pursuant to the requirements of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994.

Preparing these statements allows USAGM to improve financial management and provide accurate and reliable information to Congress, the President, and the taxpayer. USAGM management is responsible for the integrity and objectivity of the financial information presented in the statements. USAGM is committed to excellence in financial management and maintaining a rigorous system of internal controls to safeguard its widely dispersed assets against loss from unauthorized acquisition, use, or disposition.

The financial statements and financial data presented in this report have been prepared from the accounting records of USAGM in conformity with accounting principles in the United States of America and incorporate the application of the standards as prescribed by the Federal Accounting Standards Advisory Board. For the twentieth consecutive year, the financial statements have received an unmodified (highest possible) audit opinion from the independent external auditors overseen by the Office of Inspector General.

USAGM received appropriations totaling \$884.7 million for Fiscal Year (FY) 2023, which represents an increase of \$24.7 million or 2.92 percent above the FY 2022 Enacted level of \$860.0 million. With these funds, USAGM can support its mission to inform, engage, and connect people around the world in support of freedom and democracy, by delivering fact-based, objective, and professional journalism, engaging with 410 million people weekly³ in 63 languages and in over 100 countries around the world. New investments primarily focus on: (1) countering the PRC, Russia, and other malign influences, (2) an agency-wide technology transformation, (3) efforts to support journalists around the world particularly in dangerous environments, (4) enhancements in research and marketing, and (5) diversity, equity, inclusion, and accessibility initiatives. In response to the war in Ukraine, USAGM received \$25.0 million in supplemental appropriations to enhance coverage to Ukraine, Russia, and surrounding regions. USAGM is using this funding to combat misinformation and disinformation as well as provide comprehensive, unbiased journalistic coverage of the conflict in Ukraine, Russian citizens protesting the actions of the Kremlin, and the ongoing

³ FY 2022 USAGM measured global weekly audience

refugee and humanitarian crisis in the region. USAGM is committed to providing fact-based, compelling, and vital journalism as the situation in Ukraine, Russia, and Eastern Europe continues to unfold.

**U.S. Agency for Global Media
FY 2023 Summary of Appropriations**
(\$ in thousands)

International Broadcasting Bureau (Programs, Projects, and Activities)	FY 2023 Enacted	% of Total Budget
Federal Entities		
Voice of America	\$ 267,476	30.23%
Office Cuba Broadcasting	\$ 12,973	1.47%
International Broadcasting Bureau	\$ 55,508	6.27%
Technology, Services, and Innovation	\$ 182,851	20.67%
Subtotal, Federal Entities	\$ 518,808	58.64%
Non-Federal Entities		
Radio Free Europe/Radio Liberty	\$ 146,602	16.57%
Radio Free Asia	\$ 63,000	7.12%
Middle East Broadcasting Networks	\$ 106,590	12.05%
Open Technology Fund	\$ 40,000	4.52%
Subtotal, Non-Federal Entities	\$ 356,192	40.26%
Subtotal, International Broadcasting Operations	\$ 875,000	98.90%
Broadcasting Capital Improvements	\$ 9,700	1.10%
USAGM Total - FY 2023 Appropriation/Request	\$ 884,700	100.00%
Ukraine Supplemental Funding FY 2022 - FY 2024	\$ 25,000	
USAGM Grand Total - Appropriation/Request	\$ 909,700	

LIMITATIONS OF FINANCIAL STATEMENTS

The principal financial statements are prepared to report the financial position, financial condition, and results of operations of USAGM, pursuant to the requirements of 31 U.S.C. 3515 (b). The statements are prepared from USAGM's books and records in accordance with U.S. generally-accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government.

Analysis of Systems, Controls, and Legal Compliance

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 (Public Law 97-255) is designed to provide reasonable assurance that agencies institute management accountability and internal controls that support five objectives:

- Programs achieve their strategic objectives,
- Resources are effectively used consistent with the agency's mission,
- Programs and resources are properly safeguarded against waste, fraud, and mismanagement,
- Information is reliable and timely to support decision making, and
- Agency complies with applicable laws and regulations.

OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control provides implementation guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by identifying and managing risks, establishing requirements to assess, correct, and report on the effectiveness of internal controls. OMB Circular A-123 implements the FMFIA and GAO's Standards for Internal Control in the Federal Government (Green Book) requirements. Annually, USAGM assesses the vulnerability of its programs. Based on these assessments, reviews are conducted to determine their compliance with Sections 2 and 4 of FMFIA. Section 2 requires management controls to be in place, and Section 4 requires financial systems to conform to government-wide standards.

Annually, in compliance with the FMFIA of 1982 Section 2 and OMB Circular A-123 the agency head of USAGM provides the annual assurance statement on the status of:

- Effectiveness of internal control over financial reporting
- Effectiveness of internal control over operations
- Conformance with federal financial management system requirements

- Any material weakness found in the financial statements, which are derived from independent audits, Government Accountability Office (GAO), Office of the Inspector General (OIG) reviews, inspections or audits, and self-assessments conducted by USAGM’s management.

In compliance with FMFIA Section 4, 3512(d) (2) (B) Section 4-31 U.S.C. 3512(d)(2) (B), Senior Management prepares an annual statement on the agency’s accounting systems conformity to the principles, standards, and related requirements prescribed by the Comptroller General. Based on this requirement, USAGM is required to comply with the Federal Information Security Management Act (FISMA).

During FY 2023, USAGM has made continued progress implementing and maintaining an agency information security and risk management program. Over the past year, USAGM made significant progress in information security and risk management, while analyzing and developing an agency Zero Trust Architecture (ZTA) plan in response to the President’s Cyber Executive Order 14028 and subsequent OMB Memorandums M-21-30, M-21-31, M-22-01, M-22-09, and M-22-16. Notable accomplishments include the following:

- Significant progress with deployment of tools and processes to improve our Information Security Continuous Monitoring (ISCM) Program
- Continued progress with deployment of our Identity Credential Access Management (ICAM) strategy and Multi-Factor Authentication (MFA) solutions
- Continued implementation of our Enterprise Risk Management (ERM) framework and Information Security Risk Management strategy, and finally
- Continued implementation of our Supply Chain Risk Management (SCRM) strategy, policy and program plan.

In addition, as a qualitative measure of the effectiveness of USAGM’s IT security defenses, the agency’s information security team detected and investigated numerous suspicious cybersecurity events during the past year; however, only five of these events were found to be actual minor cybersecurity incidents that required remediation by the agency. Four of those five minor information security incidents were reported to DHS through the CISA Incident Report System for their awareness. All of these incidents were relatively minor e-mail

phishing attacks and workstation malware infections related. None of these incidents impacted the agency's international broadcasting mission in any way, and they would not be categorized as a "major" incident per the United States Computer Emergency Readiness Team's (US-CERT) *Federal Incident Reporting Guidelines*.

The agency's management controls program is designed to ensure compliance with the goals, objectives, and requirements of the FMFIA and various Federal laws and regulations. USAGM employs an integrated process to perform the work necessary to meet the requirements of OMB Circular A-123's Appendix A and Appendix C (regarding Payment Integrity), the FMFIA, and the GAO's Green Book. During FY 2023 USAGM identified, assessed and analyzed agency-wide risks in accordance with OMB Circular A-123. The FY 2023 risk profile prioritized significant risks to the achievement of USAGM's objectives and mission. The agency has documented and continuously implements appropriate risk response mitigation strategies to these enterprise risks. Consistent with the ERM process, management continuously monitors the progress and effectiveness of these mitigation strategies.

Under USAGM's existing A-123 efforts to evaluate its internal controls over reporting in connection with the requirements of Office of Management and Budget (OMB) Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control," Appendix A, "Management of Reporting and Data Integrity Risk" (OMB A-123), program risks are assessed to determine the level of inherent risk, including fraud risk, for all programs; evaluate whether internal controls mitigate those risks to acceptable levels; and conduct risk-based internal control reviews to determine whether controls are operating as intended. This also includes strategic risk responses for testing the design and operating effectiveness of controls. USAGM's audit follow-up work tracks corrective actions to address internally identified deficiencies and external auditor recommendations.

Management also considers results of OIG and GAO audit reports, the annual financial statement audit, and other relevant information.

FINANCIAL MANAGEMENT SYSTEMS AND REPORTING INTERNAL CONTROL REVIEW

Each year, USAGM receives an Independent Audit Report containing an opinion on our financial statements, a report on internal control over financial reporting, and a report on compliance with laws, regulations, contracts, and grant agreements. In addition to safeguarding resources and complying with laws and regulations, USAGM strives to fairly and accurately present financial reports that have a material effect on spending, budgetary, or other financial decisions.

FINANCIAL MANAGEMENT SYSTEMS STRATEGIES

USAGM currently uses CGI's proprietary Momentum Financials and Acquisitions version 7.9 as their financial system of record and provides the core accounting services of the agency. These services include funds control, budget execution, general ledger, accounts payable, accounts receivable, financial reports, and access controls. In FY 2024, USAGM will transition from CGIFed Cloud hosted at the Phoenix Data Center (PDC), to a cloud hosted environment. This will allow for additional cost savings over the life of the contract, as well as the ability to adapt Momentum to USAGM's system requirements as they change.

USAGM payroll is processed through the Defense Civilian Pay System (DCPS). USAGM is finalizing requirements for conversion from Defense Civilian Personnel Data System (DCPDS) to a new Human Resource system to interface with DCPS.

USAGM is in the initial planning phases of the changeover from Web TA to Gov TA timekeeping system. We are addressing the requirements of auditable timecards, record retention and software compliance, and compatibility with our payroll system provider DFAS.

E2 Solutions, is used by USAGM and by many other federal agencies, provides end-to-end travel approval, booking, and expense management capabilities. E2 Solutions synchronizes reservation and ticket data and incorporates system validation rules to ensure that reimbursements are compliant with financial policy.

USAGM continues to assess and automate processes to gain processing efficiencies and strengthen internal controls.

PAYMENT INTEGRITY PROGRAM

USAGM is dedicated to continued strengthening of its improper payments program to ensure payments are valid and processed correctly. The Program utilizes an experienced and trained staff, a financial management system that is designed with control functions to mitigate risk, and an analysis process to review transactions and procedures.

USAGM performs assessments and procedures to comply with the Payment Integrity Information Act of 2019, OMB Circular A-123 Appendix C and OMB Memorandum updates.

More information on USAGM's activities safeguarding against improper payments can be found in Section Three.

OTHER EVALUATIONS

The Office of the Inspector General (OIG) provides USAGM and Congress with systematic and independent evaluations of the operations of USAGM, designed to prevent and detect waste, fraud, and abuse. OIG inspections also generally review whether policy goals and objectives are being effectively achieved. However, 22 USC 6209a(b) states that the OIG "shall respect the journalistic integrity of all the broadcasters and may not evaluate the philosophical or political perspectives reflected in the content of broadcasts."

The Government Accountability Office (GAO) audits agency operations to determine whether federal funds are being spent efficiently and effectively, including investigating allegations of illegal and improper activities, reporting on how well government programs and policies are meeting their objectives, and performing policy analyses and outlining options for Congressional consideration. GAO also advises Congress and the heads of executive agencies about ways to make government more efficient, effective, ethical, equitable, and responsive.

FY 2023 Statement of Assurance



U.S. AGENCY FOR
GLOBAL MEDIA

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FY 2023 STATEMENT OF ASSURANCE

The U.S. Agency for Global Media (USAGM) is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. USAGM conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, the agency can provide reasonable assurance that internal controls over operations, reporting and compliance were operating effectively as of September 30, 2023. No material weaknesses were found in the design or operation of internal control over financial reporting.

Through dedicated efforts, management is confident that the agency will continue to maintain and improve its internal control posture.

A handwritten signature in black ink that reads "Amanda Bennett".

Amanda Bennett
Chief Executive Officer
November 9, 2023



Section 3: Financial Information

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Message from the Chief Financial Officer



U.S. AGENCY FOR
GLOBAL MEDIA

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Message from the Chief Financial Officer

I am delighted to present the financial statements for the U.S. Agency for Global Media (USAGM) for Fiscal Year (FY) 2023. Our commitment to maintaining the highest standards of financial transparency and accountability remains steadfast. The Agency Financial Report serves as our primary means of communication to the President, the Congress, and the American people on our stewardship of the public funds with which we have been entrusted. These funds are essential for fulfilling our critical mission to inform, engage, and connect people around the world in support of freedom and democracy.

I am pleased to announce that again, and for our twentieth year, the Agency has received an unmodified (clean) audit opinion. Additionally, the Independent Auditor has identified no material weaknesses in our internal controls over financial reporting. Throughout this past year, we have diligently worked to meet the reporting, audit, and compliance standards set forth by the Office of Management and Budget, the Treasury, and Congress. These measures continue to strengthen federal financial management, encourage sound business practices, and ensure accountability.

USAGM's senior leadership acknowledges the pivotal role of effective grants management and is gratified to report substantial progress in the implementation of crucial grants monitoring activities. We have maintained a close collaboration with a team of subject matter experts to enhance our oversight and monitoring of grantees.

Our sincere appreciation goes to our dedicated staff for their professionalism and hard work. FY 2023 has seen remarkable progress, we recognize that there is always room for improvement, necessitating our continued diligence and a fresh perspective. Our commitment to ongoing enhancement, in collaboration with independent financial auditors and the Office of the Inspector General, ensures the resolution of any outstanding issues. We remain steadfast in our promise to be efficient and effective stewards of the taxpayer resources entrusted to us as we further our vital mission to bring news and information to audiences worldwide.

Sincerely,

Grant K. Turner
Chief Financial Officer



Independent Auditor's Report



Office of Inspector General
United States Department of State

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November 15, 2023

Ms. Amanda Bennett
Chief Executive Officer
U.S. Agency for Global Media
330 Independence Ave., SW
Suite 3300
Washington, DC 20237

Dear Ms. Bennett:

The Office of Inspector General (OIG) engaged an independent external auditor, Kearney & Company, P.C., to audit the financial statements of the U.S. Agency for Global Media (USAGM) as of September 30, 2023 and 2022, and for the years then ended; to report on internal control over financial reporting; and to report on compliance with laws, regulations, contracts, and grant agreements. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget audit guidance.

In its report, *Independent Auditor's Report on the U.S. Agency for Global Media FY 2023 and FY 2022 Financial Statements* (AUD-FM-IB-24-08), Kearney & Company found the following:

- The financial statements as of and for the fiscal years ended September 30, 2023 and 2022, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- No material weaknesses¹ in internal control over financial reporting.
- No instances of reportable noncompliance with laws, regulations, contracts, and grant agreements.

Kearney & Company is responsible for the enclosed auditor's report, which includes the Independent Auditor's Report; the Report on Internal Control Over Financial Reporting; and the Report on Compliance With Laws, Regulations, Contracts, and Grant Agreements, dated November 15, 2023. Kearney & Company is also responsible for the conclusions expressed in the report. OIG does not express an opinion on USAGM's financial statements or conclusions on

¹ A material weakness is a deficiency, or 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.

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internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements.

USAGM's comments on the auditor's report are attached to the report.

OIG appreciates the cooperation extended to it and Kearney & Company by USAGM managers and staff during this audit.

Sincerely,

A handwritten signature in blue ink that reads "Diana R. Shaw". The signature is written in a cursive style with a large initial "D".

Diana R. Shaw
Acting Inspector General

Enclosure: As stated.

cc: OCFO – Grant K. Turner
OMS – USAGM Inspections
Kearney & Company, P.C. – Stephanie T. Mitjans

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INDEPENDENT AUDITOR’S REPORT
AUD-FM-IB-24-08

To the U.S. Agency for Global Media Chief Executive Officer and the Acting Inspector General:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the U.S. Agency for Global Media (USAGM), which comprise the consolidated balance sheets as of September 30, 2023 and 2022; the related consolidated statements of net cost and changes in net position and the combined statements of budgetary resources for the years then ended; and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of USAGM as of September 30, 2023 and 2022, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); 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. 24-01, “Audit Requirements for Federal Financial Statements.” Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USAGM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about USAGM’s ability to continue as a going concern for a reasonable period of time.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USAGM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USAGM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Deferred Maintenance and Repairs be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by OMB Circular A-136, "Financial Reporting Requirements," and the Federal Accounting Standards Advisory Board, which consider the information to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with



Government Auditing Standards, which consisted of making inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the 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

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the Message from the U.S. Agency for Global Media Chief Executive Officer, the Introduction, Message from the Chief Financial Officer, and the Other Information section of USAGM's Agency Financial Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and OMB Bulletin No. 24-01, we have also issued reports, dated November 15, 2023, on our consideration of USAGM's internal control over financial reporting and on our tests of USAGM's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements for the year ended September 30, 2023. 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 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 OMB Bulletin No. 24-01 and should be considered in assessing the results of our audits.

Alexandria, Virginia
November 15, 2023

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING**

To the U.S. Agency for Global Media Chief Executive Officer and the Acting Inspector General:

We have audited, 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. 24-01, "Audit Requirements for Federal Financial Statements," the financial statements and the related notes to the financial statements of the U.S. Agency for Global Media (USAGM) as of and for the year ended September 30, 2023, and we have issued our report thereon dated November 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered USAGM's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USAGM's internal control. Accordingly, we do not express an opinion on the effectiveness of USAGM's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 24-01. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982,¹ such as those controls relevant to ensuring efficient operations.

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 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 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; therefore, material weaknesses may exist that have not been identified. 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.

During the audit, we noted certain additional matters involving internal control over financial reporting that we will report to USAGM management in a separate letter.

¹ Federal Managers' Financial Integrity Act of 1982, Public Law No. 97-255 (September 8, 1982).



Status of Prior Year Findings

In the Independent Auditor’s Report on Internal Control Over Financial Reporting that was included in the audit report on USAGM’s FY 2022 financial statements,² we noted one issue that was related to internal control over financial reporting. The status of this issue is summarized in Table 1.

Table 1. Status of Prior Year Findings

Control Deficiency	FY 2022 Status	FY 2023 Status
Grantee Monitoring	Significant Deficiency	Management Letter

USAGM’s Response

USAGM provided its response to the draft report in a separate letter included in this report as Appendix A. We did not audit management’s response, and accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of USAGM’s internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-01 in considering the entity’s internal control over financial reporting. Accordingly, this report is not suitable for any other purpose.

Alexandria, Virginia
November 15, 2023

² Office of Inspector General, *Independent Auditor’s Report on the U.S. Agency for Global Media FY 2022 and FY 2021 Financial Statements* (AUD-FM-IB-23-08, November 2022).

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH LAWS,
REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS**

To the U.S. Agency for Global Media Chief Executive Officer and the Acting Inspector General:

We have audited, 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. 24-01, “Audit Requirements for Federal Financial Statements,” the financial statements and the related notes to the financial statements, of the U.S. Agency for Global Media (USAGM) as of and for the year ended September 30, 2023, and we have issued our report thereon dated November 15, 2023.

Report on Compliance

As part of obtaining reasonable assurance about whether USAGM’s financial statements are free from material misstatement, we performed tests of the USAGM’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 disclosures. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USAGM. However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-01.

During the audit, we noted a matter involving compliance, which we will report to USAGM management in a separate letter.

USAGM’s Response

USAGM provided its response to the draft report in a separate letter included in this report as Appendix A. We did not audit management’s response, and accordingly, we express no opinion on it.



Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance with laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-01 in considering USAGM’s compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Kearney & Company".

Alexandria, Virginia
November 15, 2023

Response to the Audit



330 Independence Avenue SW | Washington, DC 20237 | usagm.gov

November 15, 2023

Diana Shaw
Acting Inspector General
U.S. Department of State

Dear Ms. Shaw:

The US Agency for Global Media (USAGM) continues its unwavering commitment to fiscal integrity and the transparent handling of funds entrusted to us by Congress. These funds support our worldwide mission of informing, engaging, and connecting people globally in the support of freedom and democracy. The Agency Financial Report (AFR) is a key part of maintaining this commitment, providing a comprehensive account of the USAGM's financial activities. It is heartening to report that USAGM has once again been granted an unmodified opinion in its financial statement audit. This reflects our ongoing dedication to enhancing efficiency, effectiveness, and financial accountability.

USAGM operations are global and complex, with programming in over 60 languages, thousands of media partners, and on-the-ground reporting capabilities around the world. USAGM recognizes that our strength as an organization requires a strong fiscal foundation and effective stewardship over the resources entrusted to us by the American people.

We express our gratitude to your office and Kearney & Company for the consistent professionalism and sustained efforts in navigating the intricate issues associated with the global nature of USAGM's financial processes.

Sincerely,

A handwritten signature in black ink, appearing to read "G.K. Turner".

Grant K. Turner
Chief Financial Officer



Financial Statements

**U.S. Agency for Global Media
Consolidated Balance Sheet
As of September 30, 2023 and 2022**
(in thousands)

	FY 2023	FY 2022
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 278,581	\$ 286,463
Accounts Receivable (Note 5)	501	13
Total Intragovernmental	279,082	286,476
With the Public:		
Cash and Other Monetary Assets (Note 4)	-	3
Accounts Receivable, Net (Note 5)	48	49
General Property, Plant and Equipment, Net (Note 6)	38,608	37,280
Advances and Prepayments		
Advances to Non-Federal Entities (Note 7)	107,000	105,000
Other Prepaid Assets (Note 8)	469	1,148
Other Assets (Note 8)	633	213
Total with the Public	146,758	143,693
Total Assets	\$ 425,840	\$ 430,169
Liabilities (Note 9):		
Intragovernmental:		
Accounts Payable	\$ 863	\$ 1,452
Other Liabilities		
Accrued FECA Liabilities (Note 9)	1,224	1,298
Other Liabilities (Note 12)	1,279	1,231
Total Intragovernmental	3,366	3,981
With the Public:		
Accounts Payable	19,656	19,460
Federal Employee (and Veteran) Benefits Payable		
Actuarial FECA Liabilities (Note 9)	7,225	7,826
Accrued Annual and Compensatory Leave (Note 9)	18,165	18,735
Foreign Service Nationals After-Employment Benefits (Note 9 and 10)	5,296	5,271
Environmental and Disposal Liabilities (Note 9 and 11)	830	859
Other Liabilities		
Accrued Payroll and Benefits (Note 9)	6,715	7,879
Other Liabilities (Note 12)	6,830	7,677
Total with the Public	64,717	67,707
Total Liabilities	\$ 68,083	\$ 71,688
Commitments and Contingencies (Note 9, 13 and 14)		
Net position:		
Unexpended Appropriations-Funds from Other than Dedicated Collections	\$ 341,346	\$ 344,870
Cumulative Results of Operations-Funds from Other than Dedicated Collections	16,411	13,611
Total Net Position	\$ 357,757	\$ 358,481
Total Liabilities and Net Position	\$ 425,840	\$ 430,169

The accompanying notes are an integral part of these statements.

U.S. Agency for Global Media
Consolidated Statement of Net Cost
For the Years Ended September 30, 2023 and 2022
(in thousands)

	FY 2023	FY 2022
Voice of America (VOA)		
Gross Costs	\$ 438,898	\$ 422,702
Less: Earned Revenues	<u>(1,715)</u>	<u>(1,162)</u>
Net Program Costs	437,183	421,540
Office of Cuba Broadcasting (OCB)		
Gross Costs	24,794	29,469
Less: Earned Revenues	<u>-</u>	<u>-</u>
Net Program Costs	24,794	29,469
Non-Federal Entities		
Gross Costs	451,048	398,856
Less: Earned Revenues	<u>(9,356)</u>	<u>(3,403)</u>
Net Program Costs	441,692	395,453
Total Gross Costs	914,740	851,027
Less: Total Earned Revenues	(11,071)	(4,565)
Net Cost of Operations	<u>\$ 903,669</u>	<u>\$ 846,462</u>

The accompanying notes are an integral part of these statements.

U.S. Agency for Global Media
Consolidated Statement of Changes in Net Position
For the Years Ended September 30, 2023 and 2022
(in thousands)

	FY 2023	FY 2022
Unexpended Appropriations:		
Beginning Balance	\$ 344,870	\$ 292,620
Appropriations Received	884,700	885,000
Appropriations Transferred In/Out (+/-)	2,600	-
Other Adjustments (+/-)	(1,046)	(2,722)
Appropriations Used	<u>(889,778)</u>	<u>(830,028)</u>
Net Change in Unexpended Appropriations	<u>(3,524)</u>	<u>52,250</u>
Total Unexpended Appropriations: Ending	<u>341,346</u>	<u>344,870</u>
Cumulative Results from Operations:		
Beginning Balances	\$ 13,611	\$ 17,818
Appropriations Used	889,778	830,028
Donations and forfeitures of cash and cash equivalents	-	1
Imputed Financing	16,691	12,226
Net Cost of Operations (+/-)	<u>903,669</u>	<u>846,462</u>
Net Change in Cumulative Result of Operations	<u>2,800</u>	<u>(4,207)</u>
Cumulative Results of Operations: Ending	<u>16,411</u>	<u>13,611</u>
Net Position	<u>\$ 357,757</u>	<u>\$ 358,481</u>

The accompanying notes are an integral part of these statements.

U.S. Agency for Global Media
Combined Statement of Budgetary Resources
For the Years Ended September 30, 2023 and 2022
(in thousands)

	FY 2023	FY 2022
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 124,063	\$ 98,658
Appropriations (Discretionary and Mandatory)	887,768	885,469
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	11,144	6,132
Total Budgetary Resources	<u>\$ 1,022,975</u>	<u>\$ 990,259</u>
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	\$ 906,295	\$ 883,436
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	56,144	55,295
Unapportioned, Unexpired Accounts	22,701	16,889
Unexpired Unobligated Balance, End of Year	78,845	72,184
Expired Unobligated Balance, End of Year	37,835	34,639
Unobligated Balance, End of Year (Total)	116,680	106,823
Total Budgetary Resources	<u>\$ 1,022,975</u>	<u>\$ 990,259</u>
Outlays, Net, and Disbursements, Net		
Outlays, Net (Total) (Discretionary and Mandatory)	894,686	851,215
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$ 894,686</u>	<u>\$ 851,215</u>

The accompanying notes are an integral part of these statements.

United States Agency for Global Media Notes to Principal Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On October 1, 1999, the United States Agency for Global Media (USAGM), formerly known as the Broadcasting Board of Governors (BBG) became the independent, autonomous entity responsible for all U.S. Government and government-sponsored, non-military, international broadcasting. This was the result of the 1998 Foreign Affairs Reform and Restructuring Act (Public Law 105-277). The Fiscal Year 2017 National Defense Authorization Act made several significant reforms to the agency's management structure. Primarily, the act authorized the position of a Presidentially-nominated, Senate-confirmed Chief Executive Officer (CEO). Under the new statutory structure, the CEO serves as agency head, assuming all leadership, management, and operational authorities. The six media organizations that comprise the USAGM complement and reinforce one another in a shared mission vital to U.S. national interests: to inform, engage, and connect people around the world in support of freedom and democracy. USAGM's mission is supported by two overarching strategic goals: (1) expanding freedom of information and expression and (2) sharing America's democratic experience and values. Together, USAGM networks communicate each week with more than 410 million people across the globe. USAGM is composed of two federal entities:

- Voice of America (VOA)
- Office of Cuba Broadcasting (OCB)

The USAGM CEO and agency offices conducting oversight and support, including the International Broadcasting Bureau (IBB) and Office of Technology Services and Innovation (TSI), do not engage in the development of news content. The CEO provides overall governance for USAGM and has authority to make grants to carry out its statutorily defined broadcasting mission. The oversight and support offices of TSI maintain the global distribution network over which all USAGM-funded news and information programming is distributed. Other offices provide administrative functions which are governed by federal laws and

regulations. The VOA and OCB are the components of the agency that develop news content along with Non-Federal Entities (NFE): Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), Middle East Broadcasting Networks (MBN). The Open Technology Fund (OTF) supports internet freedom. All USAGM broadcast services adhere to the standards and principles of the International Broadcasting Act of 1994, as amended, and support the USAGM mission.

The NFEs – RFE/RL, RFA, MBN, and OTF – are independent non-federal entities who receive the majority of their funding from USAGM. They are organized and managed as private, independent, non-profit corporations and considered disclosure entities in accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 47, Reporting Entity (See Note 18). Further information on these NFEs can be found at:

- Radio Free Europe/Radio Liberty - www.rferl.org
- Radio Free Asia - www.rfa.org
- Middle East Broadcasting Networks - www.alhurra.com
- Open Technology Fund - www.opentech.fund

B. Basis of Presentation and Accounting

These financial statements have been prepared to report the financial position, net cost, changes in net position, and budgetary resources of USAGM, consistent with the Chief Financial Officers' Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of USAGM in accordance with U.S. generally accepted accounting principles (GAAP) for federal entities, and presented in accordance with the form and content requirements of the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements, revised*. GAAP for federal entities, as prescribed by the Federal Accounting Standards Advisory Board (FASAB); FASAB's SFFAS No. 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, which incorporates the GAAP hierarchy into FASAB's authoritative literature is the designated standard-setting body for the Federal Government.

Financial transactions are recorded in the financial system, using both an accrual and a budgetary basis of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to the receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements and mandated controls over the use of federal funds. It generally differs from the accrual basis of accounting in that obligations are recognized when new orders are placed or contracts awarded. In accordance with SFFAS 56, accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

C. Assets and Liabilities

Assets and liabilities presented on USAGM's balance sheet includes both entity and non-entity balances. Entity assets are assets that USAGM has authority to use in its operations. Non-entity assets are held and managed by USAGM, but are not available for use in operations.

Intragovernmental assets and liabilities arise from transactions between USAGM and other federal entities. All other assets and liabilities result from activity with non-federal entities. Liabilities covered by budgetary or other resources are those liabilities of USAGM for which Congress has appropriated funds or funding is otherwise available to pay amounts due. 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.

D. Fund Balance with Treasury

Fund Balance with Treasury (FBWT) includes several types of funds available to pay current liabilities and finance authorized purchases.

General Funds

These consist of expenditure accounts used to record financial transactions arising from congressional appropriations, as well as receipt accounts.

Trust Funds

These are used for the acceptance and administration of funds contributed from public and private sources and programs.

Other Fund Types

These include miscellaneous receipt accounts, deposit and clearing accounts maintained to track receipts and disbursements awaiting proper classification.

USAGM does not maintain cash in commercial bank accounts for the funds reported in the balance sheet, except for Imprest Funds under section E.

Treasury processes domestic receipts and disbursements. Two Department of State financial service centers, located in Bangkok, Thailand, and Charleston, South Carolina, provide financial support for USAGM operations overseas. The U.S. disbursing officer at each center has the delegated authority to disburse funds on behalf of the Treasury.

E. Imprest Fund

USAGM operated an imprest fund in the amount of \$3,000 at USAGM Robert E. Kamosa Transmitting Station in the Commonwealth of the Northern Mariana Islands. Due to the remote location and 24 hour continuous operation of the mission, these funds were necessary and used to pay for time sensitive expenditures required to be paid in cash to local vendors. In July 2023, USAGM closed the Imprest Fund account; see Note 4. USAGM has Treasury approved delegation of disbursing authority for the establishment and operation of the imprest fund.

F. Accounts Receivable

Accounts receivable consists of amounts owed to USAGM by other federal agencies and the public. Intragovernmental accounts receivable represents amounts due from other federal agencies for reimbursable activities. Accounts receivable from the public represent amounts due from common carriers for unused airline tickets, and from vendors for erroneous or duplicate payments. These receivables are stated net of any allowances for estimated uncollectible amounts. The allowance, if any, is determined by the nature of the receivable

and an analysis of aged receivable activity. Aged receivables more than 120 days without payment arrangements in place are sent to Treasury for collection through the Treasury Offset Program (TOP).

G. Advances and Prepayments

Payments made in advance of the receipt of goods and services are recorded as advances or prepayments, and recognized as expenses when the related goods and services are received. Advances are made principally for: official travel to some USAGM employees; salary advances to some USAGM employees, often for employees transferring to overseas assignments; advance payments to other Federal entities as part of a reimbursable agreement; prepaid leases; and miscellaneous prepayments and advances to NFEs for future services. Advances to NFEs receiving grant awards are described further in Note 7.

H. Personnel Compensation and Benefits

Annual, Sick and Other Leave Program

Annual, sick and other leave time are accrued when earned, reduced when taken, and adjusted for changes in compensation rates. An unfunded liability is recognized for earned but unused annual leave as these balances will be funded from future appropriations in the year that leave is taken. Sick leave is expensed when taken, and no liability is recognized as employees are not vested in unused sick leave.

Retirement Plans

Civil Service employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Employees covered under CSRS contribute 7.00 percent of their salary; USAGM contributes 7.00 percent. Employees covered under CSRS also contribute 1.45 percent of their salary to Medicare insurance; USAGM makes a matching contribution. 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 Social Security. Employees hired prior to January 1, 1984, were allowed to join FERS or remain in CSRS. Employees participating in FERS contribute 0.80 percent of their salary, with USAGM making contributions of 18.40 percent. FERS employees also contribute 6.20 percent to Old Age Survivor and Disability Insurance (OASDI) and 1.45 percent to Medicare insurance. USAGM makes matching contributions to both.

Effective January 1, 2013, pursuant to Public Law 112-96, Section 5001, new employees (as designated in the statute) pay higher FERS employee contributions (3.10 percent instead of 0.80 percent) with USAGM making contributions of 16.60 percent. These employees are covered under the FERS as Revised Annuity Employees (RAE), FERS-RAE. Effective January 1, 2014, Section 401 of the “Bipartisan Budget Act of 2013,” signed into law by the President on December 26, 2013, made another change to the Federal Employees’ Retirement System (FERS). New employees (as designated by that statute) pay higher FERS employee contributions (4.40 percent instead of 0.80 percent) with USAGM making contributions of 16.60 percent. These employees are covered under the FERS as Further Revised Annuity Employees (FRAE), FERS-FRAE.

Employees covered by CSRS and FERS are eligible to contribute to the U.S. Government’s Thrift Savings Plan (TSP), administered by the Federal Retirement Thrift Investment Board. USAGM makes a mandatory contribution of 1 percent of basic pay for FERS-covered employees. In addition, USAGM makes matching contributions of up to 5 percent of basic pay, for FERS employees who contribute to the Thrift Savings Plan. Contributions are matched dollar for dollar for the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay. For CSRS participants, there is no governmental matching contribution. The maximum amounts that either FERS or CSRS employees may contribute to the plan in calendar year 2023 is \$22,500. Those who are of age fifty and older may contribute an additional \$7,500 in catch-up contributions.

Foreign Service employees participate in either the Foreign Service Retirement and Disability System (FSRDS) or the Foreign Service Pension System (FSPS). The FSRDS is the Foreign Service equivalent of CSRS as described in chapter 83 of Title 5, U.S.C. Employees covered under FSRDS contribute 7.25 percent of their salary; USAGM contributes 7.25 percent. Employees covered under FSRDS also contribute 1.45 percent of their salary to Medicare insurance; USAGM makes a matching contribution. The FSPS is the Foreign Service equivalent of the FERS, as described in chapter 84 of Title 5, U.S.C. In general, all Foreign Service eligible participants hired after December 31, 1983, participate in the FSPS. Most employees hired after December 31, 1983, are automatically covered by FSPS and Social Security. Employees hired prior to January 1, 1984, were allowed to join FSPS or remain in FSRDS. Employees participating in FSPS contribute 1.35

percent of their salary, with USAGM making contributions of 20.22 percent. FSPS employees also contribute 6.20 percent to OASDI and 1.45 percent to Medicare insurance. USAGM makes matching contributions to both. A primary feature of FSPS is that it offers a TSP into which USAGM automatically contributes 1 percent of pay and matches employee contributions up to an additional 4 percent. FSRDS-covered employees may make voluntary contributions to the TSP, but without the employer 1 percent contribution or employer-matching contributions. Effective January 1, 2013, pursuant to Public Law 112-96, Section 5001, new employees (as designated in the statute) pay higher FSPS employee contributions (3.65 percent instead of 1.35 percent) with USAGM making contributions of 17.92 percent. These employees are covered under FSPS as Revised Annuity Employees (RAE), FSPS-RAE. Foreign Service employees hired on or after January 1, 2014, who lack extensive prior federal service, will have to pay 4.95 percent towards the Foreign Service Pension System (FSPS), with USAGM making contributions of 17.92 percent. These employees are covered under FSPS-FRAE. The Department of State manages the FSRDS and FSPS plans.

Health Insurance

Most of USAGM's employees participate in the Federal Employees Health Benefits Program (FEHB), a voluntary program that provides protection for enrollees and eligible family members in case of illness, accident, or both. Under FEHB, USAGM contributes the employer's share of the premium as determined by the U.S. Office of Personnel Management (OPM).

Life Insurance

Unless specifically waived, employees are covered by the Federal Employees Group Life Insurance Program (FEGLI). FEGLI automatically covers eligible employees for basic life insurance in amounts equivalent to an employee's annual pay. Enrollees and their family members are eligible for additional insurance coverage, but the enrollee is responsible for the cost of the additional coverage. Under FEGLI, USAGM contributes the employer's share of the premium, as determined by OPM.

Workers' Compensation

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims. The FECA liability consists of two components. First is a current liability amount based on actual claims paid by DOL but not yet reimbursed by USAGM. Timing of USAGM's reimbursement to DOL is dependent on appropriated funds made available for this purpose and generally occurs two to three years after actual claims had been paid. The second FECA component is the actuarial estimate of future benefit payments for death, disability, medical, and miscellaneous costs. This estimate is determined using a method that analyzes historical benefit payment patterns related to a specific period in order to predict the ultimate payments related to the current period. The estimated liability is not covered by budgetary resources and will require future funding.

Federal Employees Post-Employment Benefits

USAGM does not report CSRS, FERS, FEHB or FEGLI assets, accumulated plan benefits, or unfunded liabilities applicable to its employees; OPM reports this information. As required by Statements of Federal Financial Accounting Standards (SFFAS) No.5, *Accounting for Liabilities of the Federal Government*, USAGM reports the full cost of employee benefits for the programs that OPM administers. USAGM recognizes an expense and imputed financing source for the annualized unfunded portion of CSRS, post-retirement health benefits, and life insurance for employees covered by these programs. The additional costs are not actually owed or paid to OPM, and thus are not reported as liabilities on the balance sheet. For each fiscal year the Office of Personnel Management (OPM) calculates the U.S. Government's service costs for covered employees, which is an estimate of the amount of funds that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the U.S. Government's estimated FY 2023 service cost exceeds contributions made by employer agencies and covered employees, the plan is not fully funded by USAGM and its employees. For FY 2023 USAGM recognized \$16.7 million as an imputed cost and as an imputed financing source for the

difference between the estimated service cost and the contributions made by USAGM and its employees.

Foreign Service Nationals (FSN) After-Employment Benefits

USAGM employs approximately 279 FSN employees at 21 overseas posts. Many of these posts offer after-employment benefits that are based on the employment laws and prevailing wage practices in that host country. These benefits may include annuity-based defined benefit plans, defined contribution plans, and lump sum voluntary severance and retirement benefits. Descriptions of these after-employment benefits and projected plan benefits are presented in fuller details in Note 10.

Personal Services Contractors

Beginning in June 2019, Personal Service Contractors (PSCs) became a part of USAGM's workforce. VOA relies on the specialized skills of over 600 contractors to develop and deliver content to its worldwide audience. USAGM is exploring different approaches to streamline management of these contractors and increase the agility with which leadership can leverage its contractor resources to complement its robust federal workforce. Previously managed by staffing service procurements, PSCs are currently managed directly in accordance with individual personnel service contract agreements with the agency. The agency has a procurement contract to administer payroll and associated benefits on the agency's behalf. PSCs are eligible to participate in a voluntary benefits program that offers health, dental, vision, disability, and life insurance benefits for enrollees and eligible family members. USAGM contributes a flat monthly rate to health insurance plans. In addition, PSCs may use pre-tax dollars to purchase WMATA SmartTrip benefits. USAGM also pays the employer's portion of Workers' Compensation premiums due to Federal and State authorities. PSCs do not participate in after-employment benefits, and there is no post-employment liability related to PSCs.

I. Contingent Liabilities

A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss which should ultimately be resolved when a future event occurs or fails to occur. Contingencies are accrued in the financial statements where the liability is probable and the cost is measurable. Contingencies that do not meet any of the conditions for liability recognition, but

for which there is at least a reasonable possibility that a liability may be incurred, are disclosed but not accrued, as presented in Note 14.

J. Revenues and Financing Sources

USAGM operations are financed through congressional appropriations, reimbursement for the provision of goods or services to other federal agencies and the public, transfers and donations. Financing sources are received in direct annual and no-year appropriations; these appropriations may be used, within statutory limits, for operating and capital expenditures.

Work performed for other federal agencies under reimbursable agreements is initially financed through either an advance of funds received or the Bureau providing the service, and is subsequently reimbursed. Reimbursements are recognized as revenue when earned, i.e., goods have been delivered or services rendered, and the associated costs have been incurred. Occasionally, earned revenues occur when USAGM provides goods or services to the public in which case the revenue is recognized when collected.

An imputed financing source is recognized to offset costs incurred by USAGM and funded by another federal source, in the period in which the cost was incurred. The types of costs offset by imputed financing are employees' pension benefits, health insurance, life insurance, and other post-retirement benefits for employees. Funding from other federal agencies is recorded as an imputed financing source.

K. Net Position

USAGM's net position contains the following components:

Unexpended Appropriations

This is the sum of undelivered orders and unobligated balances. Undelivered orders represent the amount of obligations incurred for goods or services ordered, but not yet received. An unobligated balance is the amount available after deducting cumulative obligations from total budgetary resources. As obligations for goods or services are incurred, the available balance is reduced.

Cumulative Results of Operations

These include (1) the accumulated difference between revenues and financing sources less expenses since inception; (2) USAGM's investment in capitalized

assets financed by appropriation; (3) donations; and (4) unfunded liabilities, for which liquidation may require future congressional appropriations or other budgetary resources.

L. Management's Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Actual results could differ from these estimates.

M. Statement of Net Cost Presentation

The cost and revenue information presented in the Statement of Net Cost is aligned to the two federal broadcasting entities, displayed separately, and the four NFEs, displayed in the aggregate. Costs of oversight and support offices are allocated between the broadcasting entities. The two overarching strategic goals outlined in the Strategic Plan are (1) Expand freedom of information and expression, and (2) Communicate America's democratic experience. Both federal entities and all four NFEs carry out activities to achieve these goals. VOA's mission aligns directly with USAGM's second goal, and its efforts are largely focused on achieving this goal, while the other entities are primarily focused on achieving the first goal.

NOTE 2: ENTITY / NON-ENTITY ASSETS

Entity and Non-Entity assets of USAGM have been combined on the balance sheet. Non-entity assets relate primarily to state and local taxes and other employee payroll withholdings included under FBWT deposit accounts and are currently held by but not available to USAGM. The funds are restricted by nature and will be forwarded to Treasury or other entities at a future date.

Non-entity assets as of September 30, 2023 and 2022 are summarized as follows:

Non-Entity Assets (in thousands)	2023	2022
Intragovernmental:		
Fund Balance with Treasury	\$ 4,206	\$ 4,084
Total Intragovernmental	4,206	4,084
Total Non-Entity Assets	4,206	4,084
Total Entity Assets	421,634	426,085
Total Assets	\$ 425,840	\$ 430,169

NOTE 3: FUND BALANCE WITH TREASURY

Treasury performs cash management activities for all federal agencies. The Fund Balance with Treasury (FBWT) represents the right of USAGM to draw down funds from Treasury for expenses and liabilities. The balances in Note 3 are reconciled to Treasury and primarily consist of appropriated, trust, deposit and clearing funds.

Appropriated funds are general fund expenditure accounts established to record amounts appropriated by law for the general support of Federal Government activities and the subsequent expenditure of these funds. It includes spending from both annual and permanent appropriations.

Trust fund balances consist primarily of (1) Foreign Service National Separation Liability Trust; and (2) Miscellaneous Trust.

Other Fund types consist of Deposit and Clearing accounts with balances held but not available by USAGM. Deposit fund examples are: Withheld State and Local Taxes (payroll); Other Federal Payroll Withholdings; Collections of receivables from Canceled Accounts; and General Funds Proprietary Receipts, Not Otherwise Classified. Clearing fund examples are: Proceeds of Sales, Personal Property; and Budget Clearing Account (Suspense).

The Status of Fund Balance with Treasury as of September 30, 2023 and 2022, consists of the following:

Status of Fund Balance with Treasury (in thousands)	2023	2022
Unobligated Balance		
Available	\$ 78,845	\$ 72,184
Unavailable	37,835	34,639
Obligated Balance Not Yet Disbursed	157,695	175,516
Non-Budgetary Fund Balance with Treasury	4,206	4,124
Total	\$ 278,581	\$ 286,463

The status of the fund balance may be classified as unobligated available, unobligated unavailable, obligated balance not yet disbursed, and non-budgetary Fund Balance with Treasury. Unobligated available funds, depending on budget authority, are generally available for new obligations in the current fiscal year. The unobligated unavailable amounts are those appropriated in prior fiscal years but not available to fund new obligations; however they are available to increase

existing prior year obligations. The obligated but not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received, or goods and services received but for which payment has not yet been made.

Canceled funds returned to Treasury as of September 30, 2023 and 2022 totaled \$1.0 million and \$2.7 million, respectively.

NOTE 4: CASH AND OTHER MONETARY ASSETS

Cash consists of funds held outside of Treasury and the Federal Reserve by authorized fiscal officers or agents. Cash includes all monetary resources on hand or on deposit with a financial institution, including coins, paper currency, and readily negotiable instruments such as checks and money orders. USAGM's use of unrestricted cash consists of funds on deposit with a Treasury designated financial institution, for use by the transmitting stations of the Commonwealth of the Northern Mariana Islands, as delegated by Treasury.

In FY 2023 USAGM monitored the cash management practices of funds held outside of Treasury to ensure that federal cash was not maintained in excess of immediate disbursing needs. After further review, it was determined that economy and efficiency practices in the Commonwealth of the Northern Mariana Islands had improved, and therefore, transmitting stations no longer required the use of imprest funds.

As such, USAGM closed the account with the financial institution and the excess balance was promptly returned to Treasury accounts in July of 2023.

Cash and Other Monetary Assets as of September 30, 2023 and 2022 totaled \$0 and \$3 thousand, respectively.

NOTE 5: ACCOUNTS RECEIVABLE, NET

Accounts receivable as of September 30, 2023 and 2022, are as follows:

Accounts Receivable (in thousands)	2023	2022
Intragovernmental	\$ 501	\$ 13
Public	48	49
Total Accounts Receivable, Net	\$ 549	\$ 62

An Allowance for uncollectible accounts is established on an individual account basis based on an overall assessment of the debtor's willingness and ability to pay. Delinquent debts are referred to Treasury in accordance with the Debt Collection Improvement Act of 1996.

NOTE 6: PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment (PP&E) consist of land, buildings, equipment and vehicles. There are no restrictions on the use of property, plant, and equipment. USAGM capitalizes property, plant, and equipment with a useful life of two years or more that meet the established capitalization thresholds. In FY 2017, USAGM updated the PP&E policy for capitalization. The thresholds for capitalization are as follows for property acquired on or after October 1, 2016: equipment costing \$75,000 or more, buildings and capital leases costing \$100,000 or more, and other structures and facilities costing \$100,000 or more. In addition, ADP software costing \$250,000 or more, and all land, land rights, and vehicles are capitalized, regardless of cost.

The thresholds for capitalization are as follows for property acquired before October 1, 2016: equipment costing \$25,000 or more, buildings and capital leases costing \$100,000 or more, and other structures and facilities costing \$50,000 or more. In addition, ADP software costing \$250,000 or more, and all land, land rights, and vehicles are capitalized, regardless of cost.

Expenditures for normal repairs and maintenance are expended unless the expenditure is equal to or greater than \$75,000 and the improvement increases the asset's useful life by two years or more, in which case the amounts are capitalized.

Depreciation or amortization is computed using the straight-line methodology over the assets' useful lives ranging from three to thirty years. Amortization of capitalized software begins on the date it is put in service, if purchased, or when the module or component has been successfully tested if developed internally.

Property, plant, and equipment consists of property used in operations and consumed over time. The following table summarizes cost and accumulated depreciation/amortization of property, plant, and equipment as of September 30, 2023 and 2022.

PP&E (in thousands)		2023			2022		
Property Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 3,416	\$ -	\$ 3,416	\$ 3,416	\$ -	\$ 3,416
Construction-in-Progress	N/A	9,020	-	9,020	417	-	417
Building	30	24,279	(22,384)	1,895	24,279	(21,818)	2,461
Other Structures	20	6,088	(5,875)	213	6,217	(5,982)	235
Equipment	6-30	277,310	(257,317)	19,993	281,002	(255,161)	25,841
Vehicles	6	5,348	(4,222)	1,126	5,746	(4,671)	1,075
Leasehold Improvements	10-20	6,884	(3,939)	2,945	7,472	(3,637)	3,835
Software	3-6	6,590	(6,590)	-	6,590	(6,590)	-
Total		\$ 338,935	\$ (300,327)	\$ 38,608	\$ 335,139	\$ (297,859)	\$ 37,280

Depreciation and amortization expense as of September 30, 2023 and 2022 is \$7.3 million and \$9.6 million, respectively.

On October 24, 2018, Super Typhoon Yutu made landfall on Saipan and Tinian, the largest islands of the Commonwealth of the Northern Mariana Islands (CNMI) severely damaging the transmitting station's infrastructure while knocking out all broadcasts to North Korea, China, and other target countries in East Asia. While transmitter infrastructure was recovered soon after the storms passing, the 16 shortwave curtain antennas were completely shredded with all but one support tower having survived unscathed, the Robert E. Kamosa Transmitting Station (REKTS) took immediate steps to restore 15 of 16 shortwave antennas. Five shortwave antenna systems were fully restored using parts salvaged from the field by the end of FY 2020. However, efforts to recover the remaining ten systems have been hampered by lack of funding and COVID-19 pandemic related supply issues. USAGM secured funding to order six replacement antenna systems. Two systems received in FY 2021 have been erected and both are currently in operation. The remaining four ordered antennas arrived on site in

early April 2023. Of the four antenna systems, one system has been erected by station staff and became operational at the end of FY 2023. The agency is evaluating whether or not to seek replacement of the sixteenth antenna system. Total assets held in CNMI have an approximate book value of \$5.4 million as of September 30, 2023.

NOTE 7: ADVANCES TO NON-FEDERAL ENTITIES

The advance to Non-Federal Entities (NFE) represents an amount in which USAGM has disbursed funds but for which goods and services have not been delivered or performed. Grant funds are issued periodically throughout the year on an advance basis and liquidated based on actual expenses incurred by the NFE. The grant advance liquidation approach utilizes expenses as recorded in the NFE’s preliminary unaudited Trial Balances through September of the year being audited. In some instances, NFEs provided estimates for expenses and year-end adjustments for activity incurred but not recorded in the preliminary trial balance due to timing and availability. The NFE advance accrual does not account for NFE executed vendor contracts awarded where services have not been received by the NFE as of year-end.

Advances to Non-Federal Entities for the years ended September 30, 2023 and 2022 are \$107 million and \$105 million, respectively.

NOTE 8: OTHER ASSETS

Other assets consist of (a) inactive assets, (b) leases and other expenses that are paid in advance, (c) advances and prepayments to USAGM employees for official travel, miscellaneous prepayments, and salary advances to USAGM employees transferring to overseas assignments. Other assets consist of the following as of September 30, 2023 and 2022:

Other Assets (in thousands)	2023	2022
Inactive PP&E	\$ 633	\$ 213
Prepaid Leases	336	1,067
Travel & Salary Advances	133	81
Total	\$ 1,102	\$ 1,361

NOTE 9: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

USAGM’s liabilities are classified as liabilities covered by budgetary resources, liabilities not covered by budgetary resources, or liabilities not requiring budgetary resources. Liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. They include the annual leave, workers compensation, pensions and other retirement benefits, contingent liabilities, and environmental liabilities. Liabilities not requiring budgetary resources are for liabilities that have not in the past required nor will they in the future require the use of budgetary resources. Liabilities Not Covered by Budgetary Resources as of September 30, 2023 and 2022 are summarized below.

Liabilities Covered / Not Covered by Budgetary Resources (in thousands)	2023	2022
Intragovernmental		
Accrued FECA Liabilities	\$ 1,224	\$ 1,298
Total Intragovernmental	<u>1,224</u>	<u>1,298</u>
Public		
Actuarial FECA Liabilities	7,225	7,826
Accrued Annual and Compensatory Leave	18,165	18,735
Contingent Liabilities	4,714	5,292
Foreign Service National After-Employment Benefits	5,296	5,271
Environmental and Disposal Liabilities	830	859
Total Liabilities Not Covered by Budgetary Resources	<u>37,454</u>	<u>39,281</u>
Total Liabilities Covered by Budgetary Resources	28,513	30,022
Total Liabilities Not Requiring Budgetary Resources	<u>2,116</u>	<u>2,385</u>
Total Liabilities	<u>\$ 68,083</u>	<u>\$ 71,688</u>

NOTE 10: FOREIGN SERVICE NATIONALS (FSN) AFTER-EMPLOYMENT BENEFITS

USAGM operates overseas in 21 countries and employs approximately 279 local nationals known as Foreign Service Nationals (FSNs). FSNs do not qualify for federal civilian benefits, and therefore cannot participate in any of the federal civilian retirement plans. Instead, FSN employees participate in a variety of plans established by the Department of State based upon prevailing wage and compensation practices in the host country, unless the Department of State makes a public interest determination to do otherwise. In general, USAGM follows host country (i.e., local) practices and conventions in compensating FSNs. The end result is that compensation for FSNs is often not in accordance with

what would otherwise be offered or required by statute and regulations for federal civilian employees.

FSN after-employment benefits are included in the Post's Local Compensation Plan (LCP). The LCP may include defined benefit plans, defined contribution plans, and retirement and voluntary severance lump sum payment plans. These plans are typically in addition to or in lieu of participating in the host country's local social security system. These benefits form an important part of USAGM's total compensation and benefits program that is designed to attract and retain highly skilled and talented FSN employees. USAGM has implemented various local arrangements with third party providers for defined contribution plans for the benefit of FSNs.

Defined Benefit Plans

USAGM has implemented various arrangements for defined benefit pension plans for the benefit of FSNs in 3 countries. This number differed from FY 2022 due to the transition of the Botswana plan to a defined contribution (DC) plan so there is no actuarial or unfunded liability to report. The accrued benefit from the defined benefit (DB) plan was transferred to individual accounts within the new DC plan. When this was done, this absolved the USG responsibility for any unfunded liability under the old DB plan. Some of these plans supplement the host country's equivalent to U.S. social security and others do not. While none of these supplemental plans are mandated by the host country, some are substitutes for optional tiers of a host country's social security system. Such arrangements include (but are not limited to) conventional defined benefit plans with assets held in the name of trustees of the plan who engage plan administrators, investment advisors and actuaries, and plans offered by insurance companies at predetermined rates or with annual adjustments to premiums. USAGM deposits funds under various fiduciary-type arrangements, purchases annuities under group insurance contracts or provides reserves to these plans. Benefits under the defined benefit plans are typically based either on years of service and/or the employee's compensation (generally during a fixed number of years immediately before retirement). The range of assumptions that are used for the defined benefit plans reflects the different economic and regulatory environments within the various countries. The net defined benefit liability is comprised of the present value of the defined benefit obligation less the fair value of plan assets.

Retirement and Voluntary Severance Lump Sum Payments

In 11 countries, FSN employees are provided a lump-sum separation payment when they resign, retire, or otherwise separate through no fault of their own. The amount of the payment is generally based on length of service, rate of pay at the time of separation, and the type of separation.

The cost method used for the valuation of the liabilities associated with these plans is the Projected Unit Credit actuarial cost method. The participant's benefit is first determined using both their projected service and salary at the retirement date. The projected benefit is then multiplied by the ratio of current service to projected service at retirement in order to determine an allocated benefit. The Projected Benefit Obligation (PBO) for the entire plan is calculated as the sum of the individual PBO amounts for each active member. Further, this calculation requires certain actuarial assumptions be made, such as voluntary withdraws, assumed retirement age, death and disability, as well as economic assumptions. These are done by the Department of State and its actuaries whose results are provided to the federal agencies for their use. USAGM relies on the actuarial reports to obtain required financial information. The total liabilities reported for the FSN After-employment Benefits as of September 30, 2023 and 2022 are as follows:

After-Employment Benefit Liabilities (in thousands)	2023	2022
Defined Benefits Plans	\$ 308	\$ 126
Voluntary Severance	1,422	1,721
Supplemental Retirement Lump Sum	3,566	3,424
Total After-Employment Benefit Liabilities	\$ 5,296	\$ 5,271

NOTE 11: ENVIRONMENTAL AND DISPOSAL LIABILITIES

Environmental and disposal liabilities result from hazardous and potentially hazardous materials at current operating locations and abandoned facilities that create a public health or environmental risk. The related cleanup cost to remove, contain or dispose of any hazardous materials or properties is recognized as an environmental and disposal liability until the end of the useful life of the PP&E or until the operations at the PP&E locations cease either permanently, temporarily, or until a voluntary remediation approach is adopted.

Federal, state, and local statutes and regulations require environmental cleanup. Some of these statutes include the Comprehensive Environmental Response, Compensation, and Liability Act; The Resource Conservation and Recovery Act; as well as State and Local laws.

Through an internal survey to comply with SFFAS 5, *Accounting for Liabilities of the Federal Government*, SFFAS 6, *Accounting for Property, Plant and Equipment*, FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-related Cleanup Costs* and Federal Financial Accounting and Auditing (FFAA) Technical Release 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, Technical Release 10, *Implementation Guidance on Asbestos*.

USAGM recognizes an estimated \$175 thousand in cleanup cost to remove hazardous materials from a transmitter facility. The estimate was received in previous years and the facility disposition has not changed.

Cleanup Costs Associated with Facilities and Installed Equipment, and Technical Release 11, *Implementation Guidance on Cleanup Costs Associated with Equipment*, USAGM in FY 2013 identified offices and building facilities that contained non-friable and friable asbestos. Based on this survey, USAGM has recognized an estimated asbestos cleanup liability in the amount of \$655 thousand for four of its overseas facilities. The total estimate is based on the vendor quotes provided for asbestos cleanup-efforts adjusted for September 30, 2023 currency exchange rates. The total estimated potential environmental liability including removal of hazardous materials and asbestos for USAGM in FY 2023 is \$830 thousand.

NOTE 12: OTHER LIABILITIES

Other liabilities consist of the following as of September 30, 2023:

Other Liabilities (in thousands)	2023	2022
Intragovernmental		
Employer Contribution/Payroll Taxes	\$ 1,279	\$ 1,231
Total Intragovernmental	<u>\$ 1,279</u>	<u>\$ 1,231</u>
Public		
Contingent Liabilities	\$ 4,714	\$ 5,292
Deposit and Suspense Liabilities	<u>2,116</u>	<u>2,385</u>
Total Other Liabilities	<u>\$ 8,109</u>	<u>\$ 8,908</u>

NOTE 13: OPERATING LEASE LIABILITIES

USAGM leases real property in overseas and domestic locations under operating leases that expire in various years. The threshold for operating lease review and disclosure is \$50,000 in total lease payments. USAGM has three real property leases with the General Services Administration that are cancelable with a four month notice. Minimum future lease payments under non-cancelable and cancelable operating leases having remaining terms in excess of one year as of September 30, 2023 for each of the next 5 years and in aggregate follows:

Non-Cancelable Operating Leases (in thousands)			
Fiscal Year	Federal	Non-Federal	Total
2024	\$ 260	\$ 1,563	\$ 1,823
2025	260	778	1,038
2026	260	398	658
2027	261	177	438
2028	261	139	400
2029 and there after	599	1,038	1,637
Total Future Lease Payments	<u>\$ 1,901</u>	<u>\$ 4,093</u>	<u>\$ 5,994</u>

Cancelable Operating Leases (in thousands)			
Fiscal Year	Federal	Non-Federal	Total
2024	\$ 16,451	\$ 208	\$ 16,659
2025	16,469	174	\$ 16,643
2026	16,469	103	\$ 16,572
2027	16,469	105	\$ 16,574
2028	16,468	99	\$ 16,567
2029 and there after	2,141	337	\$ 2,478
Total Future Lease Payments	<u>\$ 84,467</u>	<u>\$ 1,026</u>	<u>\$ 85,493</u>

NOTE 14: CONTINGENT LIABILITIES

USAGM is a party in various administrative proceedings, legal actions, and tort claims that may ultimately result in settlements or decisions adverse to the Federal Government. These include legal cases that have been settled but not yet paid, and claims where the amount of potential loss is probable and estimable. No amounts have been accrued in the financial records for claims where the amount of potential loss cannot be estimated or the likelihood of an unfavorable outcome is less than probable. The accrued and potential contingent liabilities as of September 30, 2023 and 2022 are as follows. The agency does not have any material environmental or other contingent liabilities to disclose.

Legal Contingent Liabilities (in thousands)				
	FY 2023	Accrued Liabilities	Estimated Range of Loss	
			Lower End of Range	Upper End of Range
Probable		\$ 4,714	\$ 4,714	\$ 4,714
Reasonably Possible		-	-	121
Estimated Range of Loss				
	FY 2022	Accrued Liabilities	Lower End of Range	Upper End of Range
Probable		\$ 5,292	\$ 5,292	\$ 5,292
Reasonably Possible		-	-	2,683

NOTE 15: UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders for the years ended September 30, 2023 and 2022 are \$247.0 million and \$261.3 million, respectively.

Undelivered Orders at the End of the Period (in thousands)	2023	2022
Federal		
Unpaid	\$ 6,715	\$ 2,153
Total Federal Undelivered Orders at the end of the period	\$ 6,715	\$ 2,153
Public		
Paid	\$ 107,469	\$ 106,148
Unpaid	132,775	153,010
Total Public Undelivered Orders at the end of the period	\$ 240,244	\$ 259,158
Undelivered Orders at the end of the period	\$ 246,959	\$ 261,311

NOTE 16: EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE US GOVERNMENT

A comparison between the FY 2023 Statement of Budgetary Resources and the FY 2023 actual numbers presented in the FY 2025 Budget cannot be performed as the FY 2025 Budget is not yet available. The FY 2025 Budget is due to be published in February 2024 and will be available at:

<https://www.whitehouse.gov/omb/budget/>

USAGM reconciled the amounts of the FY 2022 column on the statement of Budgetary Resources (SBR) to the actual amounts for FY 2022 in the FY 2024 President’s Budget for budgetary resources, obligations incurred, distributed offsetting receipts and net outlays published in March 2023, as presented below.

For the Fiscal Year Ended September 30, 2022 (in millions)	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 990	\$ 883	\$ -	\$ 851
Expired Accounts	(39)	(4)	-	-
Unliquidated Obligations	(9)	(9)	-	-
Rounding		1	-	(1)
Budget of the United States Government	\$ 942	\$ 871	\$ -	\$ 850

NOTE 17: RECONCILIATION OF NET COST OF OPERATIONS TO NET OUTLAYS

There are inherent differences in timing and recognition between the accrual proprietary accounting method used to calculate net cost and the budgetary accounting method used to report net outlays and obligations. A required reconciliation between budgetary and financial accounting information established by Statement of Federal Financial Accounting Standards (SFFAS) 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* has been amended by SFFAS 53: *Budget and Accrual Reconciliation*. This Statement provides for the budget and accrual reconciliation (BAR). The BAR explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period. The reconciliation of net cost to net outlays as of September 30, 2023 and 2022 is as follows:

Reconciliation of Net Operating Cost and Net Budgetary Outlays (in thousands)	Intragovernmental	With the Public	Total FY2023	Intragovernmental	With the Public	Total FY2022
Net Cost	\$ 99,460	\$ 804,209	\$ 903,669	\$ 103,549	\$ 742,913	\$ 846,462
Components of Net Operating Cost Not Part of the Budgetary Outlays						
Property, plant, and equipment depreciation		(7,322)	(7,322)		(9,647)	(9,647)
Property, plant, and equipment disposals and revaluations		(949)	(949)		(433)	(433)
Other		80	80		151	151
Increase/(decrease) in assets:						
Accounts receivable	487	-	487	(179)	-	(179)
Other assets	-	1,321	1,321	-	10,579	10,579
(Increase)/decrease in liabilities:						
Accounts payable	497	(79)	418	3,306	1,973	5,279
Environmental and disposal liabilities		29	29		(37)	(37)
Federal employee and veteran benefits payable		1,146	1,146		4,831	4,831
Other liabilities	-	2,133	2,133	11	5,152	5,163
Financing Sources:						
Imputed Cost	(16,691)	-	(16,691)	(12,226)	-	(12,226)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(15,707)	(3,641)	(19,348)	(9,088)	12,569	3,481
Components of the Budget Outlays That Are Not Part of Net Operating Cost						
Acquisition of capital assets		10,019	10,019		922	922
Financing Sources:						
Transfers out (in) without reimbursements	346		346	350		350
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	346	10,019	10,365	350	922	1,272
Misc Items						
Non-Entity Activity				-		-
Total Other Reconciling Items				-		-
Net Outlays (Calculated Total)	\$ 84,099	\$ 810,587	\$ 894,686	\$ 94,811	\$ 756,404	\$ 851,215
Budgetary Agency Outlays, net (SBR 4210)						
Budgetary Agency Outlays, net			\$ 894,686			\$ 851,215

NOTE 18: DISCLOSURE ENTITIES AND RELATED PARTIES

Under SFFAS 47, agencies must disclose certain information for entities that must be included, but not consolidated, in their financial statements referred to as “disclosure entities” or related parties. USAGM has four such disclosure entities.

USAGM broadcast services and internet freedom program include four USAGM-sponsored NFEs: Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), the Middle East Broadcasting Networks (MBN), and the Open Technology Fund (OTF). RFE/RL, RFA, MBN are surrogate networks that receive the majority of their funding from USAGM, but are organized and managed as private non-profit corporations. The NFEs are also responsible for developing broadcast content (radio and television news programs), which is distributed by USAGM. OTF was previously housed at RFA, and was separately incorporated as an independent NFE in FY 2019; it focuses on projects supported by USAGM’s internet freedom budget. The NFEs are funded through annual grant agreements. In FY 2023, the four NFEs combined received \$370 million in grant funding.

RFE/RL, Inc. is a private, nonprofit, multimedia broadcasting corporation that serves as a surrogate media source in 27 languages and in 23 countries, including Afghanistan, Iran, Pakistan, Russia, and Ukraine. RFE/RL also reaches Russian speaking audiences in 26 countries and globally via the Current Time digital

television network. With its broadcasting headquarters in Prague, 22 local bureaus (including Kyiv, Budapest, and Bucharest) and 1,900 journalists throughout its broadcast region. In April 2023, RFE/RL launched Votvot, an on-demand Russian-language streaming platform for voices targeted and silenced by the Putin regime. This is part of RFE/RL's comprehensive strategy to counter Kremlin disinformation. RFE/RL's proximity to its audiences facilitates the production of compelling, locally-oriented programming in a cost-effective manner. Reaching more than 40 million people each week, RFE/RL provides what many people cannot get locally: uncensored local and regional news, responsible discussion, and open debate via radio, television, and digital media.

Radio Free Asia (RFA) is headquartered in Washington, D.C., with six bureaus and offices overseas. RFA is a private, nonprofit, multimedia news corporation with approximately 380 employees. RFA has an estimated audience of 58.1 million people and supports nine languages. Radio Free Asia's mission is to provide accurate and timely news and information to Asian countries whose governments prohibit access to a free press. RFA brings award-winning, domestic journalism and uncensored content to people in six Asian countries that restrict free speech, freedom of the press, and access to reliable information beyond their borders. RFA also provides educational and cultural programming, as well as forums for audiences to engage in open dialogue and freely express opinions.

Middle East Broadcasting Network (MBN) is an Arabic-language news organization that broadcasts news and current affairs programming to audience in the Middle East and North Africa reaching more than 33.6 million people in 22 countries. MBN has a digital landing page, a podcast, a newscast, and television and radio programs dedicated to reporting stories from and about the U.S. and is the definitive source in Arabic media for news about U.S. policy. The networks broadcast news and information from their headquarters in Northern Virginia, along with bureaus in Cairo, Dubai, Jerusalem, Beirut, Erbil, Rabat, Baghdad, New York, and Washington, D.C. MBN has an estimated 780 employees including correspondents throughout the Middle East and North Africa. MBN continues its distinction of uniquely presenting coverage of America, Americans and United States policy like no other media entity in the region.

Open Technology Fund (OTF) was incorporated as an independent non-profit organization and became a non-federal entity of USAGM in September 2019. OTF is committed to advancing global Internet freedom and enhances USAGM's mission to “inform, engage, and connect people around the world in support of freedom and democracy” by supporting the applied research, development, implementation, and maintenance of technologies that provide secure and uncensored access to USAGM’s content and the broader internet, and counter attempts by authoritarian governments to control the internet and restrict freedom online. Originally created in 2012 as a program of Radio Free Asia, this standalone, non-profit entity supports the digital security needs of USAGM broadcast networks while also creating a more streamlined and efficient system for identifying, supporting, and iterating the next generation of internet freedom technologies.

USAGM is party to some NFE lease commitments for land and buildings and may have a financial commitment in the event of lease termination. However, for most ongoing NFE lease and employee benefit commitments, USAGM and the US Government does not have an explicit agreement to support or commitment to fund upon any termination of the current relationship.

The risks resulting from USAGM involvement with the NFEs during the period include:

- The financial commitment made each year through the current grant agreement
- Potential termination costs resulting from the termination of certain NFE leases

USAGM’s benefits resulting from USAGM’s involvement with include:

- Support in development of common content and delivery
- Access to office space in certain markets

The primary financial asset existing between NFEs and USAGM is the grant advance.

Approximately 99% of the NFEs' revenue for the years ended September 30, 2023 and 2022 was derived from federal appropriations through grants from USAGM. USAGM has no contractual or statutory provisions requiring future support, however there is no reason to believe that the relationships with these NFEs will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the NFEs' ability to finance ongoing operations.

USAGM does not believe there is any material financial exposure resulting from its involvement with the NFEs.

Each of the NFE's annual financial reports can be obtained from the Federal Audit Clearinghouse which operates on behalf of the Office of Management and Budget (OMB) to maintain a public database of completed audits. The website can be located at: <https://facdissem.census.gov/Main.aspx>.

USAGM has no related party entity information to disclose.

Required Supplementary Information

DEFERRED MAINTENANCE AND REPAIRS

Deferred maintenance is maintenance that was not performed when it should have been, that was scheduled and not performed, or that was delayed for a future period. Maintenance is the act of keeping property, plant, and equipment (PP&E) in acceptable operating condition and includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it can deliver acceptable performance and achieve its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from or significantly greater than those needs originally intended to be met by the asset.

USAGM has an ongoing maintenance and repair plan for its PP&E that allows it to prioritize required maintenance on its assets and schedule that maintenance appropriately. The maintenance plan is developed and updated by an inspection of its assets to determine current conditions and to estimate costs to correct any deficiencies. It is the policy of USAGM to maintain and preserve all PP&E regardless of recorded values and it does not differentiate between PP&E that is capitalized versus those that are expensed.

USAGM reviewed its FY 2023 maintenance and repair plan and identified those projects where maintenance or repair had been planned and/or required but nevertheless was not performed in FY 2023. For those projects where maintenance was not performed and where the current condition level required maintenance to return them to an acceptable level, in accordance with the amended SFFAS Deferred Maintenance and Repairs No. 42, USAGM estimates and discloses deferred maintenance cost.

Deferred Maintenance (in thousands)		
PP&E Category	FY 2023 Estimated Cost to Return to Acceptable Condition	FY 2022 Estimated Cost to Return to Acceptable Condition
Equipment	\$ 240	\$ 425
Other Structures & Facilities	-	768
Building	1,500	100
Total	\$ 1,740	\$ 1,293

Section 4: Other Information

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Inspector General’s Statement on Management and Performance Challenges



Office of Inspector General
United States Department of State

Inspector General Statement on
the U.S. Agency for Global Media’s

Major Management and Performance Challenges

FISCAL YEAR 2023

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Introduction

Each year, in accordance with the Reports Consolidation Act of 2000,¹ the Office of Inspector General (OIG) for the U.S. Agency for Global Media (USAGM) identifies the most significant management and performance challenges facing the agency and briefly assesses progress in addressing those challenges. The resulting report is included in the agency's annual performance and accountability report.

OIG identified the following two management challenges in FY 2023:

- Information Security and Management
- Contract and Grant Management

Financial management was identified as a major management challenge in our FY 2022 report, *which was based mainly on deficiencies related to unliquidated obligations (ULO)*. However, an audit of USAGM's FY 2022 financial statements that was issued in November 2022 found that the amount of invalid ULOs decreased significantly from the prior year. USAGM modified its ULO monitoring procedures during FY 2022, which increased its oversight of ULOs. Therefore, OIG does not consider financial management to be a major management challenge for FY 2023.

The two remaining challenges cited go to the core of USAGM's programs and operations. Continued attention to these concerns will improve USAGM's operations and, accordingly, its ability to fulfill its underlying mission. This document includes examples of OIG reports and findings completed in FY 2023 that illustrate these challenge areas. In addition to publicly available work, OIG issues Sensitive But Unclassified and Classified reports throughout the year. Although we are unable to discuss these reports publicly, many of the findings in them reinforce our assessment of these management challenges. OIG provides this report so that, taken together with the work OIG produces throughout the year, USAGM can institute appropriate measures to improve operational efficiency and effectiveness.

¹ The Reports Consolidation Act of 2000, § 3, Pub. L. 106-531 (amending 31 U.S.C. § 3516).

Information Security and Management



As in previous years, as a result of the annual audit of USAGM's information security program, OIG reported that although the agency continued efforts to implement an organization-wide program, additional steps are needed to fully implement an effective program. The conclusion was based on evidence of deficiencies identified in seven of nine domains, including configuration management, identity and access management, and security training. The information security standards that form the criteria of this audit represent foundational guidelines for managing and reducing cyber risk by protecting networks and data, the USAGM's persistent inability to comply with those standards will continue to be a focus of our work.

Also, in a recent report on Russia's invasion of Ukraine, OIG found that the Voice of America (VOA) Russian Language Service staff did not comply with VOA editorial policy in all cases with respect to website content management. Staff told OIG that personnel shortages and crisis operating conditions limited the Russian Language Service's ability to consistently ensure editorial oversight for website publication. After OIG raised this issue with VOA leadership, the Office of Program Review conducted spot checks of the content posted on the Russian Language Service website and the Eurasia Division reiterated to all Russian Language Service staff its policy of content review by two editors. However, even occasional lapses in adherence to established editorial policy risk undermining VOA's stated mission of providing accurate, authoritative, and comprehensive news and information.²

² OIG, *Review of the U.S. Agency for Global Media Response to Russia's 2022 Full-Scale Invasion of Ukraine* (ISP-IB-23-14, May 2023).



Contract and Grant Management

An independent external auditor, working on OIG's behalf, has identified deficiencies with USAGM's grant monitoring efforts annually since the audit of USAGM's FY 2013 financial statements. USAGM has four grantees that it funds through annual grant agreements: Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia, the Middle East Broadcasting Networks, and the Open Technology Fund. The auditor found that USAGM had not reviewed the allowability of grantee costs, performed grant close-outs, conducted formal documented site visits, monitored equipment purchased by grantees, reviewed grantee disbursement reconciliations, or conducted risk assessments.³ USAGM is also responsible for monitoring the use of funds provided to its grantees to ensure that the grantees adhere to relevant laws and regulations. Because USAGM had not implemented many grantee monitoring controls, USAGM was in substantial noncompliance with federal grants monitoring requirements. Although USAGM made progress in strengthening its grants monitoring program by engaging contractor support to develop desk guides and oversight tools, its new grants monitoring program was not fully implemented as of September 30, 2022.⁴

In a report related to whistleblower protection, OIG reviewed a sample of both Department and USAGM contracts to determine whether they included a clause required by Congress. The clause stipulates that the head of each executive agency ensure that contractors and grantees of the agency inform their employees in writing of the employees' whistleblower rights and remedies. USAGM included the required clause in 90 percent of contracts reviewed. However, OIG found that neither agency has a method of explicitly ensuring that grantees inform their employees of whistleblower protections. OIG made three recommendations to USAGM to help ensure compliance with the notification requirements for current and future contracts and grants.⁵

³ OIG, *Independent Auditor's Report on the U.S. Agency for Global Media FY 2022 and FY 2021 Financial Statements* (AUD-FM-IB-23-08, November 2022)

⁴ Ibid.

⁵ OIG, *Evaluation of Whistleblower Protection Notification to Contractor and Grantee Employees at the Department of State and U.S. Agency for Global Media* (ESP-23-04, September 2023).



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1-800-409-9926
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If you fear reprisal, contact the
OIG Whistleblower Coordinator to learn more about your rights.
WPEAOmbuds@stateoig.gov

Office of Inspector General | U.S. Department of State | 1700 North Moore Street | Arlington, Virginia 22209

Agency Response to the Management and Performance Challenges



U.S. AGENCY FOR
GLOBAL MEDIA

330 Independence Avenue SW | Washington, DC 20237 | usagm.gov

November 6, 2023

Ms. Diana Shaw
Acting Inspector General
Office of Inspector General
U.S. Department of State

Dear Ms. Shaw:

Thank you for the opportunity to respond to the Office of Inspector General (OIG)'s *Statement on the U.S. Agency for Global Media's (USAGM) Major Management and Performance Challenges for Fiscal Year (FY) 2023*. I appreciate the OIG identifying challenges to agency operations, including those related to information security and management, and contract and grant management. I am pleased to highlight USAGM's progress on these issues since they were identified in OIG reports over the last fiscal year, as well as plans for further improvement.

Information Security and Management

Over the past two years, USAGM made significant progress in information security while developing an agency Zero Trust Architecture plan in response to the President's Cyber Executive Order 14028 and OMB Memoranda. The agency's noteworthy cybersecurity accomplishments include:

- Deploying tools and processes to improve the agency's Information Security Continuous Monitoring;
- Continued progress deploying the agency's Identity Credential Access Management strategy and Multi-Factor Authentication solutions; and
- Implementing the agency's Supply Chain Risk Management strategy, policy and plan.

Additionally, as a qualitative measure of the effectiveness of USAGM's federal information technology security defenses, the agency's Information Security Team detected and investigated numerous suspicious cybersecurity events during the past year. None of these incidents impacted the Voice of America's (VOA) or the Office of Cuba Broadcasting's international broadcasting mission. Building on the significant progress that USAGM made in FY 2023, I am committed to the continued improvement of the agency's information security.



In response to the OIG's findings, VOA's Russian Service has taken resolute steps to strengthen its editorial review procedures. To consistently deliver accurate, comprehensive, and objective news coverage, VOA Russian content production now undergoes a rigorous verification process. This includes fact-checking, language precision, policy adherence, and journalistic integrity. Multiple seasoned editors maintain a consistent review of all content to ensure quality and accuracy. Alongside bolstering editorial procedures, the team is focused on strengthening its expertise through recruitment and training. Performance assessments help pinpoint areas for improvement. Regular audits and reviews are conducted to maintain high editorial standards, addressing challenges related to issues and crisis-operating conditions that were identified by the staff. VOA Russian remains dedicated to its mission of offering accurate, authoritative, and comprehensive news, with a commitment to upholding the highest journalistic standards.

Contract and Grant Management

USAGM appreciates the importance of strong grants management and is working to fully implement key grants monitoring activities mentioned in the OIG's Major Management and Performance Challenges statement. During FY 2023, USAGM completed risk assessments for all four non-federal entities. Additionally, USAGM completed desk review of MBN, RFA, and OTF, and initiated a desk review of RFE/RL in August 2023. To ensure the non-federal entities understand the Uniform Guidance, USAGM continues to provide training sessions on the requirements of the Uniform Guidance, appropriations law for grants, and on USAGM's Grants Administration Manual. USAGM has identified fully liquidated grants and plans to prioritize close out of prior-year grants that do not have active obligations in FY 2024.

USAGM concurred with the OIG's recommendations on whistleblower protection and issued acquisition policy to implement them. The agency intends to ensure compliance with the notification requirements for current and future contracts and grants.

Again, thank you for the opportunity to respond to OIG's statement. I look forward to a positive and productive relationship with the OIG.

Sincerely,



Amanda Bennett
Chief Executive Officer

Summary of Financial Statement Audit and Management Assurances

TABLE 1

Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
<i>N/A</i>	0	0	0		0
<i>Total Material Weaknesses</i>	0	0	0		0

TABLE 2

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
<i>Total Material Weaknesses</i>	N/A					
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	N/A					
Conformance with financial management system requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Non-Conformances</i>	N/A					

Reporting on Payment Integrity

On March 2, 2020, the President signed into law the *Payment Integrity Information Act of 2019*, Public Law 116-117 (PIIA). The PIIA enhances efforts to combat improper payments by reinforcing the payment reporting requirements of the Federal Government. The Act requires agencies to review all programs and activities for the risk of improper payment to determine whether those programs are “susceptible to significant improper payments”. Due to USAGM’s low risk of improper payments, USAGM conducts comprehensive risk assessments on a three-year cycle of all agency programs with payments of \$10 million or greater during the assessment period. USAGM utilizes an alternative assessment period from Quarter 4 of the prior fiscal year through Quarter 3 of the current fiscal year.

USAGM is dedicated to maintaining the strength of our improper payments program to ensure payments are legitimate and processed accurately and efficiently. The Office of Chief Financial Officer (OCFO) performs the processes and procedures to comply with the requirements of OMB Circular A-123 Appendix C and reports USAGM’s improper payments through the Annual OMB Data Call. In FY 2023, the OIG determined that USAGM was fully compliant for our FY 2022 Payment Integrity reporting requirements. For more detailed information on USAGM’s improper payment test results, risk assessments, and additional information regarding payment integrity, please refer to PaymentAccuracy.gov at <https://paymentaccuracy.gov>.