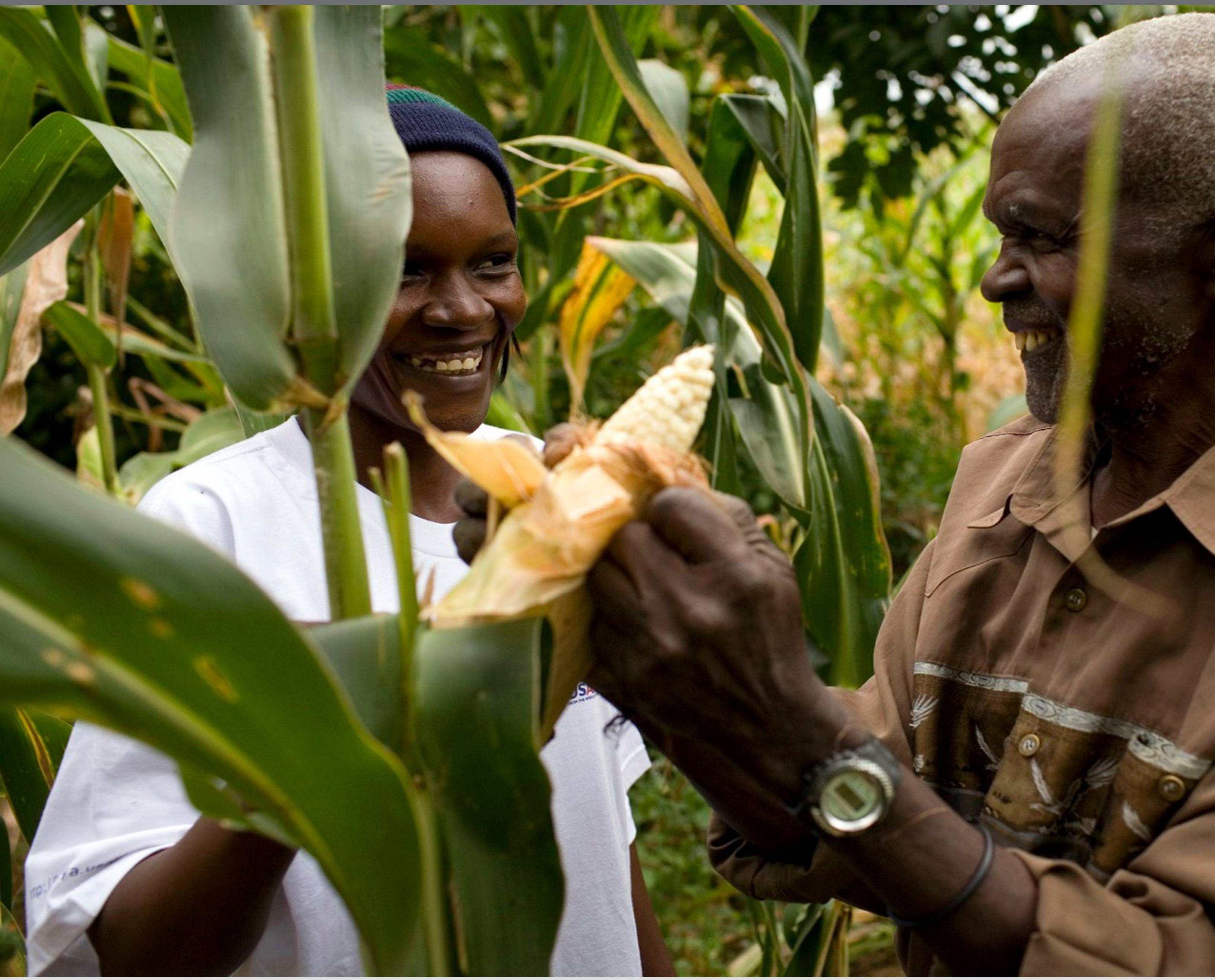
FINANCIAL SECTION

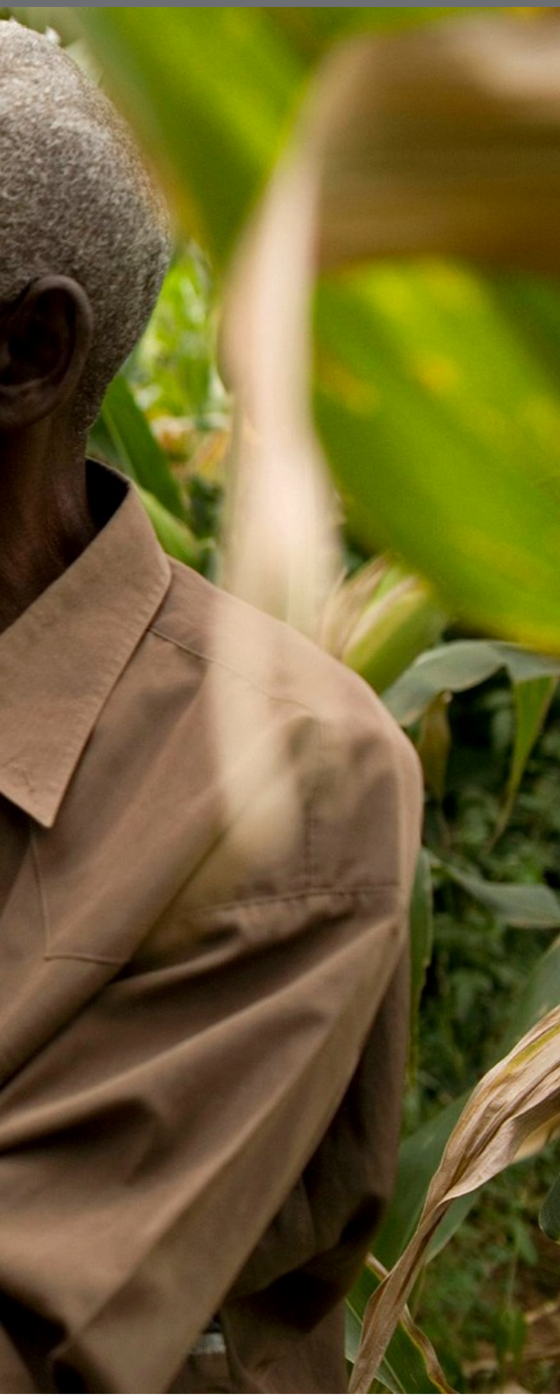
FINANCIAL STATEMENTS AND NOTES (RESTATED)



Above) **Village-based advisor Cocilia Anyango, left, observes Alfred Masindes's improved, drought-resistant variety of corn on his farm in Siranga, in western Kenya, in 2012. Feed the Future works with all the components of the maize value chain in Kenya to increase rural farmers' incomes and tackle the underlying causes of food insecurity.** PHOTO: SIEGFRIED MODOLA

(Preceding page) **Gabriel Odiambo shows millet at his farm in Siranga, Kenya, in 2012. Kenya is one of 20 strategic partners under the U.S. Government's global hunger and food security initiative known as Feed the Future. USAID is investing $50 million in strengthening the agriculture sector in Kenya through this program.** PHOTO: SIEGFRIED MODOLA

Introduction To Principal Financial Statements



The **Principal Financial Statements** have been prepared to report the financial position and results of operations of USAID. The statements have been prepared from the books and records of the Agency in accordance with formats prescribed by the Office of Management and Budget (OMB) in OMB Circular A-136, *Financial Reporting Requirements*. The statements are in addition to financial reports prepared by the Agency in accordance with OMB and U.S. Department of the Treasury directives to monitor and control the status and use of budgetary resources, which are prepared from the same books and records. The statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity. The Agency has no authority to pay liabilities not covered by budgetary resources. Liquidation of such liabilities requires enactment of an appropriation. Comparative data for FY 2011 have been included. USAID's restated principal financial statements and additional information for FY 2012 and FY 2011 consist of the following:

The **Consolidated Balance Sheet**, which presents for the years ended September 30, 2012 and 2011 those resources owned or managed by USAID, that are available to provide future economic benefits (assets); amounts owed by USAID that will require payments from those resources or future resources (liabilities); and residual amounts retained by USAID, comprising the difference (net position). Intra-agency balances have been eliminated from the amounts presented.

The **Consolidated Statement of Net Cost**, which presents the net cost of USAID operations for the years ended September 30, 2012 and 2011. USAID's net cost of operations includes the gross costs incurred by USAID less any exchange revenue earned from USAID activities. Due to the complexity of USAID's operations, the classification of gross cost and exchange revenues by major program and suborganization is presented in Note 17, Suborganization Program Costs/Program Cost by Segment, to the consolidated financial statements. Intra-agency balances have been eliminated from the amounts presented.

The **Consolidated Statement of Changes in Net Position**, which presents the change in USAID's net position resulting from the net cost of USAID operations, budgetary financing sources other than exchange revenues, and other financing sources for the years ended September 30, 2012 and 2011. The components are separately displayed in two sections, Cumulative Results of Operations and Unexpended Appropriations. Intra-agency balances have been eliminated from the amounts presented.

The **Combined Statement of Budgetary Resources**, which presents the budgetary resources available to USAID during FY 2012 and FY 2011, the status of these resources at year-end, the change in obligated balance during FY 2012 and FY 2011 and outlays of budgetary resources for the years ended September 30, 2012 and 2011.

Information in this statement is reported on the budgetary basis of accounting.

The **Notes to Principal Financial Statements** are an integral part of the financial statements. They provide explanatory information to help readers to understand, interpret, and use the data presented. Comparative FY 2011 note data may have been restated or recast to enable comparability with the FY 2012 presentation.

Required Supplementary Information contains a Combining Schedule of Budgetary Resources for FY 2012 that provides additional information on amounts presented in the **Combined Statement of Budgetary Resources**.

HISTORY OF USAID'S FINANCIAL STATEMENTS

In accordance with the Government Management Reform Act (GMRA) of 1994, USAID has prepared consolidated fiscal year-end financial statements since FY 1996. The USAID Office of Inspector General (OIG) is required to audit these statements, related internal controls, and Agency compliance with applicable laws and regulations. From FY 1996 through FY 2000, the OIG was unable to express an opinion on USAID's financial statements because the Agency's financial management systems could not produce complete, reliable, timely, and consistent financial information.

For FY 2001, the OIG was able to express qualified opinions on three of the then five principal financial statements of the Agency, while continuing to issue a disclaimer of opinion on the remaining two. For FY 2002, the OIG expressed unqualified opinions on four of the then five principal financial statements and a qualified opinion on the fifth. This marked the first time since enactment of the GMRA that USAID received an opinion on all of its financial statements.

Financial Statements

CONSOLIDATED BALANCE SHEET

as of September 30, 2012 and 2011 (In Thousands)

	2012 (Restated)	2011
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Notes 2, 15 and 20)	$ 28,946,169	$ 27,758,936
Accounts Receivable (Note 3)	30	220
Other Assets (Note 4)	85,396	96,219
Total Intragovernmental	29,031,595	27,855,375
Cash and Other Monetary Assets (Note 5)	349,069	306,635
Accounts Receivable, Net (Note 3)	88,239	94,467
Direct Loans and Loan Guarantees, Net (Note 6)	2,773,576	3,392,381
Inventory and Related Property, Net (Note 7)	29,607	43,679
General Property, Plant, and Equipment, Net (Notes 8 and 9)	76,360	74,102
Advances (Notes 4 and 20)	457,807	549,169
Total Assets	**$ 32,806,253**	**$ 32,315,808**
LIABILITIES:		
Intragovernmental:		
Accounts Payable (Notes 10 and 15)	$ 121,730	$ 15,597
Debt (Note 11)	478,304	478,380
Liability for Capital Transfers to the General Fund of the Treasury (Note 11)	2,613,998	3,198,706
Other Liabilities (Note 12)	756,861	1,445,425
Total Intragovernmental	3,970,893	5,138,108
Accounts Payable (Note 10)	1,867,144	1,734,158
Loan Guarantee Liability (Notes 6 and 10)	2,012,358	1,694,195
Federal Employee and Veteran's Benefits (Note 13)	23,582	22,175
Other Liabilities (Notes 10, 12, and 13)	545,576	495,857
Total Liabilities	**8,419,553**	**9,084,493**
Commitments and Contingencies (Note 14)		
NET POSITION:		
Unexpended Appropriations	21,286,109	21,202,085
Cumulative Results of Operations	3,100,591	2,029,230
Total Net Position (Notes 15 and 20)	**$ 24,386,700**	**$ 23,231,315**
Total Liabilities and Net Position	**$ 32,806,253**	**$ 32,315,808**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST

For the Years Ended September 30, 2012 and 2011
(In Thousands)

OBJECTIVES	2012 (Restated)	2011
Peace and Security:		
Gross Costs	$ 688,584	$ 941,773
Less: Earned Revenue	(3,125)	(4,729)
Net Program Costs	685,459	937,044
Governing Justly and Democratically:		
Gross Costs	2,790,514	1,844,205
Less: Earned Revenue	(9,092)	(9,379)
Net Program Costs	2,781,422	1,834,826
Investing in People:		
Gross Costs	3,051,384	3,266,444
Less: Earned Revenue	(619,153)	(203,361)
Net Program Costs	2,432,231	3,063,083
Economic Growth:		
Gross Costs	3,878,650	4,137,161
Less: Earned Revenue	(308,266)	(887,933)
Net Program Costs	3,570,384	3,249,228
Humanitarian Assistance:		
Gross Costs	1,353,613	1,639,786
Less: Earned Revenue	(6,129)	(8,146)
Net Program Costs	1,347,484	1,631,640
Operating Unit Management:		
Gross Costs	677,233	530,837
Less: Earned Revenue	(3,095)	(2,965)
Net Program Costs	674,138	527,872
Net Cost of Operations (Notes 16 and 17)	**$ 11,491,118**	**$ 11,243,693**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2012 and 2011
(In Thousands)

	2012 (Restated)	2011
Cumulative Results of Operations:		
Beginning Balances	$ 2,029,230	$ 1,773,146
Adjustments – Changes in Accounting Principles	–	–
Beginning Balances, as Adjusted	2,029,230	1,773,146
Budgetary Financing Sources:		
Appropriations Used	11,551,390	11,361,601
Non-exchange Revenue	368	–
Donations and Forfeitures of Cash and Cash Equivalents	225,759	122,076
Other Financing Sources (Non-Exchange):		
Transfers-in/out Without Reimbursement Imputed	754,968	–
Financing	29,994	16,100
Total Financing Sources	12,562,479	11,499,777
Net Cost of Operations	(11,491,118)	(11,243,693)
Net Change	1,071,361	256,084
Cumulative Results of Operations Unexpended	3,100,591	2,029,230
Appropriations:		
Beginning Balance	21,202,085	21,108,712
Budgetary Financing Sources:		
Appropriations Received	11,536,737	11,737,457
Appropriations Transferred in/out	75,479	(8,906)
Other Adjustments	23,198	(273,577)
Appropriations Used	(11,551,390)	(11,361,601)
Total Budgetary Financing Sources	84,024	93,373
Total Unexpended Appropriations	21,286,109	21,202,085
Net Position (Note 20)	**$ 24,386,700**	**$ 23,231,315**

The accompanying notes are an integral part of these statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2012 and 2011

(In Thousands)

	2012 (Restated)		2011	
	Budgetary	Non-Budgetary Credit Reform	Budgetary	Non-Budgetary Credit Reform
Budgetary Resources:				
Unobligated Balance, Brought Forward, October 1	$ 7,875,446	$ 2,421,365	$ 6,890,873	$ 2,381,989
Adjustment to Unobligated Balance Brought Forward, October 1 (+ or -)	–	–	–	–
Unobligated Balance Brought Forward, October 1, as Adjusted	7,875,446	2,421,365	6,890,873	2,381,989
Recoveries of Prior Year Unpaid Obligations	472,000	20	2,046,388	310
Other Changes in Unobligated Balance (+ or -)	(118,331)	(71)	(221,048)	–
Unobligated Balance from Prior Year Budget Authority, Net	8,229,115	2,421,314	8,716,214	2,382,299
Appropriations (Discretionary and Mandatory)	11,575,665	(18)	11,699,661	–
Borrowing Authority (Discretionary and Mandatory)	–	–	–	96
Contract Authority (Discretionary and Mandatory)	–	–	–	–
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	812,068	209,557	712,524	281,126
Total Budgetary Resources	**$ 20,616,848**	**$ 2,630,853**	**$ 21,128,398**	**$ 2,663,521**
Status of Budgetary Resources:				
Obligations Incurred (Note 20):	$ 12,541,533	$ 752,560	$ 13,252,952	$ 242,156
Unobligated Balance, End of Year:				
Apportioned	7,398,435	309,839	7,265,534	310,302
Exempt from Apportionment	–	–	–	–
Unapportioned	676,880	1,568,454	609,912	2,111,063
Total Unobligated Balance, End of Year	8,075,315	1,878,293	7,875,446	2,421,365
Total Budgetary Resources	**$ 20,616,848**	**$ 2,630,853**	**$ 21,128,398**	**$ 2,663,521**

(continued on next page)

COMBINED STATEMENT OF BUDGETARY RESOURCES *(continued)*

For the Years Ended September 30, 2012 and 2011

(In Thousands)

	2012		2011	
	Budgetary	Non-Budgetary Credit Reform	Budgetary	Non-Budgetary Credit Reform
Change in Obligated Balance:				
Unpaid Obligations, Brought Forward, October 1 (Gross) Uncollected	$ 17,505,109	$ (282)	$ 17,932,333	$ (160)
Customer Payments from Federal Sources, Brought Forward, October 1 (-)	(34,395)	35	(24,907)	35
Obligated Balance, Start of Year (Net), Before Adjustments (+ or -)	17,470,714	(247)	17,907,426	(125)
Adjustment to Obligated Balance, Start of Year (Net) (+ or -)	–	–	–	–
Obligated Balance, Start of Year (Net), as Adjusted	17,470,714	(247)	17,907,426	(125)
Obligations Incurred (Note 20)	12,541,533	752,560	13,252,952	242,156
Outlays (Gross) (-) (Note 20)	(11,301,456)	(751,662)	(11,633,784)	(241,968)
Change in Uncollected Customer Payments from Federal Sources (+ or -)	(6,085)	–	(9,487)	–
Recoveries of Prior Year Unpaid Obligations (-)	(472,000)	(20)	(2,046,388)	(310)
Obligated Balance, End of Year				
Unpaid Obligations, End of Year (Gross)	18,273,186	596	17,505,109	(282)
Uncollected Customer Payments from Federal Sources, End of Year	(40,480)	35	(34,395)	35
Obligated Balance, End of Year (Net)	**$ 18,232,706**	**$ 631**	**$ 17,470,714**	**$ (247)**
Budget Authority and Outlays, Net:				
Budget Authority, Gross (Discretionary and Mandatory)	$ 12,387,732	$ 209,540	$ 12,412,185	$ 281,222
Actual Offsetting Collections (Discretionary and Mandatory)	(1,077,951)	(209,558)	(966,312)	(281,133)
Change in Uncollected Customer Payments from Federal Sources (Discretionary and Mandatory)	(6,085)	–	(9,487)	–
Budget Authority, Net (Discretionary and Mandatory)	$ 11,303,696	$ (18)	$ 11,436,386	$ 89
Outlays, Gross (Discretionary and Mandatory) (Note 20)	$ 11,301,456	$ 751,662	$ 11,633,784	$ 241,968
Actual Offsetting Collections (Discretionary and Mandatory)	(1,077,951)	(209,558)	(966,312)	(281,133)
Outlays, Net (Discretionary and Mandatory)	10,223,505	542,104	10,667,472	(39,165)
Distributed Offsetting Receipts (-)	(923,914)	–	(377,859)	–
Agency Outlays, Net (Discretionary and Mandatory)	**$ 9,299,591**	**$ 542,104**	**$ 10,289,614**	**$ (39,165)**

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying principal financial statements report USAID's financial position and results of operations. They have been prepared using USAID's books and records in accordance with Agency accounting policies, the most significant of which are summarized in this note. The statements are presented in accordance with the guidance and requirements of the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*.

USAID accounting policies follow generally accepted accounting principles for the Federal government, as established by the Federal Accounting Standards Advisory Board (FASAB). The FASAB has been recognized by the American Institute of Certified Public Accountants (AICPA) as the official accounting standard setting authority for the Federal government. These standards have been agreed to, and published by the Director of the OMB, the Secretary of the Treasury, and the Comptroller General.

B. REPORTING ENTITY

Established in 1961 by President John F. Kennedy, USAID is the independent U.S. Government agency that provides economic development and humanitarian assistance to advance United States economic and political interests overseas.

Programs

The statements present the financial activity of various programs and accounts managed by USAID. The programs include Assistance for Europe, Eurasia, and Central Asia; Civilian Stabilization Initiative; Capital Investment Fund; Economic Support Fund; Development Assistance; International Disaster Assistance; Global Health and Child Survival; Complex Crisis Fund; Transition Initiatives; and Direct and Guaranteed Loan Programs. This classification is consistent with the Budget of the United States.

Assistance for Europe, Eurasia, and Central Asia

Funds appropriated under this heading are considered to be economic assistance under the Foreign Assistance Act of 1961.

This account provides funds for a program of assistance to the independent states that emerged from the former Soviet Union. These funds support the U.S. foreign policy goals of improved U.S. security; building a lasting partnership with the new independent states; and providing access to each other's markets, resources, and expertise.

Civilian Stabilization Initiative

This fund provides support for the necessary expenses needed to establish, support, maintain, mobilize, and deploy a civilian response corps in coordination with the USAID. This fund is also used for related reconstruction and stabilization assistance to prevent or respond to conflict or civil strife in foreign countries or regions, or to enable transition from such strife.

Capital Investment Fund

This fund provides for the necessary expenses for overseas construction and related costs, and for the procurement and enhancement of information technology and related capital investments. Specifically, this fund provides assistance in supporting the GLAAS system.

Economic Support Fund

The Economic Support Fund (ESF) supports U. S. foreign policy objectives by providing economic assistance to allies and countries in transition to democracy. Programs funded through this account promote stability and U.S. security interests in strategic regions of the world.

Development Assistance

This program provides economic resources to developing countries with the aim of bringing the benefits of development to the poor. The program promotes broad-based, self-sustaining economic growth, opportunity, and supports initiatives intended to stabilize population growth, protect the environment and foster increased democratic participation in developing countries. The program is concentrated in those areas in which the United States has special expertise and which promise the greatest opportunity for the poor to better their lives.

International Disaster Assistance

Funds for the International Disaster Assistance Program provide relief, rehabilitation, and reconstruction assistance to foreign countries struck by disasters such as famines, floods, hurricanes and earthquakes. The program also provides assistance in disaster preparedness, prevention and mitigation; providing emergency commodities and services for immediate healthcare and nutrition. Additionally, this fund supports the capability to provide timely emergency response to disasters worldwide.

Global Health and Child Survival

This fund provides economic resources to developing countries to support programs to improve infant and child nutrition, with the aim of reducing infant and child mortality rates; to reduce HIV transmission and the impact of the HIV/AIDS pandemic in developing countries; to reduce the threat of infectious diseases of major public health importance such as polio, and malaria; and to expand access to quality basic education for girls and women.

Complex Crisis Fund

This fund provides for necessary expenses to carry out the provisions of the Foreign Assistance Act of 1961 to enable USAID to support programs and activities to prevent or respond to emerging or unforeseen complex crises overseas.

Transition Initiatives

This fund provides for humanitarian programs that provide post-conflict assistance to victims of both natural and man-made disasters. The program supports U.S. foreign policy objectives by helping local partners advance peace and democracy in priority countries in crisis. Seizing critical windows of opportunity, the Office of Transition Initiatives (OTI) works on the ground to provide fast, flexible, short-term assistance targeted at key political transition and stabilization needs.

Direct and Guaranteed Loans

- ***Direct Loan Program***

  These loans are authorized under the Foreign Assistance Acts, various predecessor agency programs, and other foreign assistance legislation. Direct Loans are issued in both U.S. dollars and the currency of the borrower. Foreign currency loans made "with maintenance of value" place the risk of currency devaluation on the borrower, and are recorded in equivalent U.S. dollars. Loans made "without maintenance of value" place the risk of devaluation on the U.S. Government, and are recorded in the foreign currency of the borrower.

- ***Urban and Environmental Program***

  The Urban and Environmental (UE) Program, formerly the Housing Guarantee Program, extends guaranties to U.S. private investors who make loans to developing countries to assist them in formulating and executing sound housing and community development policies that meet the needs of lower income groups.

- ***Micro and Small Enterprise Development Program***

  The Micro and Small Enterprise Development (MSED) Program was designed to support private sector activities in developing countries by providing direct loans and loan guarantees to support local micro and small enterprises. The MSED program is substantially inactive and will be closed; the bulk of USAID's new credit activity is handled through the Development Credit Authority (DCA) Program.

- ***Israel Loan Guarantee Program***

  Congress authorized the Israel Loan Guarantee Program in Section 226 of the Foreign Assistance Act to support the costs for immigrants resettling to Israel from the former Soviet Union, Ethiopia, and other countries. Under this program, the U.S. Government guaranteed the repayment of up to $10 billion in loans from commercial sources. Borrowing was completed under the program during FY 1999, with approximately $9.2 billion being guaranteed, of which $7.2 billion is currently outstanding. Guarantees were made by USAID on behalf of the U.S Government.

  In FY 2003, Congress authorized a second Israel Loan Guarantee Program of up to $9.0 billion to support Israel's comprehensive economic program to overcome economic difficulties and create conditions for higher and sustainable growth. $4.1 billion has been borrowed under this program, of which the entire $4.1 billion is currently outstanding.

- ***Development Credit Authority***

  The first obligations for USAID's Development Credit Authority (DCA) were made in FY 1999. The DCA allows missions and other offices to use loans and loan guarantees to achieve their development objectives when it can be shown that (1) the project generates enough revenue to cover the debt service including USAID fees, (2) there is at least 50% risk-sharing with a private-sector institution, and

(3) the DCA guarantee addresses a financial market failure in-country and does not "crowd-out" private sector lending. The DCA can be used in any sector and by any USAID operating unit whose project meets the DCA criteria. DCA projects are approved by the Agency Credit Review Board and the Chief Financial Officer.

- ***Loan Guarantees to Egypt Program***

  The Loan Guarantees to Egypt Program was established under the Emergency Wartime Supplemental Appropriations Act of 2003. Under this program, the U.S. Government was authorized to issue an amount not to exceed $2 billion in loan guarantees to Egypt during the period beginning March 1, 2003 and ending September 30, 2005. New loan guarantees totaling$1.25 billion were issued in FY 2005 before the expiration of the program.

- ***Loan Guarantee to Tunisia Program***

  The Loan Guarantee to Tunisia Program was established under Title III of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012, Division I of Public Law 112-74, to provide support for the Republic of Tunisia through a loan guarantee. Under this program, the U.S. Government was authorized to issue guarantees with respect to the payment obligations of Tunisia for notes, for which USAID's budget cost, calculatedin accordance with Federal Credit Reform Act of 1990, would not exceed $30 million. Using this budget cost as a basis for determining the loan guarantee, Tunisia issued Notes totaling $485 million in FY 2012.

Fund Types

The consolidated financial statements include the accounts of all funds under USAID's control. Most of the fund accounts relate to general fund appropriations. USAID also has special funds, revolving funds, trust funds, deposit funds, a capital investment fund, receipt account, and budget clearing accounts.

General fund appropriations and the Special fund are used to record financial transactions under Congressional appropriations or other authorization to spend general revenue.

Revolving funds are established by law to finance a continuing cycle of operations, with receipts derived from such operations usually available in their entirety for use by the fund without further action by Congress.

Trust funds are credited with receipts generated by the terms of the trust agreement or statute. These receipts may be either unavailable for collection, or immediately available for collection depending upon the statutory requirements governing establishment of the trust.

The capital investment fund contains no-year (non-expiring) funds to provide the Agency with greater flexibility to manage investments in technology systems and facility construction that the annual appropriation for Operating Expenses does not allow.

Deposit funds are established for (1) amounts received for which USAID is acting as a fiscal agent or custodian, (2) unidentified remittances, (3) monies withheld from payments for goods or services received, and (4) monies held awaiting distribution on the basis of legal determination.

C. BASIS OF ACCOUNTING

Transactions are recorded on both an accrual and budgetary basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints on, and controls of, the use of federal funds. The accompanying Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position have been prepared on an accrual basis.
The Statement of Budgetary Resources has been prepared in accordance with budgetary accounting rules.

D. BUDGETS AND BUDGETARY ACCOUNTING

The components of USAID's budgetary resources include current budgetary authority (that is, appropriations and borrowing authority) and unobligated balances remaining from multi-year and no-year budget authority received in prior years. Budget authority is the authorization provided by law to enter into financial obligations that result in immediate or future outlays of federal funds. Budgetary resources also include reimbursement and other income (that is, spending authority from offsetting collections credited to an appropriation of fund account) and adjustments (that is, recoveries of prior year obligations).

Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, for five additional years until the account is canceled. Any amounts remaining in canceled accounts are not available for obligations or expenditure for any purpose, and are returned to the U.S. Treasury.

The "Consolidated Appropriations Act" signed into law as P.L. 112-74 provides to USAID extended authority to obligate funds. USAID's appropriations have consistently provided essentially similar authority, now known as "7011/511" authority. Under this authority, funds shall remain available for obligation for an extended period if such funds are initially obligated within their initial period of availability.

E. REVENUES AND OTHER FINANCING SOURCES

USAID receives the majority of its funding through congressional appropriations – annual, multi-year, and no-year (non-expiring) appropriations – that may be used within statutory limits. Appropriations are recognized as a financing source (i.e. Appropriations used) on the Statement of Change in Net Position at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are not recognized as expenses. In addition to funds warranted directly to USAID, the agency also receives allocation transfers from the U.S. Department of Agriculture (USDA) Commodity Credit Corporation, the Executive Office of the President, the Department of State, and Millennium Challenge Corporation (MCC).

Additional financing sources for USAID's various credit programs and trust funds include amounts obtained through collection of guaranty fees, interest income on rescheduled loans, penalty interest on delinquent balances, permanent indefinite borrowing authority from the U.S. Treasury, proceeds from the sale of overseas real property acquired by USAID, and advances from foreign governments and international organizations.

Revenues are recognized as financing sources to the extent that they are received by USAID from other agencies, other governments and the public. Imputed revenues are reported in the financial statements to offset imputed costs. Amounts received from other Federal agencies under reimbursable agreements are recognized as revenue as related expenditures are incurred.

F. FUND BALANCE WITH THE U.S. TREASURY

Cash receipts and disbursements are processed by the U.S. Treasury. The fund balances with Treasury are primarily appropriated funds that are available to pay current liabilities and finance authorized purchase commitments, but they also include revolving, deposit, and trust funds.

G. FOREIGN CURRENCY

The Direct Loan Program has foreign currency funds, which are used to disburse loans in certain countries. Those balances are reported at U.S. dollar equivalents using the exchange rates prescribed by the U.S. Treasury. A gain or loss on conversion is recognized for the change in valuation of foreign currencies at year-end. Additionally, some USAID host countries contribute funds for the overhead operation of the host mission and the execution of USAID programs. These funds are held in trust and reported in U.S. dollar equivalents on the Balance Sheet and Statement of Net Costs.

H. ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due mainly from foreign governments but also from other Federal agencies and private organizations. USAID regards amounts due from other Federal agencies as 100 percent collectible. The Agency establishes an allowance for uncollectible accounts receivable for non-loan or revenue generating sources based on a historical analysis of collectability.

I. DIRECT LOANS AND LOAN GUARANTEES

Loans are accounted for as receivables after funds have been disbursed. For loans obligated before October 1, 1991 (the pre-credit reform period), loan principal, interest, and penalties receivable are reduced by an allowance for estimated uncollectible amounts. The allowance is estimated based on a net present value method prescribed by OMB that takes into account country risk and projected cash flows.

Loans obligated on or after October 1, 1991 are reduced by an allowance equal to the net present value of the cost to the U. S. Government of making the loan. This cost, known as "subsidy", takes into account all cash inflows and outflows associated with the loan, including the interest rate differential between the loans and Treasury borrowing, the estimated delinquencies and defaults net of recoveries, and offsets from fees and other estimated cash flows. This allowance is re-estimated when necessary and any changes are reflected in the operating statement.

Loans have been made in both U.S. dollars and foreign currencies. Loans extended in foreign currencies can be with or without "Maintenance of Value" (MOV). Those with MOV place the currency exchange risk upon the borrowing government; those without MOV place the risk on USAID. Foreign currency exchange gain or loss is recognized on those loans extended without MOV, and reflected in the net receivable balance of the credit programs.

Credit program receivables also include origination and annual fees on outstanding guarantees, interest on rescheduled loans and late charges. Claims receivables (subrogated and rescheduled) are due from foreign governments as a result of defaults for pre-1992 guaranteed loans. Receivables are stated net of an allowance for uncollectible accounts; determined using an

OMB approved net present value default methodology.

While estimates of uncollectible loans and interest are made using methods prescribed by OMB, the final determination as to whether a loan is collectible is also affected by actions of other U.S. Government agencies.

J. ADVANCES

Funds disbursed in advance of incurred expenditures are recorded as advances. Most advances consist of funds disbursed under letters of credit to contractors and grantees. The advances are liquidated and recorded as expenses upon receipt of expenditure reports from the recipients.

K. INVENTORY AND RELATED PROPEERTY

USAID's inventory and related property are comprised of life essential materials and supplies. The Agency has materials and supplies in reserve for foreign disaster assistance stored at strategic sites around the world. These consist of tents, disaster kits, field packs, and water purification units.

Agency supplies held in reserve for future use are those that are not readily available in the market, or for which there is more than a remote chance that the supplies will be needed, but not in the normal course of operations. Their valuation is based on cost and they are not considered "held for sale." USAID has no supplies categorizable as excess, obsolete, or unserviceable operating materials and supplies.

L. PROPERTY, PLANT AND EQUIPMENT

USAID capitalizes all property, plant and equipment that have an acquisition cost of $25,000 or greater and a useful life of two years or more. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost, depending on when the asset was put into production and depreciated using the straight-line method (mid-year and mid-quarter). Real property is depreciated over 20 years, nonexpendable personal property is depreciated over three to five years, and capital leases are depreciated according to the terms of the lease. The Agency operates land, buildings, and equipment that are provided by the General Services Administration. Internal use software that has development costs of $300,000 or greater is capitalized. Deferred maintenance amounts are immaterial with respect to the financial statements.

M. LIABILITIES

Liabilities represent the amount of monies or other resources that are likely to be paid by USAID as the result of transactions or events that have already occurred. However, no liability can be paid by the Agency without an appropriation or borrowing authority. Liabilities for which an appropriation has not been enacted are therefore classified as liabilities not covered by budgetary resources (unfunded liabilities), and there is no certainty that the appropriations will be enacted. Also, these liabilities can be abrogated by the U.S. Government, acting in its sovereign capacity.

N. LIABILITIES FOR LOAN GUARANTEES

The Credit Reform Act (CRA) of 1990, which became effective on October 1, 1991, significantly changed the manner in which USAID's loan programs finance their activities. The main purpose of CRA was to more accurately measure the cost of Federal credit programs and to place the cost of such programs on a budgetary basis equivalent to other Federal spending. Consequently, commencing in FY 1992, USAID can only issue new loans or loan guarantees with an appropriation available to fund the cost of making the loan or guarantee. This cost is known as the "subsidy."

For USAID's loan guarantee programs, when guarantee commitments are made, an obligation for subsidy cost is recorded in the program account. This cost is based on the net present value of the estimated net cash outflows to be paid by the Program as a result of the loan guarantees, except for administrative costs, less the net present value of all cash inflows to be generated from those guarantees. When the loans are disbursed, the subsidy cost is disbursed from the program account to a financing account.

For loan guarantees made before the CRA (pre-1992), the liability for loan guarantees represents an unfunded liability. Footnote 6 presents the unfunded amounts separate from the post-1991 liabilities. The amount of unfunded liabilities also represents a future funding requirement for USAID. The liability is calculated using a reserve methodology that is similar to the OMB prescribed method for post-1991 loan guarantees.

O. ANNUAL, SICK, AND OTHER LEAVE

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken.

P. RETIREMENT PLANS AND POST EMPLOYMENT BENEFITS

USAID recognizes its share of the cost of providing future pension benefits to eligible employees over the period of employment with the Agency. The pension expense recognized in the financial statements equals the current service cost for USAID employees for the accounting period less the amount contributed by the employees. The measurement of the service cost requires the use of an actuarial cost method and assumptions. The Office of Personnel Management (OPM) administers these benefits and provides the factors that USAID applies to report the cost. The excess of the pension expense over the amount contributed by USAID and employees represents the amount being financed directly through the Civil Service Retirement and Disability Fund administered by OPM. This cost is considered an imputed cost to USAID.

USAID recognizes a current period expense for the future cost of post retirement health benefits and life insurance for its employees while they are still working. USAID accounts for and reports this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and USAID do not make contributions to fund these future benefits.

Federal employee benefit costs paid by OPM and imputed by USAID are reported on the Statement of Net Cost.

Q. COMMITMENTS AND CONTINGENCIES

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss to USAID. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. For pending, threatened or potential litigation, a liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is likely, and the related future outflow or sacrifice of resources is measurable. For other litigations, a contingent liability is recognized when similar events occur except that the future outflow or other sacrifice of resources is more likely than not. Footnote 14 identifies commitments and contingency liabilities.

R. NET POSITION

Net position is the residual difference between assets and liabilities. It is composed of unexpended appropriations and cumulative results of operations.

- Unexpended appropriations are the portion of the appropriations represented by undelivered orders and unobligated balances.
- Cumulative results of operations reflects the net difference between (i) expenses and losses and (ii) financing sources, including appropriations, revenues and gains, since the inception of the activity.

S. NON-ENTITY ASSETS

Non-entity fund balances are amounts in Deposit Fund accounts. These include such items as: funds received from outside sources where the government acts as fiscal agent, monies the government has withheld awaiting distribution based on legal determination, and unidentified remittances credited as suspense items outside the budget. For USAID, non-entity assets are minimal in amount as reflected in Note 3, composed solely of accounts receivable, net of allowances.

T. AGENCY COSTS

USAID's costs of operations are comprised of program and operating expenses. USAID/Washington program and Mission related expenses, by objective, are obtained directly from Phoenix, the Agency's general ledger. A cost allocation model is used to distribute operating expenses – including Management Bureau, Global Development Alliance, Trust Funds and Support Offices costs – to specific goals. Expenses related to Credit Reform and Revolving Funds are directly applied to specific agency goals based on their objectives.

U. PARENT/CHILD REPORTING

USAID is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and receiving (child) entity. Allocation transfers are legal delegations by one department of its ability to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g. budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Per OMB guidance, child transfer activities are to be included and parent transfer activities are to be excluded in trial balances. Exceptions to this general rule affecting USAID include the Executive Office of the President, for whom USAID is the child in the allocation transfer but, per OMB guidance, will report all activity relative to these allocation transfers in USAID's financial statements. In addition to these funds, USAID allocates funds as the parent to:

- Department of Energy
- Department of Interior
- Department of Labor
- Department of State
- Department of the Treasury
- Nuclear Regulatory Commission

USAID receives allocation transfers as the child from:

- Department of State
- Executive Office of the President
- Millennium Challenge Corporation
- Department of Agriculture, Commodity Credit Corporation.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2012 and 2011 consisted of the following:

FUND BALANCE WITH TREASURY
(In Thousands)

Fund Balance	2012 (Restated)	2011
Trust Funds	$ 278,168	$ 142,393
Revolving Funds	6,183,017	5,790,820
Appropriated Funds	21,844,010	21,825,809
Other Funds	640,975	(86)
Total	$ 28,946,169	$ 27,758,936
Status of Fund Balance with Treasury	**2012 (Restated)**	**2011**
Unobligated Balance		
Available	$ 7,708,272	$ 7,575,836
Unavailable	2,245,334	2,720,975
Obligated and Other Balances Not Yet Disbursed (Net)	18,992,563	17,462,125
Total	$ 28,946,169	$ 27,758,936

Fund Balances with Treasury are the aggregate amounts of USAID's accounts with Treasury for which the agency is authorized to make payments. Other Funds include credit program and operating funds which are established to record amounts held for the loan guarantee and other operating funds. USAID restated the FY 2012 financial statements due to correction of error. Correction of the error resulted in a $53.1 million decrease in Fund Balance with Treasury.

Unobligated balances become available when apportioned by the OMB for obligation in the current fiscal year.

Obligated and other balances not yet disbursed (net) include balances for non-budgetary funds and unfilled customer orders without advances. The unobligated and obligated balances are reflected on the Combined Statement of Budgetary Resources.

The total available unobligated balance includes expired funds which are available for upward adjustments; however they are not available to incur new obligations. In the Combined Statement of Budgetary Resources the expired fund balance is included in Unobligated Balances Not Available.

NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's accounts receivable as of September 30, 2012 and 2011 are as follows:

ACCOUNTS RECEIVABLE, NET (In Thousands)	Receivable Gross	Allowance Accounts	Receivable Net 2012	Receivable Net 2011
Intragovernmental				
Appropriation Reimbursements from Federal Agencies	$ 10	N/A	$ 10	$ 356
Accounts Receivable from Federal Agencies	330,845	N/A	330,845	31,410
Less: Intra-Agency Receivables	(330,825)	N/A	(330,825)	(31,546)
Total Intragovernmental Accounts Receivable	30	N/A	30	220
Accounts Receivable from the Public	93,685	(5,446)	88,239	94,467
Total Receivables	$ 93,715	$ (5,446)	$ 88,269	$ 94,687

Entity intragovernmental accounts receivable consist of amounts due from other U.S. Government agencies. No allowance accounts have been established for the intragovernmental accounts receivable, which are considered to be 100% collectible.

All other entity accounts receivable consist of amounts managed by missions or USAID/Washington. These receivables consist of overdue advances, unrecovered advances, and audit findings. The allowance for uncollectible accounts related to these receivables is calculated based on a historical analysis of collectability. Accounts receivable from missions are collected and recorded to the respective appropriation.

Interest receivable is calculated separately, and there is no interest included in the accounts receivable listed above.

NOTE 4. OTHER ASSETS

Advances as of September 30, 2012 and 2011 consisted of the following:

ADVANCES (In Thousands)	2012 (Restated)	2011
Intragovernmental		
Advances to Federal Agencies	$ 85,396	$ 96,219
Total Intragovernmental	85,396	96,219
Advances to Contractors/Grantees	129,794	433,078
Advances to Host Country Governments and Institutions	129,495	113,123
Advances, Other	198,518	2,968
Total with the Public	457,807	549,169
Total Other Assets	$ 543,203	$ 645,388

Intragovernmental Other Assets are comprised of advance payments to other Federal Government entities for agency expenses not yet incurred and for goods and services not yet received.

Advances to Contractors/Grantees are amounts that USAID pays to them to cover their immediate cash needs related to program implementation until they submit expense reports to USAID and USAID records those expenses. Advances to Host Country Governments and Institutions represent amounts advanced by USAID missions to host country governments and other in-country organizations, such as educational institutions and voluntary organizations. Advances, Other consist primarily of amounts advanced for living quarters, travel, and home service.

USAID restated the FY 2012 financial statements due to correction of error. Correction of the error resulted in a $294.7 million decrease in advances with the public.

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2012 and 2011 are as follows:

CASH AND OTHER MONETARY ASSETS *(in thousands)*		
Cash and Other Monetary Assets	**2012**	**2011**
Imprest Fund-Headquarters	$ –	$ 5
UE and Micro and Small Enterprise Fund Cash w/ Fiscal Agent	–	50
Foreign Currencies	349,069	306,580
Total Cash and Other Monetary Assets	$ 349,069	$ 306,635

USAID has imprest funds in various overseas locations. However, these funds are provided by the Department of State overseas U.S. Disbursing Officers to which USAID is liable for any shortages. USAID has no imprest fund balance to report because the imprest funds come from State Department appropriations.

Foreign Currencies are related to Foreign Currency Trust Funds that totaled $349 million in FY 2012 and $307 million in FY 2011. USAID does not have any non-entity cash or other monetary assets.

NOTE 6. DIRECT LOANS AND LOAN GUARANTEES, NET

USAID operates the following loan and/or loan guarantee programs:

- Direct Loan Program (Direct Loan)
- Urban and Environmental Program (UE)
- Micro and Small Enterprise Development Program (MSED)
- Israel Loan Guarantee Program (Israel Loan)
- Development Credit Authority Program (DCA)
- Egypt Loan Guarantee Program
- Tunisia Loan Guarantee Program

Direct loans resulting from obligations made prior to 1992 are reported net of allowance for estimated uncollectible loans. Estimated losses from defaults on loan guarantees resulting from obligations made prior to 1992 are reported as a liability.

The Credit Reform Act of 1990 prescribes an alternative method of accounting for direct loans and guarantees resulting from obligations made after 1991. Subsidy cost, which is the net present value of the cash flows (i.e. interest rates, interest supplements, estimated defaults, fees, and other cash flows) associated with direct loans and guarantees, is required by the Act to be recognized as an expense in the year in which the direct loan or guarantee is disbursed. Subsidy cost is calculated by agency program offices prior to obligation using a model prescribed by the Office of Management and Budget (OMB). Subsidy relating to existing loans and guarantees is generally required to be reestimated on an annual basis to adjust for changes in risk and interest rate assumptions. Direct loans are reported net of an allowance for this subsidy cost (allowance for subsidy). The subsidy costs associated with loan guarantees are reported as loan guarantee liability.

An analysis of loans receivable, loan guarantees, liability for loan guarantees, and the nature and amounts of the subsidy costs associated with the loans and loan guarantees are provided in the following sections.

The following net loan receivable amounts are not the same as the proceeds that USAID would expect to receive from selling its loans. Actual proceeds may be higher or lower depending on the borrower and the status of the loan.

SUMMARY OF LOANS RECEIVABLES, NET *(In Thousands)*		
	2012	**2011**
Net Direct Loans Obligated Prior to 1992 (Allowance for Loss Method)	$ 2,414,336	$ 2,953,161
Net Direct Loans Obligated After 1991 (Present Value Method)	237,142	232,992
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method)	122,098	206,228
Total Loans Receivable, Net as Reported on the Balance Sheet	$ 2,773,576	$ 3,392,381

DIRECT LOANS

DIRECT LOANS
(In Thousands)

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2012:				
Direct Loans	$ 2,667,424	$ 347,807	$ (600,894)	$ 2,414,337
MSED	29	26	(55)	–
Total	$ 2,667,453	$ 347,833	$ (600,949)	$ 2,414,337
Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2011:				
Direct Loans	$ 3,240,399	$ 330,519	$ (617,757)	$ 2,953,161
MSED	29	11	(40)	–
Total	$ 3,240,428	$ 330,530	$ (617,797)	$ 2,953,161

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans, Net
Direct Loans Obligated After 1991 as of September 30, 2012:				
Direct Loans	$ 771,129	$ 14,802	$ (622,091)	$ 163,840
UE - Subrogated Claims	49,208	16,249	8,029	73,486
MSED	150	24	(357)	(183)
Total	$ 820,487	$ 31,075	$ (614,419)	$ 237,143
Direct Loans Obligated After 1991 as of September 30, 2011:				
Direct Loans	$ 720,734	$ 14,251	$ (567,953)	$ 167,032
UE - Subrogated Claims	34,990	12,203	18,950	66,143
MSED	150	(150)	(183)	(183)
Total	$ 755,874	$ 26,304	$ (549,186)	$ 232,992

TOTAL AMOUNT OF DIRECT LOANS DISBURSED
(In Thousands)

Direct Loan Programs	2012	2011
Direct Loans	$ 3,438,553	$ 3,961,133
UE - Subrogated Claims	49,208	34,990
MSED	179	179
Total	$ 3,487,940	$ 3,996,302

SCHEDULE FOR RECONCILING SUBSIDY COST ALLOWANCE BALANCES (POST-1991 DIRECT LOANS)

(In Thousands)

	2012				2011			
	Direct Loan	UE - Sub. Claims	MSED	Total	Direct Loan	UE - Sub. Claims	MSED	Total
Beginning Balance, Changes, and Ending Balance								
Beginning Balance of the Subsidy Cost Allowance	$ 567,953	$(18,950)	$ 183	$549,186	$ 798,927	$(12,012)	$ 183	$787,098
Add: Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:								
(a) Interest Rate Differential Costs	–	–	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	–	–	–	–	–	–	–	–
(c) Fees and Other Collections	–	–	–	–	–	–	–	–
(D) Other Subsidy Costs	–	–	–	–	–	–	–	–
Total Of The Above Subsidy Expense Components	–	–	–	–	–	–	–	–
Adjustments:								
(A) Loan Modifications	–	–	–	–	–	–	–	–
(B) Fees Received	–	–	–	–	–	–	–	–
(C) Foreclosed Property Acquired	–	–	–	–	–	–	–	–
(D) Loans Written Off	–	–	–	–	–	–	–	–
(E) Subsidy Allowance Amortization	(3,790)	–	–	(3,790)	(21,896)	–	–	(21,896)
(F) Other	57,928	10,921	174	69,023	(209,078)	(6,938)	–	(216,016)
Ending Balance of the Subsidy Cost Allowance Before Reestimates	$ 622,091	$ (8,029)	$ 357	$614,419	$ 567,953	$(18,950)	$ 183	$549,186
Add or Subtract Subsidy Reestimates by Component:								
(A) Interest Rate Reestimate	–	–	–	–	–	–	–	–
(B) Technical/Default Reestimate	–	–	–	–	–	–	–	–
Total of the Above Reestimate Components	–	–	–	–	–	–	–	–
Ending Balance of the Subsidy Cost Allowance	$ 622,091	$ (8,029)	$ 357	$614,419	$ 567,953	$(18,950)	$ 183	$549,186

DEFAULTED GUARANTEED LOANS

(In Thousands)

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2012				
UE	$ 132,314	$ 93,523	$ (103,738)	$ 122,099
Total	$ 132,314	$ 93,523	$ (103,738)	$ 122,099
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2011				
UE	$ 222,020	$ 88,051	$ (103,843)	$ 206,228
Total	$ 222,020	$ 88,051	$ (103,843)	$ 206,228

DEFAULTED GUARANTEED LOANS FROM POST-1991 GUARANTEES

In 2012, the UE Program experienced $3.8 million in defaults on payments.

In 2011, the UE Program experienced $3.8 million in defaults on payments.

GUARANTEEDLOANSOUTSTANDING

GUARANTEED LOANS OUTSTANDING *(In Thousands)*		
Loan Guarantee Programs	**Outstanding Principal, Guaranteed Loans, Face Value**	**Amount of Outstanding Principal Guaranteed**
Guaranteed Loans Outstanding (2012):		
UE	$ 734,890	$ 734,890
MSED	14,760	7,380
Israel	11,280,648	11,280,648
DCA	266,156	133,078
Egypt	1,250,000	1,250,000
Tunisia	485,000	485,000
Total	$ 14,031,454	$ 13,890,996
Guaranteed Loans Outstanding (2011):		
UE	$ 817,179	$ 817,179
MSED	14,760	7,380
Israel	11,615,776	11,615,776
DCA	303,495	151,748
Egypt	1,250,000	1,250,000
Total	$ 14,001,210	$ 13,842,083
New Guaranteed Loans Disbursed (2012):		
DCA	$ 76	$ 38
Tunisia	485,000	485,000
Total	$ 485,076	$ 485,038
New Guaranteed Loans Disbursed (2011):		
DCA	$ 111,894	$ 55,947
Total	$ 111,894	$ 55,947

LIABILITY FOR LOAN GUARANTEES (In Thousands)			
Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Loan Guarantees for Post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
Liability for Loan Guarantees (Estimated Future Default Claims for Pre-1992 Guarantees) as of September 30, 2012:			
UE	$ 28,528	$ 155,921	$ 184,449
MSED	–	(661)	(661)
Israel	–	1,297,606	1,297,606
DCA	–	62,233	62,233
Egypt	–	438,855	438,855
Tunisia	–	29,876	29,876
Total	$ 28,528	$ 1,983,830	$ 2,012,358
Liability for Loan Guarantees (Estimated Future Default Claims for Pre-1992 Guarantees) as of September 30, 2011:			
UE	$ 54,977	$ 162,947	$ 217,924
MSED	–	(661)	(661)
Israel	–	1,314,845	1,314,845
DCA	–	30,206	30,206
Egypt	–	131,881	131,881
Total	$ 54,977	$ 1,639,218	$ 1,694,195

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT (In Thousands)					
Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Subsidy Expense for New Loan Guarantees (2012):					
DCA	$ –	$ 6,396	$ –-	$ –	$ 6,396
Tunisia	–	29,876	–	–	29,876
Total	$ –	$ 36,272	$ –	$ –	$ 36,272
Subsidy Expense for New Loan Guarantees (2011):					
DCA	$ –	$ 7,189	$ –	$ –	$ 7,189
Total	$ –	$ 7,189	$ –	$ –	$ 7,189

(continued on next page)

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT *(continued)*

(In Thousands)

Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Modifications and Reestimates (2012):				
UE	$ –	$ –	$ (4,907)	$ (4,907)
Israel	–	–	(99,363)	(99,363)
DCA	–	–	(380)	(380)
Egypt	–	–	301,455	301,455
Tunisia	–	–	–	–
Total	$ –	$ –	$ 196,805	$ 196,805
Modifications and Reestimates (2011):				
UE	$ –	$ –	$ 230	$ 230
Israel	–	–	5,769	5,769
Egypt	–	–	–	–
Total	$ –	$ –	$ 5,999	$ 5,999

TOTAL LOAN GUARANTEE SUBSIDY EXPENSE

(In Thousands)

Loan Guarantee Programs	2012	2011
UE	$ (4,907)	$ 230
MSED	–	–
Israel	(99,363)	5,769
DCA	6,016	7,189
Egypt	301,455	–
Tunisia	29,876	–
Total	$ 233,077	$ 13,188

SUBSIDY RATES FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT:

BUDGET SUBSIDY RATES FOR LOAN GUARANTEES FOR THE CURRENT YEAR'S COHORTS

(Percent)

Loan Guarantee Programs	Interest Supplements (%)	Defaults (%)	Fees and Other Collections (%)	Other (%)	Total (%)
DCA	–	5.01%	(0.89)%	–	4.12%
Tunisia	–	6.16%	–	–	6.16%

SCHEDULE FOR RECONCILING LOAN GUARANTEE LIABILITY BALANCES

(In Thousands)

2012

(Post-1991 Loan Guarantees)	DCA	MSED	UE	Israel	Egypt	Tunisia	Total
Beginning Balance, Changes, and Ending Balance							
Beginning Balance of the Loan Guarantee Liability	$ 30,206	$ (661)	$ 162,947	$ 1,314,845	$ 131,881	$ –	$1,639,218
Add: Subsidy Expense for Guaranteed Loans Disbursed During Reporting Years by Component:							
(A) Interest Supplement Costs	–	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	6,396	–	–	–	–	29,876	36,272
(C) Fees And Other Collections	–	–	–	–	–	–	–
(D) Other Subsidy Costs	–	–	–	–	–	–	–
Total of the Above Subsidy Expense Components	$ 6,396	$ –	$ –	$ –	$ –	$ 29,876	$ 36,272
Adjustments:							
(A) Loan Guarantee Modifications	–	–	–	–	–	–	–
(B) Fees Received	1,306	–	1,045	–	–	–	2,351
(C) Interest Supplements Paid	–	–	–	–	–	–	–
(D) Foreclosed Property and Loans Acquired	–	–	–	–	–	–	–
(E) Claim Payments to Lenders	(6,575)	(11)	(13,467)	(662,889)	(69,448)	–	(752,390)
(F) Interest Accumulation on the Liability Balance	1,998	–	3,307	82,124	5,519	–	92,948
(G) Other	29,282	11	6,996	662,889	69,448	–	768,626
Ending Balance of the Loan Guarantee Liability Before Reestimates	62,613	(661)	160,828	1,396,969	137,400	29,876	1,787,025
Add or Subtract Subsidy Reestimates by Component:							
(A) Interest Rate Reestimate	–	–	–	–	–	–	–
(B) Technical/Default Reestimate	(380)	–	(4,907)	(99,363)	301,455	–	196,805
Total of the Above Reestimate Components	(380)	–	(4,907)	(99,363)	301,455	–	196,805
Ending Balance of the Loan Guarantee Liability	$ 62,233	$ (661)	$ 155,921	$ 1,297,606	$ 438,855	$ 29,876	$1,983,830

2011

	DCA	MSED	UE	Israel	Egypt	Total
Beginning Balance, Changes, and Ending Balance						
Beginning Balance of the Loan Guarantee Liability	$ 15,035	$ (649)	$ 137,074	$ 1,856,214	$ 193,048	$2,200,722
Add: Subsidy Expense for Guaranteed Loans Disbursed During Reporting Years by Component:						
(A) Interest Supplement Costs	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	–	–	–	–	–	–
(C) Fees And Other Collections	–	–	–	–	–	–
(D) Other Subsidy Costs	7,189	–	–	–	–	7,189
Total of the Above Subsidy Expense Components	7,189	–	–	–	–	7,189
Adjustments:						
(A) Loan Guarantee Modifications	–	–	–	–	–	–
(B) Fees Received	1,164	–	1,153	–	–	2,317
(C) Interest Supplements Paid	–	–	–	–	–	–
(D) Foreclosed Property and Loans Acquired	–	–	–	–	–	–
(E) Claim Payments to Lenders	(27,566)	(1,297)	(30,463)	(135,134)	–	(194,460)
(F) Interest Accumulation on the Liability Balance	1,464	–	3,706	115,750	8,282	129,202
(G) Other	29,892	1,285	65,993	135,135	(1)	232,304
Ending Balance of the Loan Guarantee Liability Before Reestimates	27,178	(661)	177,463	1,971,965	201,329	2,377,274
Add or Subtract Subsidy Reestimates by Component:						
(A) Interest Rate Reestimate	–	–	–	–	–	–
(B) Technical/Default Reestimate	3,028	–	(14,516)	(657,120)	(69,448)	(738,056)
Total of the Above Reestimate Components	3,028	–	(14,516)	(657,120)	(69,448)	(738,056)
Ending Balance of the Loan Guarantee Liability	$ 30,206	$ (661)	$ 162,947	$ 1,314,845	$ 131,881	$1,639,218

ADMINISTRATIVE EXPENSE *(In Thousands)*		
Loan Programs	**2012**	**2011**
DCA	$ 13,890	$ 18,262
Total	$ 13,890	$ 18,262

OTHER INFORMATION

1. Allowance for Loss for Liquidating account (pre-Credit Reform Act) receivables have been calculated in accordance with OMB guidance using a present value method which assigns risk ratings to receivables based upon the country of debtor. Six countries are in violation of Section 620q of the Foreign Assistance Act (FAA), owing $11.1 million that is more than six months delinquent. Seven countries are in violation of the Brooke-Alexander Amendment to the Foreign Operations Export Financing and Related Programs Appropriations Act, owing $403.5 million that is more than one year delinquent. Outstanding direct loans receivable for countries in violation of Section 620q totaled $11.1 million. Outstanding direct loans receivable for countries in violation of the Brooke Amendment totaled $403.5 million.

2. The MSED Liquidating Account general ledger has a loan receivable balance of $29 thousand. This includes a loan pending closure. This loan is being carried at 100% bad debt allowance.

3. Reestimate amounts are subject to approval by the Office of Management and Budget (OMB), and any adjustments, if necessary, will be made in FY 2013.

NOTE 7. INVENTORY AND RELATED PROPERTY, NET

USAID's Inventory and Related Property, Net is comprised of Operating Materials and Supplies. Operating Materials and Supplies as of September 30, 2012 and 2011 are as follows:

INVENTORY AND RELATED PROPERTY *(In Thousands)*		
	2012	**2011**
Items Held for Use		
Office Supplies	$ 5,260	$ 6,046
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies	11,139	11,620
Birth Control Supplies	13,208	26,013
Total Inventory and Related Property	$ 29,607	$ 43,679

Operating Materials and Supplies are considered tangible properties that are consumed in the normal course of business and not held for sale. The valuation is based on historical acquisition costs. There are no items obsolete or unserviceable, and no restrictions on their use. Items costing less than $25,000 are expensed as incurred.

NOTE 8. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The components of Property, Plant and Equipment (PP&E) as of September 30, 2012 and 2011 are as follows:

GENERAL PROPERTY, PLANT AND EQUIPMENT, NET
(In Thousands)

	Useful Life	Cost	Accumulated Depreciation	Net Book Value 2012	Net Book Value 2011
Classes of Fixed Assets:					
Equipment	3 to 5 years	$ 87,704	$ (68,236)	$ 19,468	$ 10,905
Buildings, Improvements, and Renovations	20 years	68,840	(43,226)	25,614	23,850
Land and Land Rights	N/A	7,203	N/A	7,203	7,203
Assets Under Capital Lease (Note 9)		–	–	–	–
Construction in Progress	N/A	–	–	–	–
Internal Use Software	3 to 5 years	110,674	(86,599)	24,075	32,144
Total PP&E		$ 274,421	$ (198,061)	$ 76,360	$ 74,102

The threshold for capitalizing assets is $25,000 except for Internal Use Software which is capitalized and amortized at $300,000. Assets are depreciated using the straight line depreciation method. USAID uses the mid-year convention for assets purchased prior to FY 2003 and the mid-quarter convention for assets purchased during FY 2003 and beyond. Depreciable assets are assumed to have no remaining salvage value. There are currently no restrictions on PP&E assets.

USAID PP&E includes assets located in Washington, D.C. offices and overseas field missions.

Equipment consists primarily of electric generators, Automatic Data Processing (ADP) hardware, vehicles and copiers located at the overseas field missions. Note 9 discusses USAID leases.

Buildings, Improvements, and Renovations, in addition to Land and Land Rights include USAID owned office buildings and residences at foreign missions, including the land on which these structures reside. These structures are used and maintained by the field missions. USAID does not separately report the cost of the building and the land on which the building resides.

Land consists of property owned by USAID in foreign countries. Land is generally procured with the intent of constructing buildings.

NOTE 9. LEASES

As of September 30, 2012 and 2011 Leases consisted of the following:

LEASES (In Thousands)		
Entity as Lessee		
Capital Leases:	**2012**	**2011**
Summary Of Assets Under Capital Lease:		
Buildings	$ –	$ 900
Accumulated Depreciation	–	(900)
Net Assets Under Capital Leases	$ –	$ –

Description of Lease(s) Arrangements. Capital leases consist of rental agreements entered into by missions for warehouses, parking lots, residential space, and office buildings. These leases are one year or more in duration.

Operating Leases: **Future Payments Due:** **Fiscal Year**	**2012 Future Costs**
2013	$ 88,180
2014	79,213
2015	73,494
2016	25,725
2017	22,454
After 5 Years	43,672
Lease Liabilities Covered By Budgetary Resources	$ 332,738

Operating lease payments total $333 million in future lease payments of which $166 million is for the USAID headquarters in Washington, D.C. The current lease agreements are for approximately 802,417 sq. feet and with expiration dates of FY 2013, FY 2015, FY 2016, FY 2017 and FY 2020. The lessor, General Services Administration (GSA), charges commercial rates for USAID's occupancy.

NOTE 10. LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

USAID records liabilities for amounts that are likely to be paid as the direct result of events that have already occurred. USAID considers the Intragovernmental accounts payable as liabilities covered under budgetary resources. These accounts payable are those payable to other federal agencies and consist mainly of unliquidated obligation balances related to interagency agreements between USAID and other federal agencies. The accounts payable with the public represent liabilities to other non-federal entities.

Liabilities not covered by budgetary resources include accrued unfunded annual leave and separation pay. Although future appropriations to fund these liabilities are probable and anticipated, Congressional action is needed before budgetary resources can be provided. Accrued unfunded annual leave, workers' compensation benefits, and separation pay represent future liabilities not currently funded by budgetary resources, but will be funded as it becomes due with future resources. The Contingent Liabilities for Loan Guarantees is in the pre-Credit Reform Urban and Environ- mental (UE) Housing Loan Guarantee liquidating fund. As such, it represents the estimated liability to lenders for future loan guarantee defaults in that program.

As of September 30, 2012 and 2011 liabilities covered and not covered by budgetary resources were as follows:

LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES

(In Thousands)

	2012	2011
Liabilities Covered by Budgetary Resources:		
Intragovernmental:		
Accounts Payable	$ 121,730	$ 15,597
Debt (Note 11)	478,304	478,380
Liability For Capital Transfers To The General Fund Of The Treasury (Note 11)	2,613,998	3,198,706
Other Liabilities (Note 12)	660,533	701,303
Total Intragovernmental	3,874,565	4,393,986
Accounts Payable	1,856,966	1,722,872
Disbursements In Transit	10,178	11,286
Total Accounts Payable With Public	1,867,144	1,734,158
Loan Guarantee Liability (Note 6)	1,983,830	1,639,218
Other Liabilities With Public	501,747	459,909
Total Liabilities Covered By Budgetary Resources	$ 8,227,286	$ 8,227,271
Liabilities Not Covered By Budgetary Resources:		
Intragovernmental:		
IPAC Suspense	$ (7,108)	$ 4,968
Unfunded FECA Liability (Note 13)	8,228	8,073
Other Unfunded Employment Related Liability	120	107
Other Liabilities (Note 12)	95,088	730,974
Total Intragovernmental (Note 12)	$ 96,328	$ 744,122
Accrued Annual Leave	43,829	35,948
FSN Separation Pay Liability	–	–
Total Accrued Unfunded Annual Leave And Separation Pay	43,829	35,948
Future Workers' Compensation Benefits (Note 13)	23,582	22,175
Debt - Contingent Liabilities For Loan Guarantees (Note 6)	28,528	54,977
Total Liabilities Not Covered By Budgetary Resources	192,267	857,222
Total Liabilities	$ 8,419,553	$ 9,084,493

NOTE 11. DEBT

USAID Intragovernmental Debt as of September 30, 2012 and September 30, 2011 consisted of the following borrowings from Treasury for post-1991 loan programs, which is classified as other debt:

INTRAGOVERNMENTAL DEBT (In Thousands)					
Debt Due to Treasury	2011 Beginning Balance	Net Borrowing	2011 Ending Balance	Net Borrowing	2012 Ending Balance
Direct Loans	$ 478,195	$ –	$ 478,195	$ –	$ 478,195
DCA	85	100	185	(76)	109
Total Treasury Debt	$ 478,280	$ 100	$ 478,380	$ (76)	$ 478,304

Pursuant to the Federal Credit Reform Act of 1990, agencies with credit programs have permanent indefinite authority to borrow funds from the Treasury. These funds are used to disburse new direct loans to the public and, in certain situations, to cover credit reform program costs. Liquidating (pre-1992) accounts have permanent indefinite borrowing authority to be used to cover program costs when they exceed account resources.

In FY 2012, no interest was accrued for DCA and Direct Loans.

The above disclosed debt is principal payable to Treasury, which represents financing account borrowings from Treasury under the Federal Credit Reform Act and net liquidating account equity in the amount of $2.6 billion, which under the Act is required to be recorded as Liability for Capital Transfers to the General Fund of the Treasury. All debt shown is intragovernmental debt.

NOTE 12. OTHER LIABILITIES

As of September 30, 2012 and 2011 Other Liabilities consisted of the following:

OTHER LIABILITIES (In Thousands)	2012	2011
Intragovernmental		
IPAC Suspense	$ (7,108)	$ 4,968
Unfunded FECA Liability	8,228	8,073
Custodial Liability	8,090	12,543
Employer Contributions & Payroll Taxes Payable	4,765	10,070
Other Unfunded Employment Related Liability	120	107
Liability For Advances And Prepayments	647,678	678,690
Other Liabilities	95,088	730,974
Total Intragovernmental	$ 756,861	$ 1,445,425
Accrued Funded Payroll And Leave	31,325	39,753
Accrued Unfunded Annual Leave And Separation Pay (Note 10)	43,829	35,948
Advances From Others	2,697	2,688
Deferred Credits	1,330	21,388
Foreign Currency Trust Fund	350,210	307,726
Capital Lease Liability (Note 9)	–	–
Other Liabilities	116,185	88,354
Total Liabilities With The Public	$ 545,576	$ 495,857
Total Other Liabilities	$ 1,302,437	$ 1,941,282

Intragovernmental Liabilities represent amounts due to other federal agencies.
All remaining Other Liabilities are liabilities to non-federal entities.

NOTE 13. FEDERAL EMPLOYEES AND VETERAN'S BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2012 and 2011 are indicated in the table below.

ACCRUED UNFUNDED WORKERS' COMPENSATION BENEFITS
(In Thousands)

	2012	2011
Liabilities Not Covered by Budgetary Resources		
Future Workers' Compensation Benefits	$ 23,582	$ 22,175
Unfunded FECA Liability	8,228	8,073
Total Accrued Unfunded Workers' Compensation Benefits	$ 31,810	$ 30,248

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job and to beneficiaries of employees whose deaths are attributable to job-related injury or disease. The FECA program is administered by the Department of Labor (DOL). DOL initially pays valid FECA claims for all Federal Government agencies and seeks reimbursement two fiscal years later from the federal agencies employing the claimants.

For FY 2012, USAID's total FECA liability was $31.8 million, comprised of unpaid FECA billings for $8.2 million and estimated future FECA costs of $23.6 million.

The actuarial estimate for the FECA unfunded liability is determined by the DOL using a method that utilizes historical benefit payment patterns. The projected annual benefit payments are discounted to present value using economic assumption for 10-year Treasury notes and bonds and the amount is further adjusted for inflation.

NOTE 14. COMMITMENTS AND CONTINGENCIES

USAID is involved in certain claims, suits, and complaints that have been filed or are pending. These matters are in the ordinary course of the Agency's operations and are not expected to have a material adverse effect on the Agency's financial operations.

As of September 30, 2012 a total of four cases were pending, along with two claims that have yet to be filed in any court.

- The first case arises from a fatal automobile collision. The consolidated action asserts negligence against United States (AID and State). The court has dismissed the tort claims and denied reconsideration. The damages sought are $48 million.
- The second case is a basic claim that USAID has willfully violated the Fair Labor Standards Act by failing to compensate employees for overtime worked. The estimated loss is $10 million.
- The third case is a contract claim that USAID wrongfully withheld payment for invoices submitted by a contractor under the "Hurricane Mitch" host-country relief efforts.
- The fourth case is a companion to a prior case, in which a contractor seeks compensation for efforts and expenses it claims to have incurred under a terminated host country contract with an estimated loss of $1.8 million.

The two claims that have not been filed in any court were submitted on December 2, 2011 under the Federal Tort Claims Act. Both claims allege negligence on the part of the Agency. The first claim seeks payment totaling $20 million and the second seeks payment totaling $10 million. The Agency has 6 months to respond to the claim; if the response is unfavorable then the claims may become the subject of litigation before a U.S. District Court. The General Counsel Office plans to defend the Agency's actions if a case is filed in court.

During FY 2012 there was 1 dismissal and 2 settlements.

- The dismissal occurred in the second quarter of FY 2012. The case was based on a claim for damages suffered allegedly as a result of USAID-caused delay in relation to the delivery and off-loading of grain. The Civilian Board of Contract Appeals ruled in USAID's favor and dismissed the case on January 11, 2012.
- A settlement was reached in the third quarter on June 12, 2012. Pursuant to the agreement the Agency paid $511,000 to settle all claims against USAID.

- A settlement was reached in the fourth quarter on September 12, 2012. Pursuant to the agreement the Agency paid $1,250,000 to settle all claims against USAID.

USAID's normal course of business involves the execution of project agreements with foreign governments that are a type of treaty. All of these agreements give rise to obligations that are fully reported on USAID's financial statements, and none of which are contingent. It is not USAID's normal business practice to enter into other types of agreements or treaties with foreign governments that create contingent liabilities.

NOTE 15. RECOVERY ACT FUNDS

RECOVERY ACT ASSETS, LIABILITIES AND NET POSITION
(In Thousands)

	Recovery Act Assets, Liabilities and Net Position	
	2012	**2011**
Fund Balance With Treasury	$ 8	$ 976
Total Assets	**8**	**976**
Accounts Payable	–	853
Total Liabilities	**–**	**853**
Unexpended Appropriations	8	123
Cumulative Results Of Operations	–	–
Total Net Position	**8**	**123**
Total Liabilities And Net Position	**$ 8**	**$ 976**
	Status of Recovery Act Funds	
Total Budgetary Resources	**$ 8**	**$ 8**
Obligations Incurred	–	–
Unobligated Balance	8	8
Total Status Of Budgetary Resources	**$ 8**	**$ 8**
Total, Unpaid Obligated Balance, Net, End Of Period	–	968
Net Outlays	**$ 968**	**$ 14,886**

In February, 2009 Congress passed the American Recovery and Reinvestment Act of 2009 with the goal to create jobs, spur economic activity and invest in long term economic growth. This $787 billion Recovery plan includes federal tax cuts and incentives, an expansion of unem- ployment benefits, and other spending on social entitlement programs. In addition, federal agencies are using Recovery funds to award contracts, grants, and loans around the country.

USAID received $38 million for information technology security and upgrades to support mission-critical operations. Due to Agency IT priori- ties and toward maximizing job creation with the Recovery Act funds, USAID determined that the funding should be dedicated to the Global Acquisition and Assistance System (GLAAS) project. There is one fund in association with the Recovery Act Funds.

NOTE 16. INTRAGOVERNMENTAL COSTS AND EARNED REVENUE

The Consolidated Statement of Net Cost reports the Agency's gross costs less earned revenues to arrive at net cost of operations by Objective and Program Area, as of September 30, 2012. These objectives are consistent with the State/USAID's Strategic Planning Framework.

The format of the Consolidated Statement of Net Cost is consistent with OMB Circular A-136 guidance.

Note 16 shows the value of transactions between USAID and other federal entities as well as non-federal entities. These are also categorized by Objectives, Program Areas and Responsibility Segments.

Responsibility Segments are defined in Note 17.

Intragovernmental costs and earned revenue sources relate to transactions between USAID and other federal entities. Public costs and exchange revenues relate to transactions between USAID and non-federal entities.

INTRAGOVERNMENTAL COSTS AND EARNED REVENUE BY RESPONSIBILITY SEGMENT

For the Years Ended September 30, 2012 and 2011 (In Thousands)

Objective	Africa	Asia	OAPA	DCHA	EGAT	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	Adjust-ments	2012 Total (Restated)	2011 Total
Peace And Security													
Intragovernmental Costs	$ 2,102	$ 4,332	$ 4,324	$ 8,362	$ 3,669	$ 4,278	$ –	$	$ 4,945	$ 3,457	$ 1,102	$ 36,571	$ 37,827
Public Costs	62,672	40,895	180,285	135,719	4,241	68,696	–	–	129,798	10,065	19,642	652,013	903,946
Total Program Costs	64,774	45,227	184,609	144,081	7,910	72,974	–	–	134,743	13,522	20,744	688,584	941,773
Intragovernmental Earned Revenue	(248)	(461)	(436)	(673)	(82)	(504)	–	–	(583)	(33)	–	(3,020)	(3,414)
Public Earned Revenue	(9)	(16)	(15)	(23)	(3)	(18)	–	–	(20)	(1)	–	(105)	(1,315)
Total Earned Revenue	(257)	(477)	(451)	(696)	(85)	(522)	–	–	(603)	(34)	–	(3,125)	(4,729)
Net Program Costs	**64,517**	**44,750**	**184,158**	**143,385**	**7,825**	**72,452**	**–**	**–**	**134,140**	**13,488**	**20,744**	**685,459**	**937,044**
Governing Justly And Democratically													
Intragovernmental Costs	9,444	9,342	38,997	5,160	3,062	9,263	–	–	9,521	9,262	2,925	96,976	71,985
Public Costs	204,919	137,479	1,476,411	75,915	5,885	172,351	–	175	160,990	378,164	81,248	2,693,537	1,772,220
Total Program Costs	214,363	146,821	1,515,408	81,075	8,947	181,614	–	175	170,511	387,426	84,174	2,790,514	1,844,205
Intragovernmental Earned Revenue	(904)	(983)	(3,010)	(860)	(74)	(1,000)	–	–	(857)	(1,056)	–	(8,744)	(6,773)
Public Earned Revenue	(31)	(34)	(104)	(19)	(3)	(34)	–	–	(47)	(76)	–	(348)	(2,606)
Total Earned Revenue	(935)	(1,017)	(3,114)	(879)	(77)	(1,034)	–	–	(904)	(1,132)	–	(9,092)	(9,379)
Net Program Costs	**213,428**	**145,804**	**1,512,294**	**80,196**	**8,870**	**180,580**	**–**	**175**	**169,607**	**386,294**	**84,174**	**2,781,422**	**1,834,826**
Investing In People													
Intragovernmental Costs	99,799	20,864	9,047	3,384	6,562	7,481	33,523	–	12,089	12,410	5,071	210,230	184,192
Public Costs	678,017	161,503	294,245	69,895	65,545	70,214	964,697	139	118,722	349,642	68,535	2,841,154	3,082,252
Total Program Costs	777,816	182,367	303,292	73,279	72,107	77,695	998,220	139	130,811	362,052	73,606	3,051,384	3,266,444
Intragovernmental Earned Revenue	(11,136)	(2,602)	(76,743)	(370)	(3,776)	(867)	(513,129)	–	(1,240)	(1,338)	–	(611,201)	(192,051)
Public Earned Revenue	(384)	(90)	(325)	(13)	(6,906)	(20)	(125)	–	(43)	(46)	–	(7,952)	(11,310)
Total Earned Revenue	(11,520)	(2,692)	(77,068)	(383)	(10,682)	(887)	(513,254)	–	(1,283)	(1,384)	–	(619,153)	(203,361)
Net Program Costs	**766,296**	**179,675**	**226,224**	**72,896**	**61,425**	**76,808**	**484,966**	**139**	**129,528**	**360,668**	**73,606**	**2,432,231**	**3,063,083**

(continued on next page)

INTRAGOVERNMENTAL COSTS AND EARNED REVENUE BY RESPONSIBILITY SEGMENT

For the Years Ended September 30, 2012 and 2011 (In Thousands)

Objective	Africa	Asia	OAPA	DCHA	EGAT	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	Adjust-ments	2012 Total (Restated)	2011 Total
Economic Growth													
Intragovernmental Costs	57,015	32,417	20,389	2	116,533	10,801	–	–	35,492	23,159	8,477	304,285	289,077
Public Costs	650,098	351,949	684,508	257	640,526	211,443	–	1,923	284,573	649,515	99,573	3,574,365	3,848,084
Total Program Costs	707,113	384,366	704,897	259	757,059	222,244	–	1,923	320,065	672,674	108,050	3878,650	4,137,161
Intragovernmental Earned Revenue	(2,465)	(2,428)	(1,901)	–	(111,938)	(1,198)	–	–	(3,409)	(2,815)	--	(126,154)	(169,667)
Public Earned Revenue	(85)	(84)	(64)	–	(181,709)	(41)	–	–	(47)	(82)	--	(182,112)	(718,266)
Total Earned Revenue	(2,550)	(2,512)	(1,965)	–	(293,647)	(1,239)	–	–	(3,456)	(2,897)		(308,266)	(887,933)
Net Program Costs	**704,563**	**381,854**	**702,932**	**259**	**463,412**	**221,005**	–	**1,923**	**316,609**	**669,777**	**108,050**	**3,570,384**	**3,249,228**
Humanitarian Assistance													
Intragovernmental Costs	16	6,864	1,494	81,475	–	187	–	–	1,373	1,314	2,880	95,603	151,850
Public Costs	600	24,306	25,937	1,098,779	8,367	4,411	–	–	20,630	37,081	37,898	1,258,009	1,487,936
Total Program Costs	616	31,170	27,431	1,180,254	8,367	4,598	–	–	22,003	38,395	40,779	1,353,613	1,639,786
Intragovernmental Earned Revenue	(1)	(224)	(65)	(5,410)	–	(22)	–	–	(70)	(131)	--	(5,923)	(5,882)
Public Earned Revenue	–	(8)	(2)	(188)	–	(1)	–		(2)	(5)	--	(206)	(2,264)
Total Earned Revenue	(1)	(232)	(67)	(5,598)	–	(23)	–	–	(72)	(136)	--	(6,129)	(8,146)
Net Program Costs	**615**	**30,938**	**27,364**	**1,174,656**	**8,367**	**4,575**	–	–	**21,931**	**38,259**	**40,799**	**1,306,705**	**1,631,640**
Operating Unit Management													
Intragovernmental Costs	21,306	10,331	26,390	36,319	39,136	13,855	–	74	12,985	7,426	5,213	173,035	148,595
Public Costs	93,213	44,654	114,699	80,737	33,651	36,008	–	2,764	57,915	25,370	15,189	504,199	382,242
Total Program Costs	114,519	54,985	141,089	117,056	72,787	49,863	–	2,838	70,900	32,796	20,401	677,233	530,837
Intragovernmental Earned Revenue	(539)	(329)	(316)	(441)	(723)	(246)	–	–	(312)	(86)	--	(2,992)	(2,223)
Public Earned Revenue	(19)	(11)	(11)	(15)	(25)	(8)	–	–	(11)	(3)	--	(103)	(742)
Total Earned Revenue	(558)	(340)	(327)	(456)	(748)	(254)	–	–	(323)	(89)	--	(3,095)	(2,965)
Net Program Costs	**113,961**	**54,645**	**140,762**	**116,600**	**72,039**	**49,609**	–	**2,838**	**70,577**	**32,707**	**20,401**	**674,139**	**527,872**
Adjustments	**58,151**	**26,141**	**87,185**	**49,557**	**19,409**	**18,881**	**15,134**	**158**	**26,289**	**46,848**			
Net Cost of Operations	**$1,921,531**	**$ 863,807**	**$ 2,880,919**	**$1,637,548**	**$641,347**	**$ 623,910**	**$ 500,100**	**$ 5,233**	**$ 868,681**	**$ 1,548,041**		**$11,491,118**	**$11,243,693**

NOTE 17. SUBORGANIZATION PROGRAM COSTS/PROGRAM COSTS BY SEGMENT

The Suborganization Program Costs/ Program Costs by Segment categorizes costs and revenues by Objectives, Program Areas and Responsibility Segment.

A responsibility segment is the component that carries out a mission or major line of activity, and whose managers report directly to top management. The geographic and technical bureaus of USAID (below) meet the criteria of a responsibility segment. These bureaus directly support the Agency goals while the remaining bureaus and offices support the operations of these bureaus. To report the full cost of program outputs, the cost of support bureaus and offices are allocated to the outputs of the geographic and technical bureaus. Intra-agency eliminations are allocated to Program Areas to reflect total costs.

The FY 2012 Consolidated Statement of Net Cost major responsibility segments are (i) the Geographic Bureaus and (ii) the Technical Bureaus. The Geographic Bureaus include: Africa; Asia; Middle East; Latin America and the Caribbean; and Europe and Eurasia; and Afghanistan and Pakistan (OAPA).

Technical Bureaus are referred to as Democracy, Conflict, and Humanitarian Assistance (DCHA); Economic Growth, Agriculture and Trade (EGAT) and Global Health (GH). In FY 2012 Q2, IDEA was added as a Technical Bureau.

SCHEDULE OF COSTS BY RESPONSIBILITY SEGMENT

As of September 30, 2012 and 2011
(In Thousands)

Objective	Africa	Asia	DCHA	EGAT	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	OAPA	Adjust-ments	2012 Restated Total	2011 Consolidated Total
Peace and Security													
Counter-Terrorism													
Gross Costs	16,807	353	50	-	-	-	-	-	3,178	-	633	21,021	29,344
Less: Earned Revenues	(53)	(3)	-	-	-	-	-	-	(5)	-	-	(61)	(107)
Net Program Costs	16,754	350	50	-	-	-	-	-	3,173	-	633	20,960	29,237
Combating Weapons of Mass Destruction (WMD)													
Gross Costs	-	-	50	-	30,351	-	-	-	-	-	944	31,345	13,790
Less: Earned Revenues	-	-	-	-	(295)	-	-	-	-	-	-	(295)	(165)
Net Program Costs	-	-	50	-	30,056	-	-	-	-	-	944	31,050	13,625
Stabilization Operations and Security Sector Reform													
Gross Costs	678	7,066	-	-	2,301	-	-	20,304	5,112	8,505	1,366	45,332	36,398
Less: Earned Revenues	(2)	(27)	-	-	(14)	-	-	(98)	(23)	(17)	-	(181)	(139)
Net Program Costs	676	7,039	-	-	2,287	-	-	20,206	5,089	8,488	1,366	45,151	36,259
Counter-Narcotics													
Gross Costs	-	6,173	50	-	365	-	-	110,266	-	102,077	6,800	225,731	303,326
Less: Earned Revenues	-	(166)	-	-	(3)	-	-	(482)	-	(245)	-	(896)	(1,943)
Net Program Costs	-	6,007	50	-	362	-	-	109,784	-	101,832	6,800	224,835	301,383
Transnational Crime													
Gross Costs	128	8,172	195	58	4,188	-	-	1,115	-	-	430	14,286	15,483
Less: Earned Revenues	(1)	(38)	(1)	(1)	(22)	-	-	(3)	(1)	-	-	(67)	(67)
Net Program Costs	127	8,134	194	57	4,166	-	-	1,112	(1)	-	430	14,219	15,416
Conflict Mitigation and Reconciliation													
Gross Costs	47,161	23,464	143,733	7,852	35,769	-	-	3,059	5,233	74,027	10,570	350,868	543,432
Less: Earned Revenues	(201)	(244)	(692)	(84)	(188)	-	-	(21)	(6)	(189)	-	(1,625)	(2,308)
Net Program Costs	46,960	23,220	143,041	7,768	35,581	-	-	3,038	5,227	73,838	10,570	349,243	541,124
Total Peace & Security	**64,517**	**44,750**	**143,385**	**7,825**	**72,452**	**-**	**-**	**134,140**	**13,488**	**184,158**	**20,744**	**685,459**	**937,044**

(continued on next page)

SCHEDULE OF COSTS BY RESPONSIBILITY SEGMENT

As of September 30, 2012 and 2011

(In Thousands)

Objective	Africa	Asia	DCHA	EGAT	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	OAPA	Adjust-ments	2012 Restated Total	2011 Consolidated Total
Rule of Law and Human Rights													
Gross Costs	26,372	28,369	2,271	1,325	37,085	-	-	67,215	30,281	44,375	7,380	244,673	233,098
Less: Earned Revenues	(130)	(161)	(24)	(13)	(220)	-	-	(319)	(92)	(127)	-	(1,086)	(1,245)
Net Program Costs	26,242	28,208	2,247	1,312	36,865	-	-	66,896	30,189	44,248	7,380	243,587	231,853
Good Governance													
Gross Costs	94,527	69,614	47,628	6,194	54,290	-	-	65,656	187,036	1,400,510	59,886	1,985,341	1,020,159
Less: Earned Revenues	(348)	(538)	(242)	(44)	(289)	-	-	(365)	(458)	(2,801)	-	(5,085)	(4,787)
Net Program Costs	94,179	69,076	47,386	6,150	54,001	-	-	65,291	186,578	1,397,709	59,886	1,980,256	1,015,372
Political Competition and Consensus-Building													
Gross Costs	46,144	20,181	12,210	-	29,146	-	-	16,294	28,952	39,288	5,978	198,193	257,812
Less: Earned Revenues	(283)	(168)	(176)	-	(172)	-	-	(133)	(77)	(106)	-	(1,115)	(1,640)
Net Program Costs	45,861	20,013	12,034	-	28,974	-	-	16,161	28,875	39,182	5,978	197,078	256,172
Civil Society													
Gross Costs	47,320	28,657	18,964	1,428	61,093	-	175	21,347	141,158	31,235	10,929	362,306	333,136
Less: Earned Revenues	(174)	(150)	(435)	(20)	(353)	-	-	(88)	(506)	(80)	-	(1,806)	(1,707)
Net Program Costs	47,146	28,507	18,529	1,408	60,740	-	175	21,259	140,652	31,155	10,929	360,500	331,429
Total Governing Justly and Democratically	**213,428**	**145,804**	**80,196**	**8,870**	**180,580**	**-**	**175**	**169,607**	**386,294**	**1,512,294**	**84,174**	**2,781,422**	**1,834,826**
Investing in People													
Health													
Gross Costs	485,473	103,722	9,763	16,575	51,243	998,220	139	47,890	160,213	157,176	50,189	2,080,603	1,759,827
Less: Earned Revenues	(10,434)	(2,033)	(54)	(215)	(713)	(513,254)	-	(868)	(525)	(586)	-	(528,682)	(175,628)
Net Program Costs	475,039	101,689	9,709	16,360	50,530	4 84,966	139	47,022	159,688	156,590	50,189	1,551,921	1,584,199
Education													
Gross Costs	256,374	67,375	15,327	24,207	16,707	-	-	47,992	131,660	104,411	16,414	680,467	746,042
Less: Earned Revenues	(905)	(481)	(71)	(233)	(107)	-	-	(165)	(365)	(76,137)	-	(78,464)	(3,555)
Net Program Costs	255,469	66,894	15,256	23,974	16,600	-	-	47,827	131,295	28,274	16,414	602,003	742,487
Social and Economic Services and Protection for Vulnerable Populations													
Gross Costs	35,968	11,270	48,189	31,326	9,745	-	-	34,929	70,179	41,705	7,003	290,314	760,575
Less: Earned Revenues	(180)	(178)	(258)	(10,235)	(67)	-	-	(250)	(494)	(345)	-	(12,007)	(24,178)
Net Program Costs	35,788	11,092	47,931	21,091	9,678	-	-	34,679	69,685	41,360	7,003	278,307	736,397
Total Investing in People	**766,296**	**179,675**	**72,896**	**61,425**	**76,808**	**484,966**	**139**	**129,528**	**360,668**	**226,224**	**73,606**	**2,432,231**	**3,063,083**
Economic Growth													
Macroeconomic Foundation for Growth													
Gross Costs	21,815	11,009	3	59,611	12,132	-	-	6,730	409,466	9,493	15,195	545,454	720,843
Less: Earned Revenues	(54)	(42)	-	(47,355)	(51)	-	-	(10)	(2,051)	(15)	-	(49,578)	(399,114)
Net Program Costs	21,761	10,967	3	12,256	12,081	-	-	6,720	407,415	9,478	15,195	495,876	321,729
Trade and Investment													
Gross Costs	32,015	23,110	2	10,752	14,974	-	226	26,263	11,766	24,932	4,128	148,168	137,193
Less: Earned Revenues	(134)	(140)	-	(142)	(92)	-	-	(120)	(43)	(66)	-	(737)	(714)
Net Program Costs	31,881	22,970	2	10,610	14,882	-	226	26,143	11,723	24,866	4,128	147,431	136,479
Financial Sector													
Gross Costs	10,431	5,441	2	500,142	19,882	-	149	529	20,510	7,740	16,186	581,012	566,541
Less: Earned Revenues	(47)	(40)	-	(243,570)	(124)	-	-	(2,045)	(85)	(22)	-	(245,933)	(472,398)
Net Program Costs	10,384	5,401	2	256,572	19,758	-	149	(1,516)	20,425	7,718	16,186	335,079	94,143
Infrastructure													
Gross Costs	141,854	58,487		5,652	61,657	-	190	54,297	9,568	430,369	21,838	783,912	870,795
Less: Earned Revenues	(613)	(506)	-	(88)	(323)	-	-	(283)	(48)	(1,222)	-	(3,083)	(4,915)
Net Program Costs	141,241	57,981	-	5,564	61,334	-	190	54,014	9,520	429,147	21,838	780,829	865,880

(continued on next page)

SCHEDULE OF COSTS BY RESPONSIBILITY SEGMENT

As of September 30, 2012 and 2011

(In Thousands)

Objective	Africa	Asia	DCHA	EGAT	Europe & Eurasia	Global Health	IDEA	Latin America & Caribbean	Middle East	OAPA	Adjust-ments	2012 Restated Total	2011 Consolidated Total
Agriculture													
Gross Costs	341,463	123,466	2	56,736	25,574	-	328	59,425	51,125	124,911	22,438	805,468	935,266
Less: Earned Revenues	(1,171)	(1,040)	-	(1,074)	(143)	-	-	(279)	(157)	(349)	-	(4,213)	(5,911)
Net Program Costs	340,292	122,426	2	55,662	25,431	-	328	59,146	50,968	124,562	22,438	801,255	929,355
Private Sector Competitivenes													
Gross Costs	34,603	41,138	104	7,667	72,641	-	-	48,858	61,895	71,968	9,711	348,585	301,468
Less: Earned Revenue	(114)	(228)	-	(106)	(429)	-	-	(219)	(189)	(211)	-	(1,496)	(1,600)
Net Program Costs	34,489	40,910	104	7,561	72,212	-	-	48,639	61,706	71,757	9,711	347,089	299,868
Economic Opportunity													
Gross Costs	27,104	10,795	2	22,129	6,198	-	1,030	10,414	71,370	32,673	5,207	186,922	188,923
Less: Earned Revenue	(84)	(79)	-	(281)	(29)	-	-	(65)	(178)	(70)	-	(786)	(1,000)
Net Program Costs	27,020	10,716	2	21,848	6,169	-	1,030	10,349	71,192	32,603	5,207	186,136	187,923
Environment													
Gross Costs	97,828	110,922	145	94,369	9,185	-	-	113,548	36,974	2,811	13,347	479,129	416,132
Less: Earned Revenue	(333)	(439)	(1)	(1,030)	(47)	-	-	(434)	(146)	(10)	-	(2,440)	(2,281)
Net Program Costs	97,495	110,483	144	93,339	9,138	-	-	113,114	36,828	2,801	13,347	476,689	413,851
Total Economic Growth	**704,563**	**381,854**	**259**	**463,412**	**221,005**	**-**	**1,923**	**316,609**	**669,777**	**702,932**	**108,050**	**3,570,384**	**3,249,228**
Humanitarian Assistance													
Protection, Assistance and Solutions													
Gross Costs	-	27,790	1,063,016	-	4,575	-	-	22,003	38,397	24,743	36,669	1,217,193	1,503,723
Less: Earned Revenue	-	(222)	(5,074)	-	(22)	-	-	(70)	(138)	(61)	-	(5,587)	(7,565)
Net Program Costs	-	27,568	1,057,942	-	4,553	-	-	21,933	38,259	24,682	36,669	1,211,606	1,496,158
Disaster Readiness													
Gross Costs	615	3,362	117,237	8,367	-	-	-	-	-	-	4,025	133,606	133,772
Less: Earned Revenue	-	(9)	(525)	-	-	-	-	(2)	-	-	-	(536)	(557)
Net Program Costs	615	3,353	116,712	8,367	-	-	-	(2)	-	-	4,025	133,070	133,215
Migration Management													
Gross Costs	-	17	2	-	22	-	-	-	-	2,688	85	2,814	2,291
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	(6)	-	(6)	(24)
Net Program Costs	-	17	2	-	22	-	-	-	-	2,682	85	2,808	2,267
Total Humanitarian Assistance	**615**	**30,938**	**1,174,656**	**8,367**	**4,575**	**-**	**-**	**21,931**	**38,259**	**27,364**	**40,779**	**1,347,484**	**1,631,640**
Operating Unit Management													
Cross-cutting Management and Staffing													
Gross Costs	1,949	508	125	936	1,127	-	-	-	2,870	1,371	276	9,162	13,127
Less: Earned Revenue	(26)	(8)	(1)	(3)	(7)	-	-	-	(12)	(3)	-	(60)	(75)
Net Program Costs	1,923	500	124	933	1,120	-	-	-	2,858	1,368	276	9,102	13,052
Program Design and Learni													
Gross Costs	26,401	5,782	4,361	12,989	6,574	-	1,533	6,508	10,124	27,524	3,162	104,958	147,485
Less: Earned Revenue	(127)	(60)	(19)	(171)	(38)	-	-	(36)	(30)	(80)	-	(561)	(707)
Net Program Costs	26,274	5,722	4,342	12,818	6,536	-	1,533	6,472	10,094	27,444	3,162	104,397	146,778
Administration and Oversigi													
Gross Costs	86,169	48,694	112,570	58,861	42,164	-	1,305	64,392	19,802	112,194	16,963	563,113	743,842
Less: Earned Revenue	(405)	(271)	(437)	(573)	(211)	-	-	(286)	(47)	(244)	-	(2,474)	(3,051)
Net Program Costs	85,764	48,423	112,133	58,288	41,953	-	1,305	64,106	19,755	111,950	16,963	560,639	740,791
Total Operating Unit Management	**113,961**	**54,645**	**116,599**	**72,039**	**49,609**	**-**	**2,838**	**70,578**	**32,707**	**140,762**	**20,401**	**674,140**	**527,872**
Original Net Cost of Operations	**$ 1,863,380**	**$ 837,666**	**$ 1,587,991**	**$ 621,938**	**$ 605,029**	**$ 484,966**	**$ 5,075**	**$ 842,393**	**$ 1,501,193**	**$ 2,793,734**			**$11,243,693**
Adjustments	58,151	26,141	49,557	19,409	18,881	15,134	158	26,289	46,848	87,185	**347,753**		
Restated Net Cost of Operations	**$ 1,921,531**	**$ 863,807**	**$ 1,637,548**	**$ 641,347**	**$ 623,910**	**$ 500,100**	**$ 5,233**	**$ 868,682**	**$ 1,548,041**	**$ 2,880,919**		**$11,491,118**	**$11,243,693**

NOTE 18. STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources presents information about total budgetary resources available to USAID and the status of those resources, as of September 30, 2012 and 2011.

USAID's total budgetary resources were $23.2 billion and $23.8 billion for the years ended September 30, 2012 and 2011, respectively.

A. Apportionment Categories of Obligations Incurred:

APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED
(In Thousands)

	2012	2011
Category A Direct	$ 1,405,504	$ 1,430,019
Category B, Direct	11,256,372	11,869,188
Category A Reimbursable	42,406	38,866
Category B, Reimbursable	589,811	157,035
Total	$ 13,294,093	$ 13,495,108

B. Borrowing Authority, End of Period and Terms of Borrowing Authority Used:

The Agency had $0 in borrowing authority in FY 2012 and $96 thousand in borrowing authority in FY 2011. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990 (Title XIII, Subtitle B, P.L. 101-508), and is used to finance obligations during the current year, as needed.

C. Permanent Indefinite Appropriations:

USAID has permanent indefinite appropriations relating to specific Federal Credit Reform Program and Liquidating appropriations. USAID is authorized permanent indefinite authority for Federal Credit Reform Program appropriations for subsidy reestimates and Federal Credit Reform Act of 1990. At year-end FY 2012, there is $1.9 billion in availability related to Federal Credit Reform Program and Liquidating appropriations.

D. Legal Arrangements Affecting the Use of Unobligated Balances:

The "Consolidated Appropriations Act" signed into law as Public Law 112-74 provides to USAID extended authority to obligate funds. USAID's appropriations have consistently provided essentially similar authority, now known as "7011/511" authority. Under this authority funds shall remain available for obligation for an extended period if such funds are obligated within their initial period of availability. Any subsequent recoveries (deobligations) of these funds become unobligated balances that are available for reprogramming by USAID (subject to OMB approval through the apportionment process).

E. Unpaid Obligations:

Unpaid Obligations for the periods ended September 30, 2012 and 2011 were $18.3 and $17.5 billion, respectively.

F. Difference between the Statement of Budgetary Resources and the Budget of the U.S. Government:

There are no material differences between the Statement of Budgetary Resources for FY 2012 and the President's Budget submission for FY 2012. The President's Budget with actual numbers for 2012 has not yet been published. USAID expects no material difference between the President's Budget "actual" column and the FY 2012 reported results when the budget becomes available in February 2013.

DIFFERENCE BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

(In Thousands)

2012 (Restated)	Budgetary Resources	Obligations	Distributed Offsetting Receipts	Net Outlays
Combined Statement Of Budgetary Resources	$ 23,247,701	$ 13,294,093	$ (923,914)	$ 10,765,609
Difference #1: Parent Activity Reported In FACTSII by USAID	8,453,240	6,315,809	–	6,425,900
Difference #2: Child Activity Reported In FACTSII By Child Agencies	(995,597)	(635,434)	–	(503,739)
Difference #3: Reported In The SBR But Excluded From SF-133s	1,111	–	–	(8,856)
Difference #4: Parent/Child Reporting Differences	(24,588)	(24,588)	–	–
Difference #5: Reporting Difference Between The SBR And SF-133s	(6,205)	(1,453)	–	136,604
Difference #6: Credit Financing And Suspense	–	–	–	–
Budget Of The U.S. Government	$ 30,675,662	$ 18,948,426	$ (923,914)	$ 16,815,518

NOTE 19. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

USAID presents the Consolidated Statement of Net Cost using the accrual basis of accounting. This differs from the obligation-based measurement of total resources supplied, both budgetary and from other sources, on the Combined Statement of Budgetary Resources. The Federal Financial Accounting Standard No. 7 requires "a reconciliation of proprietary and budgetary information in a way that helps users relate the two." The focus of this presentation is to reconcile budgetary net obligations to the net cost of operations. The objective of this information is to categorize the differences between budgetary and financial (proprietary) accounting. USAID restated the FY 2012 financial statements due to correction of error. Correction of the error increased Net Cost of Operations by $347.8 million.

RECONCILIATION OF OBLIGATIONS INCURRED TO NET COST OF OPERATIONS

For the Years Ended September 30, 2012 and 2011

(In Thousands)

	2012 (Restated)	2011
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 13,294,093	$ 13,495,108
Spending Authority From Offsetting Collections (FY 2012 includes Change in Unfilled Customer Orders previously broken out in the SBR)	(1,021,625)	(1,029,378)
Change In Unfilled Customer Orders	–	(227,554)
Downward Adjustments Of Obligations	(472,020)	(2,046,698)
Offsetting Receipts	(923,914)	(377,859)
Net Obligations	10,876,534	9,813,619
Other Resources Used to Finance Activities	29,994	16,100
Resources Used to Finance Activities	10,906,528	9,829,719
Resources Used to Finance Items Not Part of Net Cost of Operations	1,029,033	1,813,777
Total Resources Used to Finance Net Cost of Operations	11,935,561	11,643,496
Components of the Net Cost of Operations:		
Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	(59,980)	(34,054)
Components of Net Cost of Operations That Will Not Require or Generate Resources	(384,463)	(365,749)
Net Cost of Operations	$ 11,491,118	$ 11,243,693

NOTE 20. RESTATEMENT OF FY 2012 PRINCIPAL FINANCIAL STATEMENTS (IN THOUSANDS)

The FY 2012 financial statements have been restated to reflect the correction of material misstatements related to advances, that arose because of incorrect interpretation of account balances and account relationships. Based on this misinterpretation, several adjustments were recorded in the general ledger.

Other FY 2012 adjustments relating primarily to Fund Balance with Treasury and obligation status accounts were inadequately supported. In FY 2013, the erroneous and unsupported adjustments were reversed, and the financial statements restated.

The effect of the restatement was:

Balance Sheet: Decrease Advances ($294.7 million) and Fund Balance with Treasury ($53.1 million); and Decrease to Unexpended Appropriations ($345.9 million).

Statement of Changes in Net Position: Decrease to Cumulative Results of Operations ($1.8 million).

Statement of Net Cost: Increase to Net Cost of Operations ($347.8 million).

Statement of Budgetary Resources: Marginal Increase to Outlays ($65.6 million Gross); and marginal Decrease to Unpaid Obligations, End of Year ($65.6 million Gross).

The following illustrative Schedule of Summary of Changes details the impact to the aforementioned statements:

SCHEDULE OF SUMMARY OF CHANGES

Pro Forma Balances as of September 30, 2012

(In Thousands)

	2012 As Stated	Effect: Increase/(Decrease)	2012 Restated
ASSETS:			
Fund Balance with Treasury	$ 28,999,266	$ (53,097)	$ 28,946,169
Advances	752,464	(294,657)	457,807
Total Change in Assets	**$ 29,751,730**	**$ (347,753)**	**$ 29,403,977**
NET POSITION:			
Unexpended Appropriations	21,631,982	(345,873)	21,286,109
Cumulative Results of Operations	3,102,471	(1,880)	3,100,591
Total Change in Net Position	**$ 24,734,453**	**$ (347,753)**	**$ 24,386,700**
Net Cost of Operations:	11,143,365	347,753	11,491,118
Total Change in Net Cost Operations	**$ 11,143,365**	**$ 347,753**	**$ 11,491,118**
Budgetary Resources:	–	–	–
Total Resources	**$ –**	**$ –**	**$ –**
Status of Budgetary Resources:	–	–	–
Total Budgetary Resources	**$ –**	**$ –**	**$ –**
Change in Obligated Balance:			
Outlays (Gross) (-)	(11,987,522)	(65,596)	(12,053,118)
Total Change in Obligated Balance	**$(11,987,522)**	**$ (65,596)**	**$(12,053,118)**
Obligated Balance, End of Year			
Unpaid Obligations, End of Year (Gross)	18,339,378	(65,596)	18,273,782
Total Change in Unpaid Obligations, End of Year	**$18,339,378**	**$ (65,596)**	**$18,273,782**

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

(Above) **This potable water system in the San Lorenzo municipality of Ecuador is part of the Northern Border Development Program. Before its construction in 2002, families in the area carried water from unprotected and contaminated sources, such as rivers and wells, which made young children in particular sick.** PHOTO: IOM ECUADOR

(Preceding page) **In 2011, USAID and other donors provided 11 million free insecticide-treated mosquito nets through a mass distribution campaign to Kenyans. Malaria kills an estimated 34,000 children under age 5 in Kenya every year.**

PHOTO: WENDY STONE/USAID

STATEMENT OF BUDGETARY RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES

For the Year Ended September 30, 2012
(In Thousands)

	Recovery Act	Operating	Civilian Stabilization Initiative	Assistance for Eastern Europe	Development Assistance	international Disaster Assistance	Economic Support Fund	Assistance for New Independent States	Child Survival	Credit-Financing	Other	Parent Fund	Combined Total
	302	1000	305	1010	1021	1035	1037	1093	1095				
Budgetary Resources:													
Unobligated Balance Brought Forward, October 1	$ 8	$ 437,013	$ 7,570	$ 3,702	$ 1,092,484	$ 237,276	$ 4,642,696	$ 14,362	$ 31,768	$ 2,421,365	$ 1,086,318	$ 322,249	$ 10,296,811
Recoveries of Prior Year Unpaid Obligations	–	120,412	1,945	2,572	48,899	49,223	158,457	7,228	13,595	20	39,473	30,196	472,020
Other Changes in Unobligated Balance (+ or -)	–	(147)	–	2,367	(54,510)	–	(183,467)	(1,609)	(107)	(71)	(110,455)	229,597	(118,402)
Unobligated Balance from Prior Year Budget Authority, Net	8	557,278	9,515	8,641	1,086,873	286,499	4,617,686	19,981	45,256	2,421,314	1,015,336	582,042	10,650,429
Appropriations (Discretionary and Mandatory)	–	1,347,300	–	–	2,519,950	975,000	5,663,207	–	–	(18)	1,070,208	–	11,575,647
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	–	38,717	69	–	(14,226)	254	(48,551)	–	–	209,557	422,249	413,556	1,021,625
Total Budgetary Resources	**$ 8**	**$1,943,295**	**$ 9,584**	**$ 8,641**	**$3,592,597**	**$1,261,753**	**$10,232,342**	**$ 19,981**	**$ 45,256**	**$2,630,853**	**$2,507,793**	**$995,598**	**$23,247,701**
Status of Budgetary Resources:													
Obligations Incurred:	$ –	$ 1,391,388	$ 3,734	$ 3,149	$ 2,645,619	$ 1,122,724	$ 5,273,599	$ 5,933	$ 16,722	$ 752,560	$ 1,443,231	$ 635,434	$ 13,294,093
Unobligated Balance, End of Year:													
Apportioned	–	480,022	5,850	1,825	882,983	139,029	4,996,245	7,588	15,960	309,839	527,804	341,129	7,708,274
Unapportioned	8	71,885	–	3,667	63,995	–	(37,502)	6,460	12,574	1,568,454	536,758	19,035	2,245,334
Total Unobligated Balance, End of Year	8	551,907	5,850	5,492	946,978	139,029	4,958,743	14,048	28,534	1,878,293	1,064,562	360,164	9,953,608
Total Budgetary Resources	**$ 8**	**$1,943,295**	**$ 9,584**	**$ 8,641**	**$3,592,597**	**$1,261,753**	**$10,232,342**	**$ 19,981**	**$ 45,256**	**$2,630,853**	**$2,507,793**	**$995,598**	**$23,247,701**

(continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES *(continued)*

For the Year Ended September 30, 2012
(In Thousands)

	Recovery Act	Operating	Civilian Stabilization Initiative	Assistance for Eastern Europe	Development Assistance	International Disaster Assistance	Economic Support Fund	Assistance for New Independent States	Child Survival	Credit-Financing	Other	Parent Fund	Combined Total
	302	**1000**	**305**	**1010**	**1021**	**1035**	**1037**	**1093**	**1095**				
Change in Obligated Balance:													
Unpaid Obligations, Brought Forward, October 1 (Gross)	$ 968	$ 791,833	$ 5,546	$ 45,046	$ 4,117,023	$ 913,780	$ 8,904,627	$ 70,750	$ 77,333	$ (282)	$ 1,883,059	$ 695,144	$ 17,504,827
Uncollected Customer Payments from Federal Sources, Brought Forward, October 1 (-)	–	(9,883)	–	(35)	(2,272)	(203)	2	(39)	(1,006)	35	(20,613)	(346)	(34,360)
Obligated Balance, Start of Year (Net), Before Adjustments (+ or -)	968	781,950	5,546	45,011	4,114,751	913,577	8,904,629	70,711	76,327	(247)	1,862,446	694,798	17,470,467
Adjustment to Obligated Balance, Start of Year (Net) (+ or -)	–	–	–	–	–	–	–	–	–	–	–	–	–
Obligated Balance, Start of Year (Net), as Adjusted	968	781,950	5,546	45,011	4,114,751	913,577	8,904,629	70,711	76,327	(247)	1,862,446	694,798	17,470,467
Obligations Incurred	–	1,391,388	3,734	3,149	2,645,619	1,122,724	5,273,599	5,933	16,722	752,560	1,443,231	635,434	13,294,093
Outlays (Gross) (-)	(968)	(1,462,506)	(4,009)	(88,243)	(1,641,625)	(980,415)	(4,579,684)	(96,962)	(52,501)	(751,662)	(1,873,941)	(520,602)	(12,053,118)
Change in Uncollected Customer Payments from Federal Sources (+ or -)	–	(1,381)	–	–	2,310	–	(2)	–	–	–	(7,358)	346	(6,085)
Recoveries of Prior Year Unpaid Obligations (-)	–	(120,412)	(1,945)	(2,572)	(48,898)	(49,223)	(158,457)	(7,228)	(13,596)	(20)	(39,473)	(30,196)	(472,020)
Obligated Balance, End of Year													
Unpaid Obligations, End of Year (Gross)	–	600,302	3,326	(42,620)	5,072,120	1,006,866	9,440,085	(27,507)	27,958	596	1,412,876	779,780	18,273,782
Uncollected Customer Payments from Federal Sources, End of Year	–	(11,263)	–	(35)	37	(203)	–	(39)	(1,006)	35	(27,971)	–	(40,445)
Obligated Balance, End of Year (Net)	**$ –**	**$ 589,039**	**$ 3,326**	**$ (42,655)**	**$5,072,157**	**$1,006,663**	**$ 9,440,085**	**$ (27,546)**	**$ 26,952**	**$ 631**	**$1,384,905**	**$ 779,780**	**$18,233,337**
Budget Authority and Outlays, Net:													
Budget Authority, Gross (Discretionary and Mandatory)	$ –	$ 1,386,017	$ 69	$ –	$ 2,505,724	$ 975,254	$ 5,614,656	$ –	$ –	$ 209,540	$ 1,492,456	$ 413,556	$ 12,597,272
Actual Offsetting Collections (Discretionary and Mandatory)	–	(37,336)	(69)	–	(2,049)	(254)	(77,034)	–	–	(209,558)	(944,346)	(16,863)	(1,287,509)
Change in Uncollected Customer Payments from Federal Sources (Discretionary and Mandatory)	–	(1,381)	–	–	2,310	–	(2)	–	–	–	(7,358)	346	(6,085)
Budget Authority, Net (Discretionary and Mandatory)	$ –	$ 1,347,300	$ –	$ –	$ 2,505,985	$ 975,000	$ 5,537,620	$ –	$ –	$ (18)	$ 540,752	$ 397,039	$ 11,303,678
Outlays, Gross (Discretionary and Mandatory)	$ 968	$ 1,462,506	$ 4,009	$ 88,243	$ 1,641,625	$ 980,415	$ 4,579,684	$ 96.692	$ 52,501	$ 751,662	$ 1,873,941	$ 520,602	$ 12,053,118
Actual Offsetting Collections (Discretionary and Mandatory)	–	(37,336)	(69)	–	(2,049)	(254)	(77,034)	–	–	(209,558)	(944,346)	(16,863)	(1,287,509)
Outlays, Net (Discretionary and Mandatory)	968	1,425,170	3,940	88,243	1,639,576	980,161	4,502,650	96,692	52,501	542,104	929,595	503,739	10,765,609
Distributed Offsetting Receipts (-)	–	–	–	–	–	–	–	–	–	–	(923,914)	–	(923,914)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 968**	**$1,425,170**	**$ 3,940**	**$ 88,243**	**$1,639,576**	**$ 980,161**	**$ 4,502,650**	**$ 96,692**	**$ 52,501**	**$ 542,104**	**$ 5,681**	**$ 503,739**	**$ 9,841,695**

MAJOR FUNDS

Operating Funds

1000 Operating Expenses of USAID

Program Funds

1010 Special Assistance Initiatives
1021 Development Assistance
1035 International Disaster Assistance
1037 Economic Support Fund
1093 Assistance for the N.I.S. of the Former Soviet Union
1095 Child Survival and Disease Programs Funds

CREDIT-FINANCING FUNDS

4119 Israel Guarantee Financing Fund
4137 Direct Loan Financing Fund
4266 DCA Financing Fund
4342 MSESD Direct Loan Financing Fund
4343 M S E D Guarantee Financing Fund
4344 UE Financing Fund
4345 Ukraine Financing Fund
4491 Egypt Guarantee Financing Fund

OTHER FUNDS

Operating Funds

0300 Capital Investment Fund (CIF)
0302 Capital Investment Fund-Recovery Act
0306 Assistance for Europe, Eurasia and Central Asia
1007 Operating Expenses of USAID Inspector General
1036 Foreign Service Retirement and Disability Fund

Program Funds

0305 Civilian Stabilization Initiative
1012 Sahel Development Program
1015 Complex Crisis Fund
1023 Food and Nutrition Development Assistance
1024 Population and Planning & Health Dev. Asst.
1025 Education and Human Resources, Dev. Asst.
1027 Transition Initiatives
1028 Global Fund to Fight HIV/AIDS
1029 Tsunami Relief and Reconstruction Fund
1038 Central American Reconciliation Assistance
1040 Sub-Saharan Africa Disaster Assistance
1096 Latin American/Caribbean Disaster Recovery
1500 Demobilization and Transition Fund

Trust Funds

8342 Foreign Natl. Employees Separation Liability Fund
8502 Technical Assistance, U.S. Dollars Advanced from Foreign Governments
8824 Gifts and Donations

Credit Program Funds

0301 Israel Program Fund
0304 Egypt Program Fund
0400 MSED Program Fund
0401 UE Program Fund
0402 Ukraine Program Fund
1264 DCA Program Fund
4103 Economic Assistance Loans - Liquidating Fund
4340 UE Guarantee Liquidating Fund
4341 MSED Direct Loan Liquidating Fund
5318 Israel Admin Expense Fund

Revolving Funds

4175 Property Management Fund
4513 Working Capital Fund
4590 Acquisition of Property, Revolving Fund

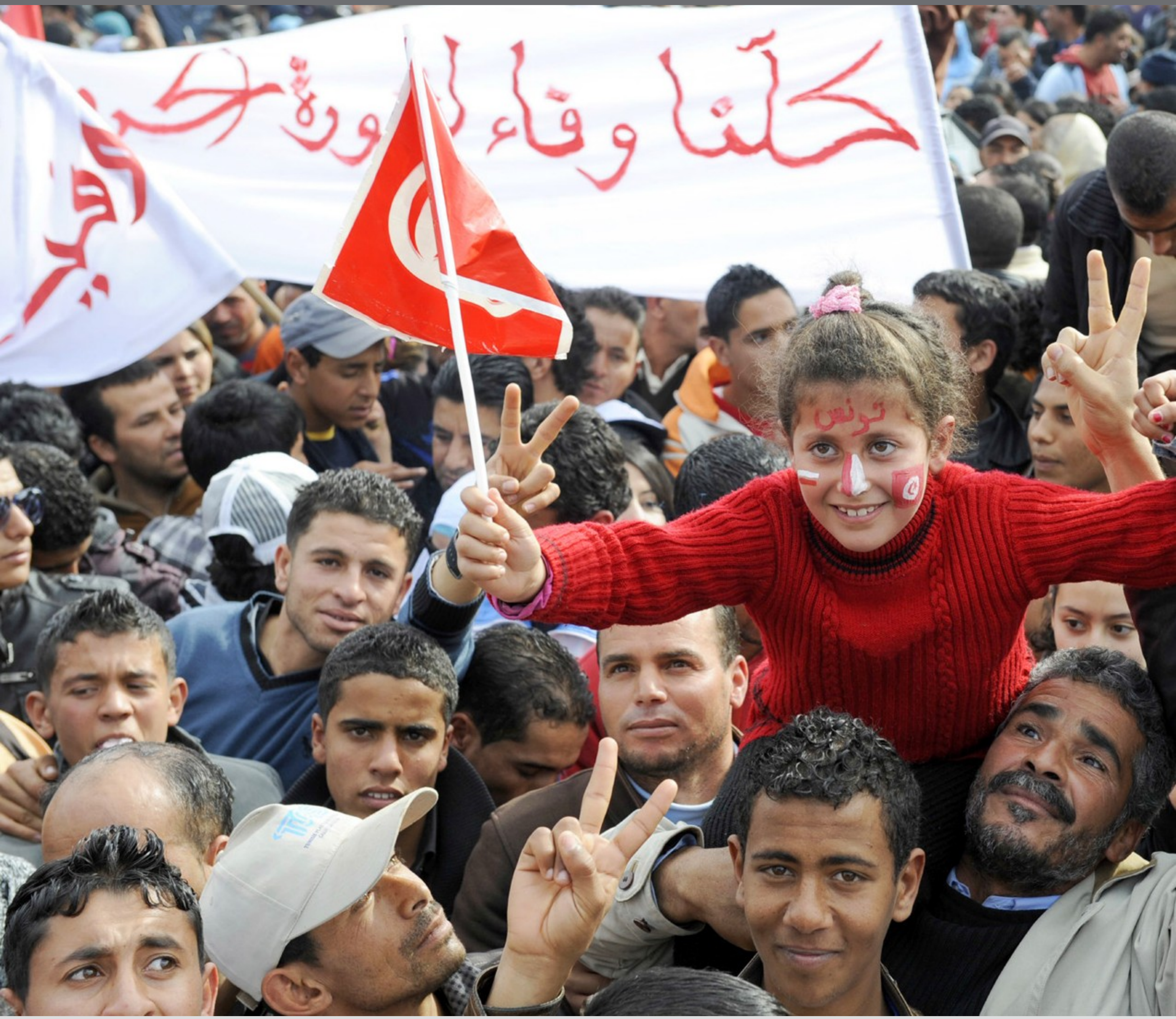
ALLOCATIONS TO OTHER AGENCIES

1010 Special Assistance Initiatives
1021 Development Assistance
1027 Transition Initiatives
1035 International Disaster Assistance
1037 Economic Support Fund
1093 Assistance for the N.I.S. of the Former Soviet Union
1095 Child Survival and Disease Programs Funds

ALLOCATIONS FROM OTHER AGENCIES

1000 Operating Expenses of USAID
1014 Africa Development Assistance
1030 Global HIV/AIDS Initiative-Appropriations Carry Over
1031 Global Health and Child Survival
1096 International Organizations and Programs

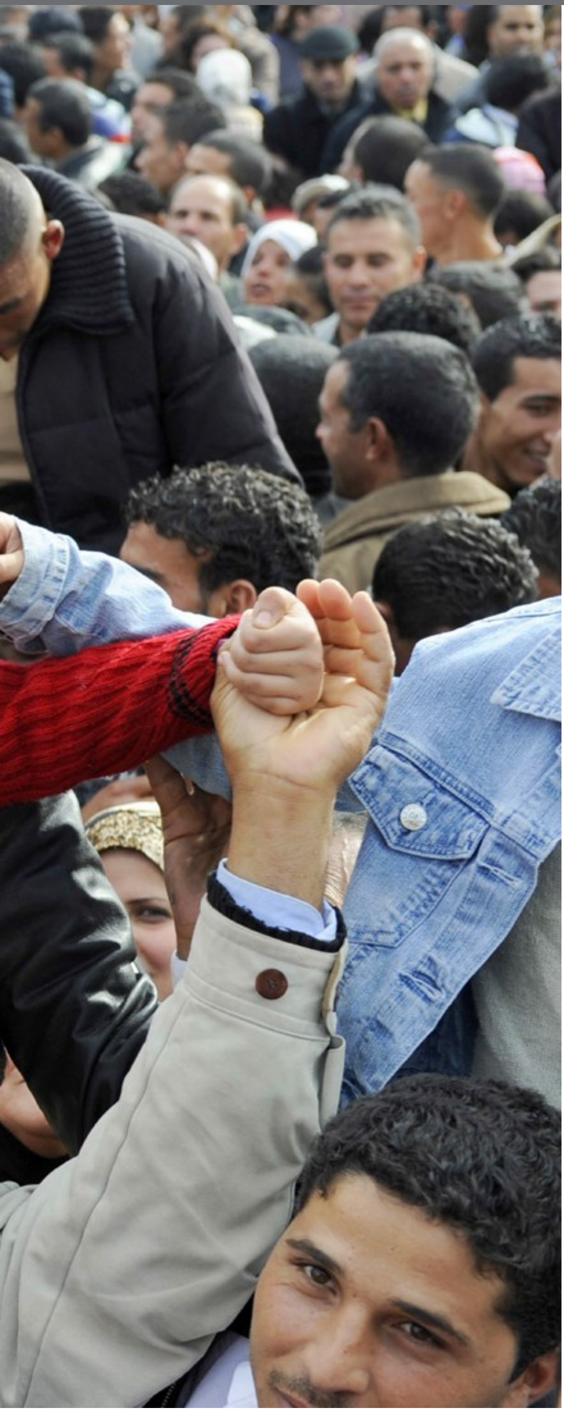
Other Accompanying Information



(Above) **Thousands of Tunisians rallied to celebrate the first anniversary of the popular uprising that unleashed the Arab Spring revolutions. USAID is helping to strengthen governmental institutions in Tunisia, Egypt, Libya, and Yemen to ensure leaders can address economic grievances and provide for the legitimate needs of their citizens.** PHOTO: FETHI BELAID/AFP

(Preceding page) **Yemeni women show their support for the Arab Spring mass protests of 2011 during a demonstration in Sanaa against then-President Ali Abdullah Saleh. Their painted fingers represent the flags of Tunisia (top L), Syria (C), Libya (top R), Yemen (bottom R), and Egypt (bottom L).** PHOTO: GAMAL NOMAN/AFP

SCHEDULE OF SPENDING



The **Schedule of Spending** (SOS) is an annual statement designed to present an overview of how and where agencies are spending funds received. Specifically, it outlines total budgetary resources, gross outlays, and fiscal year-to-date total obligations for the Agency. Beginning in FY 2012, the Office of Management and Budget (OMB) requires that the SOS be included in the Other Accompanying Information section of the AFR.

Section I of the SOS presents resources that were available to the Agency for spending, while Section II of the SOS presents the services or items that were purchased. Both sections are required for FY 2012 reporting. Sections III (funding recipients) and IV (corresponding payment types) will also be required for FY 2013 reporting.

The FY 2012 SOS for USAID (below) has been prepared from the books and records of the Agency in accordance with formats prescribed by OMB in OMB Circular A-136, Financial Reporting Requirements. It is provided in addition to financial reports prepared by the Agency in accordance with OMB and U.S. Department of the Treasury directives to monitor and control the status and use of budgetary resources, which are prepared from the same books and records. Comparative data for FY 2011 have been included.

As implementation and reporting details of the SOS are still being developed, the Agency invites public feedback on the clarity and/or usefulness of this schedule. Please send comments to Gloria White at gwhite@usaid.gov.

SCHEDULE OF SPENDING

For the Years Ended September 30, 2012 and 2011 (In Thousands)

	2012 (Restated)	2011
FUND AVAILABILITY		
Total Resources	$ 23,247,701	$ 23,791,919
Less Amount Available but Not Agreed to be Spent	7,708,274	7,575,836
Less Amount Not Available to be Spent	2,245,334	2,720,975
Total Amounts Agreed to be Spent	$ 13,294,093	$ 13,495,108
USE OF FUNDS		
Gross Outlays		
Credit Financing Funds	751,662	241,968
Operating Funds	1,462,506	1,245,354
Program Funds	7,444,407	8,118,877
Parent Funds	520,602	589,674
Other Funds	1,873,941	1,679,880
Total Outlays, Gross	12,053,118	11,875,753
Amounts Remaining to be Spent	$ 1,240,975	$ 1,619,355
Total Amounts Agreed to be Spent	**$ 13,294,093**	**$ 13,495,108**