

FY 2024 Agency Financial Report



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

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

On behalf of the U.S. Agency for Global Media (USAGM), I am pleased to present the Agency Financial Report (AFR) for Fiscal Year (FY) 2024. This report contains the results of this year's audit of the agency's financial statements and provides financial and performance information about USAGM's activities over the course of the year.

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

USAGM continued its consistent growth and impact in FY 2024, delivering independent news and information in 64 languages worldwide. The weekly measured audience for USAGM's five media networks exceeded 420 million adults globally as of the prior fiscal year.¹ In FY 2024, USAGM's measured audiences continued to expand, despite autocratic regimes increasing challenges to independent media or criminalizing its consumption.

Despite draconian crackdowns on journalism in countries of key national security interest – including China, Russia, Iran, and Turkey – USAGM's networks pursue its mission by providing global audiences with essential news content in video, audio, and online formats, on broadcast, social media and mobile platforms. In the face of China's malign influence campaigns, Russia's gross mis- and disinformation operations, Iran's suppression of democratic activists, and media censorship in Africa and Latin America, it is RFA, RFE/RL and VOA journalists that help global audiences separate facts from fake news and information. In the Middle East and Cuba, it is MBN and OCB who report on news local media are unable to address.

¹ Due to USAGM's adoption of the separate Agency Financial Report (AFR) and Agency Performance Report (APR) reporting option, in lieu of a combined Performance and Accountability Report (PAR), agency performance data for FY 2024 will be reported in USAGM's APR to be published in January 2025.

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

The agency's FY 2024 independent financial audit yielded our 21st consecutive unmodified opinion, the highest possible audit opinion. I am pleased to report that management's assessment of risks and review of controls and financial systems disclosed no material weaknesses, and that the financial and performance data presented here is reliable and complete (see Statement of Assurance, p 29.)

As I begin my third year as the USAGM Chief Executive Officer, I want to recognize the agency's financial management and operational performance in FY 2024 and express my deep appreciation for the critical work of USAGM personnel carrying out the agency's mission by providing truthful, accurate, and fact-based news and information around the world. I am proud to share USAGM's FY 2024 financial information in this report and remain committed to ensure USAGM has the support and resources necessary to fulfill its mission.



Amanda Bennett
Chief Executive Officer
November 15, 2024

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Introduction

WHAT WE DO

USAGM is an independent, federal media agency encompassing the Voice of America (VOA), Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), the Middle East Broadcasting Networks (MBN), Radio and TV Martí (under the Office of Cuba Broadcasting – OCB), and the Open Technology Fund (OTF). In FY 2024, USAGM also launched a new non-federal entity, the Frontline Media Fund (FMF). VOA and OCB are federal entities, while RFE/RL, RFA, MBN, OTF, and FMF are non-federal entities (NFE) funded through grants from USAGM.

Combined, this global media enterprise is uniquely capable of defending press freedom and access to information in some of the most challenging countries for journalists. These capabilities stem from: (a) the scale at which the agency operates – working in 64 languages in over 100 foreign media markets around the world, with an FY 2023 measured audience of 420 million adults on a weekly basis outside the U.S.; (b) the range of local and technical expertise directly employed by the agency and its grantees, which includes several thousand journalists and experts with deep local knowledge and understanding of the environments in which they operate; and (c) the shared public-service mission of these efforts to deploy public-service journalism and technical tools to protect the fundamental human right to seek, receive, and impart information, regardless of frontiers.

PURPOSE OF THE AGENCY FINANCIAL REPORT

The FY 2024 Agency Financial Report (AFR) provides financial and summary performance information for USAGM. This presentation of the agency’s financial accountability, and managerial effectiveness is intended to assist Congress, the President, and the public in assessing USAGM’s performance relative to its mission and stewardship of the resources entrusted to it.

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

- Federal Managers' Financial Integrity Act of 1982 (FMFIA)
- Chief Financial Officers (CFO) Act of 1990
- Government Performance and Results Act of 1993 (GPRA)
- Government Management Reform Act of 1994 (GMRA)
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002 (ATDA)
- Government Performance and Results Modernization Act of 2010 (GPRAMA)
- Federal Information Security Modernization Act of 2014 (FISMA)
- The Payment Integrity Information Act of 2019 (PIIA)

For FY 2024, the AFR is the first of a series of two annual financial and performance reports issued by USAGM. The reports include: (1) the Agency Financial Report issued in November 2024; and (2) an Agency Performance Report (APR). The FY 2024 APR will be published in January 2025. These reports will be available online at <https://www.usagm.gov/our-work/strategy-and-results/strategic-priorities/research-reports/>

STRUCTURE OF THE AGENCY FINANCIAL REPORT

The AFR is organized into the following three major sections:

Management's Discussion and Analysis (MD&A)

The MD&A is an overview of USAGM, its organizational structure, and its mission. It includes a summary of the agency's financial and program highlights and accomplishments for FY 2024. The MD&A also includes the results of the agency's FY 2024 FMFIA internal control review and a section on management assurances.

Financial Information

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

Other Information

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

Section 1:

Management's Discussion and Analysis

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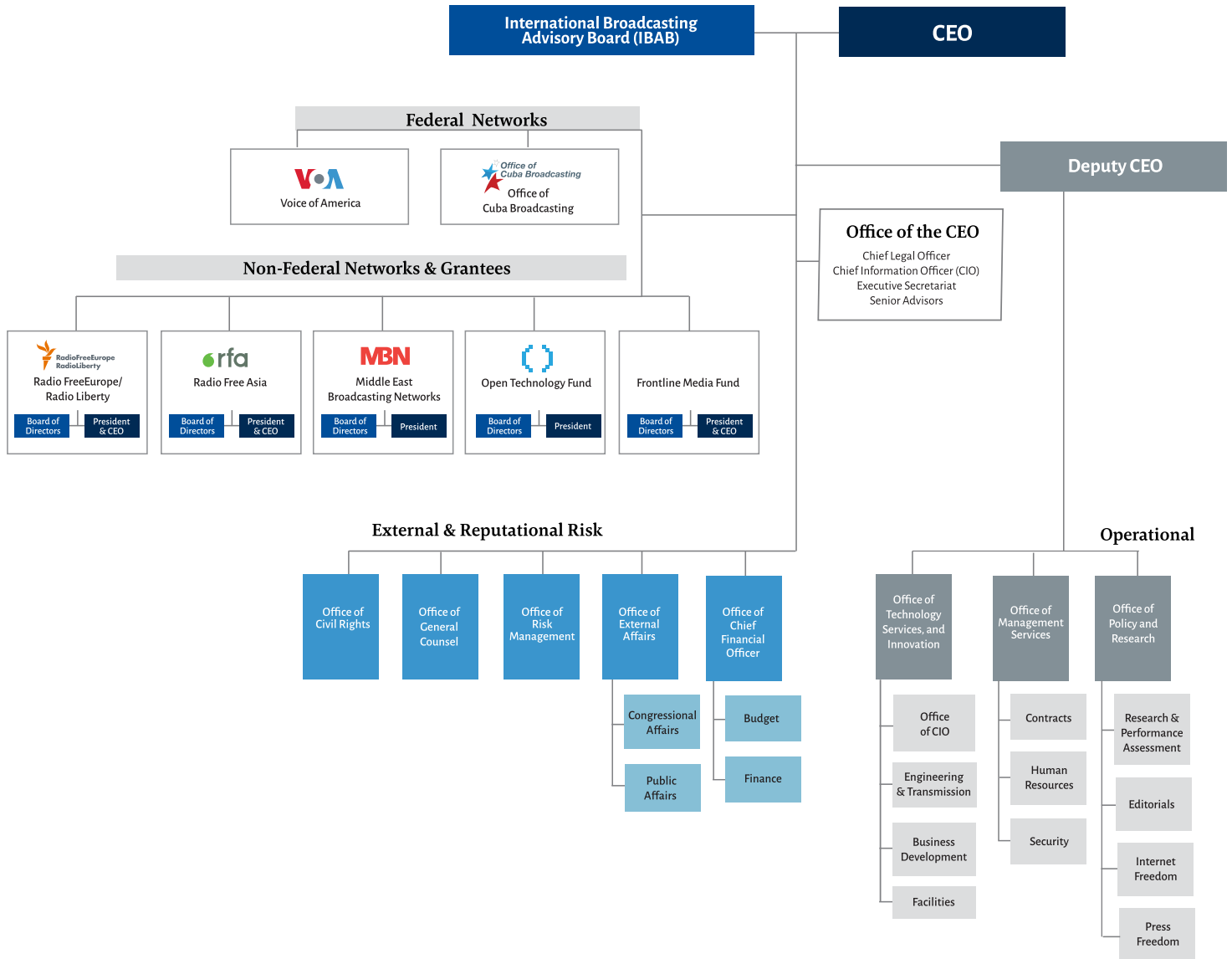
USAGM Organization

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

USAGM encompasses two federal entities – the Voice of America (VOA) and the Office of Cuba Broadcasting (OCB), which broadcasts under the Martí brand – and five non-federal entities wholly funded and overseen by USAGM – Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), the Middle East Broadcasting Networks (MBN), the Open Technology Fund (OTF), and the Frontline Media Fund (FMF), which includes the Global News Service and also provides multimedia broadcast distribution, as well as technical and administrative support to the broadcasting networks.

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

USAGM ORGANIZATIONAL STRUCTURE



USAGM MISSION

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

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

FY 2024 Goals and Objectives

Two overarching strategic goals are set forth in USAGM’s Strategic Plan 2022-2026. In support of these goals, the Strategic Plan sets out eight Impact Objectives and four Agility Objectives.

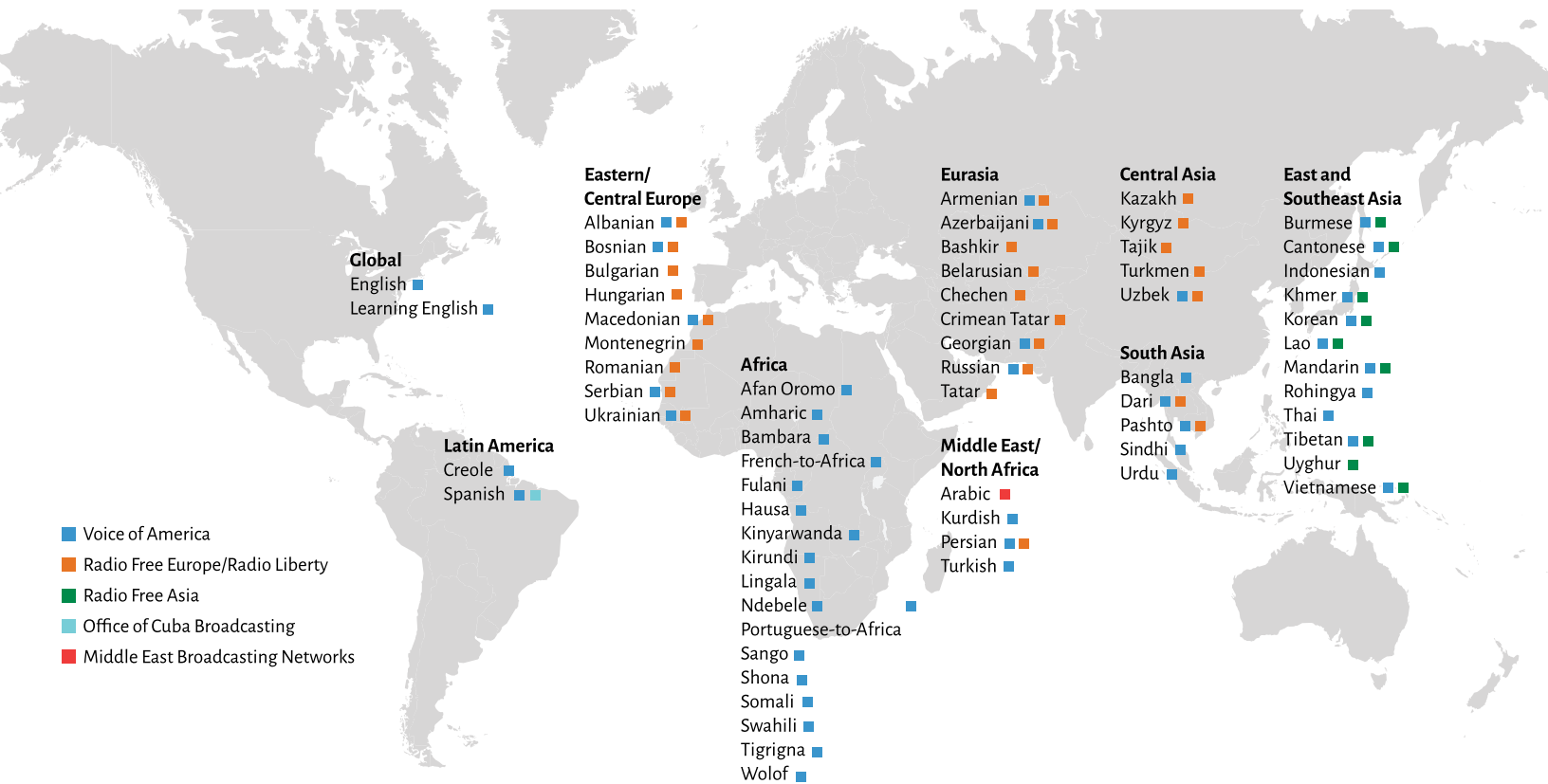


The agency set performance goals supporting each of the Impact and Agility Objectives. Highlights of USAGM’s recent performance are presented on the following pages. USAGM has chosen to produce an AFR and a separate Agency Performance Report (APR) for FY 2024. The FY 2024 APR will be published in January 2025 and will be available on the USAGM website.

Performance Highlights & Challenges

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

USAGM networks deliver news to a weekly measured audience of over 420 million adults, currently in 64 languages.



KEY ACCOMPLISHMENTS IN FY 2024

Voice of America

In FY 2024, VOA was a public-media global leader for independent and trusted news and information for populations with limited or no access to a domestic free press. The network reaches a measured audience of over 354 million people around the world on a weekly basis, per FY 2023 reporting.² VOA meets audiences in the languages they speak and on the platforms they use most. People increasingly turn to social media for news, and they find VOA; in the prior fiscal year, that amounted to over 10.5 million weekly digital content reactions and over 144 million weekly digital video views.

Audience research and opinion surveys confirm that VOA content served as a vital resource for key markets – effectively countering the mis- and disinformation propagated by the governments of China, Russia, and Iran. In FY 2024 multimedia reports, VOA Mandarin showed the People’s Republic of China’s (PRC) expansive and sophisticated campaign targeting dissidents, ethnic and religious minorities, human rights activists, and journalists wherever they reside – including those living in the U.S. That broad view is complemented by deeply reported and intensely local illustrations of the PRC’s expansionist impact. VOA-wide reporting projects broke down how the PRC has used an \$847 billion project to ensnare at least 42 low- to middle-income countries with onerous debts while rewarding autocratic allies like Venezuela and Russia as top megaproject sites.

In Ukraine, VOA’s FY 2024 multimedia explainers of the ongoing war provide international audiences with broad understanding of Russia’s aggression. VOA journalists’ on-the-ground reporting covers topics ranging from secret naval drone bases to the mental health toll of war. The events in Ukraine are tied back to the interests of target audiences around the world. For example, an FY 2024 VOA Persian documentary showed how the war has strengthened clandestine military ties between Moscow and Tehran, the largest supplier of attack drones to the Russian aggressor.

² Due to USAGM’s adoption of the separate Agency Financial Report (AFR) and Agency Performance Report (APR) reporting option, in lieu of a combined Performance and Accountability Report (PAR), agency performance data for FY 2024 will be reported in USAGM APR, to be published in January 2025

Audiences regularly turn to VOA to explain the most urgent and complex events, including the deadly October 7th terror attack on Israel and the ongoing war in Gaza that has followed. VOA's FY 2024 Israel-Gaza coverage related to the ongoing war has generated more than 1 billion video views across its platforms.

Radio Free Europe/Radio Liberty

In FY 2024, RFE/RL expanded its award-winning, on-the-ground coverage of Russia's invasion of Ukraine. Since the onslaught began, average monthly YouTube views of RFE/RL's Russian Service and Current Time content doubled compared to the monthly average for the six months before the war — from 83 million to 168 million views — with a peak of more than 400 million views the first month of the war.

RFE/RL also covers the war's regional impact, such as the outpouring of refugees across borders, Central Asian migration trends, and the Kremlin's systematic efforts to erode democracy in the area through proposed "foreign agent" laws in Georgia, across Central Asia, and elsewhere. RFE/RL also launched a cross-regional project in Central Asia for the area's more than 16 million labor migrants as well as a new Fergana Valley bureau to provide objective news and information to an area heavily influenced by Russian propaganda.

RFE/RL is also bolstering its coverage of China's influence in the region as Beijing pours money and resources into Central Asia and Eastern Europe, covering stories such as China's export of surveillance technology and the skyrocketing debt from Chinese loans affecting several countries in Eurasia.

Also in FY 2024, RFE/RL's Persian-language service, Radio Farda, provided Iranians with live coverage of the October 7, 2023 Hamas terror attack on Israel and its aftermath. Radio Farda has continued to offer audiences news about the conflict that millions of Iranians cannot otherwise access on state-controlled and other biased media outlets.

Radio Free Asia

RFA built on its core journalistic strengths in FY 2024, while transforming into a fully digital multimedia news operation. RFA's power to tap into local networks and use open-source materials has fueled exclusive reports from some of the world's most repressive countries. RFA also initiated critical digital upgrades in FY 2024 to aid in the efficient production of impactful online content that can engage audiences in algorithm-driven, on-demand spaces.

In FY 2024, RFA extended its capacity to expose China's influence and expanded reporting on Beijing's security and influence operations in neighboring countries and throughout the Asia-Pacific region. A new RFA bureau in Istanbul, as well as expanded operations in Dharamsala, Taipei, and Bangkok, allowed journalists to report back to those inside the PRC in real time. New Istanbul operations give RFA Uyghur reporters a base for expanded coverage of Xinjiang and the Uyghur diaspora. As RFA's Hong Kong bureau closed in March 2024, some Cantonese reporters relocated to Taipei, which continues to report on Hong Kong's deteriorating political rights.

In FY 2024, RFA's Mandarin, Cantonese, Tibetan, and Uyghur services ensured audiences in Mainland China were informed about major local developments and news blocked by PRC state censors. This included exclusive content on the 35th anniversary of the 1989 Tiananmen Massacre and coverage of cultural erasure in Tibet and Xinjiang. RFA also launched the Asia Fact Check Lab (AFCL) and an Investigative Team, covering Chinese transnational repression, persecuted minorities, global public health, human and wildlife trafficking, and misrepresentation of global events and United States government policy. WHYNOT, RFA's youth-centered, global Mandarin digital brand, garnered a prestigious National Murrow award for investigative reporting on waste pollution at a Chinese-owned pork processing plant.

USAGM's latest survey in Burma found twenty-percent of adults had accessed RFA in the previous week, despite internet blackouts and threats from the ruling junta since the February 2021 military takeover. Also in FY 2024, RFA launched new podcasts for Khmer, Lao, Vietnamese, and Burmese audiences, generating high traffic and strong followings for their charismatic hosts. In Cambodia, when host Vuthy Huot's podcast was denounced by longtime ruler Hun Sen in the lead up to flawed November 2023 national elections, fans penned a tribute song to Huot as traffic spiked.

Middle East Broadcasting Networks

In FY 2024, MBN marked its 20th year of bringing dynamic, socially relevant, and thought-provoking news and information to audiences across the Middle East and North Africa. As of FY 2023 reporting, MBN weekly measured audiences have grown to over 34 million adults across its target markets.

After the October 7th Hamas terror attack, MBN's television and digital platforms immediately went into breaking news coverage with minute-by-minute updates from Gaza, the West Bank, southern Lebanon, and Israel. As the war shifted to Gaza, MBN's correspondents risked their lives, sleeping in their cars near hospitals to avoid Israeli rocket attacks. At a time of heightened emotion across all media outlets in the region, MBN's coverage was critical as a bastion of accurate news that fact-checked the rampant rumors which had flooded social media. MBN was the only Arabic language network covering the stories of the Israeli people and their suffering, while also never ceasing reporting on Israel's military strikes and more importantly, the humanitarian situation on the ground. MBN journalists also served as correspondents for other USAGM networks, providing daily footage and interviews that were distributed throughout the global organization.

Beyond the coverage of the Israeli/Hamas war, MBN's investigative unit focused on reporting on China, Russia, and Iran's influence in the region. As each of those countries gain economic and geopolitical influence, indigenous Arab media outlets are beholden to keep their coverage of Russia and China positive to the benefit of their owners or respective regimes. Although Arab media outlets are sometimes critical of Iran, the country has its own propaganda media arm that covers the region.

In FY 2024, MBN continued its multi-year technical infrastructure update. This year, the organization is migrating to IP-based workflows through a hybrid and multi-cloud approach. MBN also upgraded the existing Media Asset Management (MAM) system to provide global access, collaborative workflows, accelerated file sharing, and cloud-based storage and service.

Office of Cuba Broadcasting

OCB upheld rigorous journalistic and production standards in FY 2024, leading to a remarkable achievement of six nominations and four victories at the Suncoast Regional Emmys for outstanding performance in multiple news categories. This recognition underscores the Martí's commitment to excellence and reputation as trusted and influential news sources.

In FY 2024, OCB obtained results from its first nationally representative survey of Cuban media audiences since 2017, revealing that increased internet penetration had significantly changed how Cubans access news. The survey confirmed that social media, particularly Facebook, remains Cuba's primary news source. OCB recorded 42.5 million Facebook video views in FY 2023, doubling the previous year's reach. Despite Facebook restrictions and shifts in analytic algorithms, OCB maintained a strong social media presence by leveraging the growing popularity of other platforms.

OCB also successfully engaged independent journalists inside Cuba in FY 2024, to produce audiovisual content filmed entirely on the island. These courageous storytellers faced significant challenges and took great risks to report on stories not covered by state media.

In FY 2024, OCB launched *Marti Verifica*, a collaborative initiative with a dedicated website and associated social media platforms focused on detecting and fact-checking false information. Through articles and audiovisual content, *Marti Verifica* effectively combats Cuban government disinformation and dangerous propaganda. OCB also expanded its reach in Latin America with *Noticias de Cuba* (News about Cuba), daily news capsules broadcast by more than 50 of its affiliates to counter Cuban state media narratives widely circulated throughout the region.

Open Technology Fund

Demand for OTF-supported circumvention tools continued to rise in FY 2024, with OTF regularly supporting as many as 46 million monthly active users – a 400% increase from 2021 monthly active user levels. Investment in these tools effectively unlocks audiences for independent media outlets operating in closed spaces, including those funded by USAGM.

In FY 2024, OTF invested a transparency project that monitors Apple’s complicity in China’s censorship and surveillance of iOS users – often the removal of apps from the App Store. The project found that nearly 10,000 apps in the China App Store are unavailable, including Apple’s own News App, the Session App, and other OTF-supported apps.

While authoritarian governments increased their use of AI for censorship in FY 2024, OTF supported projects that harness generative AI for censorship detection and circumvention. OTF funded Geneva, a novel experimental algorithm that automates the discovery of censorship evasion strategies to expedite circumvention product-development timelines. Geneva has been successfully deployed against censors in China, India, Iran, Kazakhstan, and Turkmenistan.

In FY 2024, OTF supported the development, standardization, implementation, and adoption of the Messaging Layer Security (MLS), which makes significant security improvements to private messaging. OTF also made advancements addressing internet shutdowns by supporting the development of tools that can operate with little-to-no connectivity, including communications resources, information networks, and human-rights documentation.

OTF increased its Rapid Response Fund investments in FY 2024 to meet the growing needs of communities in crisis. The majority of these interventions supported individuals in the most digitally repressed countries, including Iran, Myanmar, and Russia.

Frontline Media Fund

In FY 2024, the Frontline Media Fund (FMF) supported the launch of the Global News Service (GNS). FMF's administrative assistance enabled GNS to streamline its operations and concentrate on developing its Content Management System (CMS). This system will gather, translate, and distribute content produced by both federal and non-federal entities within USAGM.

GNS started operations in April 2024 and quickly assembled a small team of four full-time employees with extensive journalistic experience. From April to October 2024, GNS built strong working relationships with USAGM offices and entities, produced proof-of-concept news packages for feedback from entities, completed logo design and branding design, conducted user surveys with about 30 potential news partners in Taiwan and other countries, and secured more than 25 partners that will be using GNS's content from all entities.

After thoroughly analyzing and comparing various CMS providers, GNS selected Arx XP as its backend CMS partner and Pyxis as its frontend and managed services partner. Combining the two provides GNS with a robust system capable of ingesting text and image and, in FY2025, video feeds from the USAGM entities, along with ambitious AI-related roadmaps and seamless distribution integration. Development of the GNS workflows and website began in late September. GNS received proposals from six digital design firms and selected the award-winning ++hellohello firm in late September.

ONGOING CHALLENGES

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

Financial Highlights

The summary of key financial measures from the Balance Sheet and Statements of Net Cost is provided in the table below. In FY 2024, NFE advances were reduced in part due to technology investments placed into service, a reduction in carryover as the FY 2024 grants were reduced, and other factors.

Financial Highlights (in thousands)	FY 2024	FY 2023
At End of the Year:		
Condensed Balance Sheet Data:		
Fund Balance with Treasury	\$ 265,253	\$ 278,581
Accounts Receivable	6	549
Property, Plant and Equipment	35,426	38,608
Advances to Non-Federal Entities	73,000	107,000
Other	521	1,102
Total Assets	\$ 374,206	\$ 425,840
Accounts Payable and Other	\$ 34,410	\$ 29,458
Retirement and Payroll	35,799	38,625
Total Liabilities	\$ 70,209	\$ 68,083
Unexpended Appropriations	\$ 292,712	\$ 341,346
Cumulative Results of Operations	11,285	16,411
Total Net Position	303,997	357,757
Total Liabilities and Net Position	\$ 374,206	\$ 425,840
For the Year:		
Condensed Statement of Net Cost Data:		
Total Cost	\$ 964,144	\$ 914,740
Total Earned Revenue	(20,715)	(11,071)
Total Net Cost of Operations	\$ 943,429	\$ 903,669

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

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

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

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

USAGM received appropriations totaling \$866.9 million for Fiscal Year (FY) 2024, which represents a decrease of \$17.8 million or 2.05 percent below the FY 2023 Enacted level of \$884.7 million. With these funds, USAGM is able to support its mission to inform, engage, and connect people around the world in support of freedom and democracy, by delivering fact-based, objective, and professional journalism, engaging with over 420 million people weekly in 64 languages and over 100 countries around the world. New investments primarily focus on countering the PRC, Russia, and other malign influences, an agency-wide technology transformation, efforts to support journalists around the world particularly in dangerous environments, and enhancements in research, marketing, and diversity, equity, inclusion, and accessibility initiatives. In response to the war in Ukraine, USAGM received \$25.0 million in supplemental appropriations for FY 2022-2024 to enhance coverage in Ukraine, Russian and surrounding regions. These funds are now expired. USAGM used this funding to combat misinformation and disinformation as well as provide comprehensive, unbiased journalistic coverage of the conflict in Ukraine, Russian citizens protesting the actions of the Kremlin, and the ongoing refugee and

³ FY 2023 USAGM measured global weekly audience

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

**U.S. Agency for Global Media
FY 2024 Summary of Appropriations**

(\$ in thousands)

International Broadcasting Bureau (Programs, Projects, and Activities)	FY 2024 Enacted	% of Total Budget
Federal Entities		
Voice of America	\$ 260,032	30.00%
Office Cuba Broadcasting	\$ 25,000	2.88%
Mission Support: Management and Support	\$ 51,200	5.91%
Mission Support: Office of Technology, Services, and Innovation	\$ 174,440	20.12%
Subtotal, Federal Entities	\$ 510,672	58.91%
Non-Federal Entities		
Radio Free Europe/Radio Liberty	\$ 142,212	16.40%
Radio Free Asia	\$ 60,830	7.02%
Middle East Broadcasting Networks	\$ 100,000	11.54%
Open Technology Fund	\$ 43,500	5.02%
Subtotal, Non-Federal Entities	\$ 346,542	39.97%
Subtotal, International Broadcasting Operations	\$ 857,214	98.88%
Broadcasting Capital Improvements	\$ 9,700	1.12%
USAGM Total - FY 2024 Appropriation/Request	\$ 866,914	100.00%
Ukraine Supplemental Funding FY 2022 - FY 2024	\$ 25,000	
USAGM Grand Total - Appropriation/Request	\$ 891,914	

LIMITATIONS OF FINANCIAL STATEMENTS

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

Analysis of Systems, Controls, and Legal Compliance

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT

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

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

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

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

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

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

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

During FY 2024, USAGM made significant progress in information security and risk management, while developing an agency Zero Trust Architecture (ZTA) plan in response to the President’s Cyber Executive Order 14028 and subsequent OMB Memorandums M-21-30, M-21-31, M-22-01, M-22-09, and M-22-16.

Notable accomplishments include the following:

1. Significant progress made in the Information Security Continuous Monitoring (ISCM) program to rearchitect some of the FISMA systems boundaries to better align with business processes, as well as achieved greater visibility, oversight, and clear reporting structures.
2. Significant improvements of the Change Management Program with the implementation of the Ivanti Change Management tool for better Change Advisory Board (CAB) activities in terms of documenting, testing, approving, and communicating various implementation plans and processes.
3. Continued implementation of our software and hardware assets management program with Ivanti Assets Management modules.
4. Continued implementation of our software baseline on workstations and mobile devices to allow and disallow certain software applications to better protect the agency from ever changing risks.

In addition, as a qualitative measure of the effectiveness of USAGM’s IT security defenses, the agency’s information security team detected and investigated numerous suspicious cybersecurity events during the past year. The six minor information security incidents were reported to DHS through the CISA Incident Report System for their awareness. All of these incidents were relatively minor e-

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

The agency's management controls program is designed to ensure compliance with the goals, objectives, and requirements of the FMFIA and various federal laws and regulations. USAGM employs an integrated process to perform the work necessary to meet the requirements of OMB Circular A-123's Appendix A and Appendix C (regarding Payment Integrity), the FMFIA, and the GAO's Green Book. During FY 2024 USAGM identified, assessed and analyzed agency-wide risks in accordance with OMB Circular A-123. The FY 2024 risk profile prioritized significant risks to the achievement of USAGM's objectives and mission. The agency has documented and continuously implements appropriate risk response mitigation strategies to these enterprise risks. Consistent with the ERM process, management continuously monitors the progress and effectiveness of these mitigation strategies.

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

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

FINANCIAL MANAGEMENT SYSTEMS AND REPORTING INTERNAL CONTROL REVIEW

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

FINANCIAL MANAGEMENT SYSTEMS STRATEGIES

USAGM currently uses CGI's proprietary Momentum Financials and Acquisitions version 7.9 as their financial system of record and provides the core accounting services of the agency. These services include funds control, budget execution, general ledger, accounts payable, accounts receivable, financial reports, and access controls. In FY 2025, USAGM will transition from CGI Fed Cloud hosted at the Phoenix Data Center (PDC), to a cloud hosted environment. This will allow for additional cost savings over the life of the contract, as well as the ability to adapt Momentum to USAGM's system requirements as they change.

USAGM payroll is processed through the Defense Civilian Pay System (DCPS). USAGM is finalizing requirements for conversion from Defense Civilian Personnel Data System (DCPDS) to a new Human Resource system new human resource system managed by the Defense Finance and Accounting Service (DFAS).

USAGM is in the final phases of a changeover from webTA to Standard Labor Data Collection and Distribution Application (SLDCADA) timekeeping system. We have addressed the requirements of auditable timecards, record retention and software compliance, and compatibility with our payroll system provider DFAS.

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

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

PAYMENT INTEGRITY PROGRAM

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

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

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

OTHER EVALUATIONS

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

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

FY 2024 Statement of Assurance



U.S. AGENCY FOR
GLOBAL MEDIA

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FY 2024 STATEMENT OF ASSURANCE

The U.S. Agency for Global Media (USAGM) is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. USAGM conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, the agency can provide reasonable assurance that internal controls over operations, reporting and compliance were operating effectively as of September 30, 2024. No material weaknesses were found in the design or operation of internal control over financial reporting.

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

Amanda Bennett

Chief Executive Officer
November 8, 2024



Section 2: Financial Information

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Message from the Chief Financial Officer



U.S. AGENCY FOR
GLOBAL MEDIA

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Message from the Chief Financial Officer

I am pleased to present the financial statements for the U.S. Agency for Global Media (USAGM) for Fiscal Year (FY) 2024. Our commitment to maintaining the highest standards of financial transparency and accountability remains steadfast. The Agency Financial Report serves as our primary means of communication to the President, the Congress, and the American people on our stewardship of the public funds with which we have been entrusted. This funding is essential for fulfilling our critical mission to inform, engage, and connect people around the world in support of freedom and democracy.

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

USAGM's senior leadership acknowledges the pivotal role of effective grants management and is gratified to report substantial progress in the implementation of crucial grants monitoring activities.

Our sincere appreciation goes to our dedicated staff for their professionalism and hard work. FY 2024 has seen remarkable progress, we recognize that there is always room for improvement, necessitating our continued diligence and a fresh perspective. We are committed to ongoing improvement and innovation, in collaboration with independent financial auditors and the Office of the Inspector General, to ensure the resolution of any outstanding issues. We remain steadfast in our promise to be efficient and effective stewards of the taxpayer resources entrusted to us as we further our vital mission to bring news and information to audiences worldwide.

Sincerely,

A handwritten signature in black ink that reads "Trina J. Mixson".

Trina J. Mixson
Acting Chief Financial Officer



Independent Auditor's Report



Office of Inspector General
United States Department of State

UNCLASSIFIED

November 15, 2024

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

Dear Ms. Bennett:

The Office of Inspector General (OIG) engaged an independent external auditor, Kearney & Company, P.C., to audit the financial statements of the U.S. Agency for Global Media (USAGM) as of September 30, 2024 and 2023, and for the years then ended; to report on internal control over financial reporting; and to report on compliance with laws, regulations, contracts, and grant agreements. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget audit guidance.

In its report, *Independent Auditor's Report on the U.S. Agency for Global Media FY 2024 and FY 2023 Financial Statements* (AUD-FM-IB-25-03), Kearney & Company found the following:

- The financial statements as of and for the fiscal years ended September 30, 2024 and 2023, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- No material weaknesses¹ in internal control over financial reporting.
- No instances of reportable noncompliance with laws, regulations, contracts, and grant agreements.

Kearney & Company is responsible for the enclosed auditor's report, which includes the Independent Auditor's Report; the Report on Internal Control Over Financial Reporting; and the Report on Compliance With Laws, Regulations, Contracts, and Grant Agreements, dated November 15, 2024. Kearney & Company is also responsible for the conclusions expressed in the report. OIG does not express an opinion on USAGM's financial statements or conclusions on internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements.

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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www.stateoig.gov

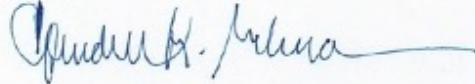
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USAGM's comments on the auditor's report are attached to the report.

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

Sincerely,



Cardell K. Richardson, Sr.
Inspector General

Enclosure: As stated.

cc: OCFO – Trina Mixson, Acting
OMS – USAGM Inspections
Kearney & Company, P.C. – Stephanie T. Mitjans

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INDEPENDENT AUDITOR'S REPORT
AUD-FM-IB-25-03

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the U.S. Agency for Global Media (USAGM), which comprise the consolidated balance sheets as of September 30, 2024 and 2023; the related consolidated statements of net cost and changes in net position and the combined statements of budgetary resources for the years then ended; and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of USAGM as of September 30, 2024 and 2023, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, "Audit Requirements for Federal Financial Statements." Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USAGM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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



GAAS, which consisted of making inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02, we have also issued reports, dated November 15, 2024, on our consideration of USAGM’s internal control over financial reporting and on our tests of USAGM’s compliance with provisions of applicable laws, regulations, contracts, and grant agreements for the year ended September 30, 2024. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 and should be considered in assessing the results of our audits.

Alexandria, Virginia
November 15, 2024



1701 Duke Street, Suite 500, Alexandria, VA 22314
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, "Audit Requirements for Federal Financial Statements," the financial statements and the related notes to the financial statements of the U.S. Agency for Global Media (USAGM) as of and for the year ended September 30, 2024, which collectively comprise USAGM's financial statements, and we have issued our report thereon dated November 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered USAGM's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USAGM's internal control. Accordingly, we do not express an opinion on the effectiveness of USAGM's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 24-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982,¹ such as those controls relevant to ensuring efficient operations.

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

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

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

¹ Federal Managers' Financial Integrity Act of 1982, Public Law 97-255 (September 8, 1982).



USAGM's Response

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of USAGM's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USAGM's internal control over financial reporting. Accordingly, this report is not suitable for any other purpose.

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

Alexandria, Virginia
November 15, 2024



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, "Audit Requirements for Federal Financial Statements," the financial statements and the related notes to the financial statements of the U.S. Agency for Global Media (USAGM) as of and for the year ended September 30, 2024, which collectively comprise USAGM's financial statements, and we have issued our report thereon dated November 15, 2024.

Report on Compliance

As part of obtaining reasonable assurance about whether USAGM's financial statements are free from material misstatement, we performed tests of USAGM's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts and disclosures. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USAGM. However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

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

USAGM's Response

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



Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance with provisions of applicable laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on the effectiveness of USAGM’s compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USAGM’s compliance. Accordingly, this report is not suitable for any other purpose.

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

Alexandria, Virginia
November 15, 2024

Response to the Audit

Appendix A



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

November 15, 2024


The Honorable Cardell K. Richardson, Sr.
Inspector General
Office of Inspector General
U.S. Department of State

Dear Mr. Richardson:

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

USAGM operations are global and complex, with programming in over 64 languages, thousands of media partners, and on-the-ground reporting capabilities around the world. USAGM recognizes that our strength as an organization requires a strong fiscal foundation and effective stewardship over the resources entrusted to us by the American people.

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

Sincerely,

Trina I. Mixson
Acting, Chief Financial Officer



Financial Statements

**U.S. Agency for Global Media
Consolidated Balance Sheet**
As of September 30, 2024 and 2023
(in thousands)

	FY 2024	FY 2023
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 265,253	\$ 278,581
Accounts Receivable (Note 4)	<u>6</u>	<u>501</u>
Total Intragovernmental	<u>265,259</u>	<u>279,082</u>
With the Public:		
Accounts Receivable, Net (Note 4)	-	48
General Property, Plant and Equipment, Net (Note 5)	35,426	38,608
Advances and Prepayments		
Advances to Non-Federal Entities (Note 6)	73,000	107,000
Other Prepaid Assets (Note 7)	509	469
Other Assets (Note 7)	<u>12</u>	<u>633</u>
Total with the Public	<u>108,947</u>	<u>146,758</u>
Total Assets	<u>\$ 374,206</u>	<u>\$ 425,840</u>
Liabilities (Note 8):		
Intragovernmental:		
Accounts Payable	\$ 2,907	\$ 863
Other Liabilities		
Accrued FECA Liabilities (Note 8)	1,076	1,224
Other Liabilities (Note 11)	<u>1,677</u>	<u>1,279</u>
Total Intragovernmental	<u>5,660</u>	<u>3,366</u>
With the Public:		
Accounts Payable	17,188	19,656
Federal Employee Salary, Leave, and Benefits Payable		
Actuarial FECA Liabilities (Note 8)	6,618	7,225
Accrued Annual and Compensatory Leave (Note 8)	18,327	18,165
Foreign Service Nationals After-Employment Benefits (Note 8 and 9)	4,312	5,296
Accrued Payroll and Benefits (Note 8)	5,466	6,715
Environmental and Disposal Liabilities (Note 8 and 10)	830	830
Other Liabilities		
Other Liabilities (Note 11 and 12)	<u>11,808</u>	<u>6,830</u>
Total with the Public	<u>64,549</u>	<u>64,717</u>
Total Liabilities	<u>\$ 70,209</u>	<u>\$ 68,083</u>
Commitments and Contingencies (Note 8, 11 and 13)		
Net position:		
Unexpended Appropriations-Funds from Other than Dedicated Collections	\$ 292,712	\$ 341,346
Cumulative Results of Operations-Funds from Other than Dedicated Collections	<u>11,285</u>	<u>16,411</u>
Total Net Position	<u>\$ 303,997</u>	<u>\$ 357,757</u>
Total Liabilities and Net Position	<u>\$ 374,206</u>	<u>\$ 425,840</u>

The accompanying notes are an integral part of these statements.

U.S. Agency for Global Media
Consolidated Statement of Net Cost
For the Years Ended September 30, 2024 and 2023
(in thousands)

	FY 2024	FY 2023
Voice of America (VOA)		
Gross Costs	\$ 465,851	\$ 438,898
Less: Earned Revenues	<u>(1,340)</u>	<u>(1,715)</u>
Net Program Costs	464,511	437,183
Office of Cuba Broadcasting (OCB)		
Gross Costs	26,362	24,794
Less: Earned Revenues	<u>-</u>	<u>-</u>
Net Program Costs	26,362	24,794
Non-Federal Entities		
Gross Costs	471,931	451,048
Less: Earned Revenues	<u>(19,375)</u>	<u>(9,356)</u>
Net Program Costs	452,556	441,692
Total Gross Costs	964,144	914,740
Less: Total Earned Revenues	<u>(20,715)</u>	<u>(11,071)</u>
Net Cost of Operations	<u>\$ 943,429</u>	<u>\$ 903,669</u>

The accompanying notes are an integral part of these statements.

U.S. Agency for Global Media
Consolidated Statement of Changes in Net Position
For the Years Ended September 30, 2024 and 2023
(in thousands)

	FY 2024	FY 2023
Unexpended Appropriations:		
Beginning Balance	\$ 341,346	\$ 344,870
Appropriations Received	866,914	884,700
Appropriations Transferred In/Out (+/-)	3,600	2,600
Other Adjustments (+/-)	(338)	(1,046)
Appropriations Used	<u>(918,810)</u>	<u>(889,778)</u>
Net Change in Unexpended Appropriations	<u>(48,634)</u>	<u>(3,524)</u>
Total Unexpended Appropriations: Ending	<u>292,712</u>	<u>341,346</u>
Cumulative Results from Operations:		
Beginning Balances	\$ 16,410	\$ 13,611
Appropriations Used	918,810	889,778
Imputed Financing	19,494	16,691
Net Cost of Operations (+/-)	<u>943,429</u>	<u>903,669</u>
Net Change in Cumulative Result of Operations	<u>(5,125)</u>	<u>2,800</u>
Cumulative Results of Operations: Ending	<u>11,285</u>	<u>16,411</u>
Net Position	<u>\$ 303,997</u>	<u>\$ 357,757</u>

The accompanying notes are an integral part of these statements.

U.S. Agency for Global Media
Combined Statement of Budgetary Resources
For the Years Ended September 30, 2024 and 2023
(in thousands)

	FY 2024	FY 2023
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 137,338	\$ 124,063
Appropriations (Discretionary and Mandatory)	867,382	887,768
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	18,008	11,144
Total Budgetary Resources	<u>\$ 1,022,728</u>	<u>\$ 1,022,975</u>
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	\$ 907,098	\$ 906,295
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	41,415	56,144
Unapportioned, Unexpired Accounts	41,855	22,701
Unexpired Unobligated Balance, End of Year	83,270	78,845
Expired Unobligated Balance, End of Year	32,360	37,835
Unobligated Balance, End of Year (Total)	115,630	116,680
Total Budgetary Resources	<u>\$ 1,022,728</u>	<u>\$ 1,022,975</u>
Outlays, Net, and Disbursements, Net		
Outlays, Net (Total) (Discretionary and Mandatory)	883,629	894,686
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$ 883,629</u>	<u>\$ 894,686</u>

The accompanying notes are an integral part of these statements.

United States Agency for Global Media Notes to Principal Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On October 1, 1999, the United States Agency for Global Media (USAGM), originally the Broadcasting Board of Governors (BBG) became the independent, autonomous entity responsible for all U.S. Government and government-sponsored, non-military, international broadcasting. This was the result of the 1998 Foreign Affairs Reform and Restructuring Act (Public Law 105-277). The Fiscal Year 2017 National Defense Authorization Act made several significant reforms to the Agency's management structure. Primarily, the act authorized the position of a Presidentially-nominated, Senate-confirmed Chief Executive Officer (CEO). Under the new statutory structure, the CEO serves as agency head, assuming all leadership, management, and operational authorities. The media organizations that comprise USAGM complement and reinforce one another in a shared mission vital to U.S. national interests: to inform, engage, and connect people around the world in support of freedom and democracy. USAGM's mission is supported by two overarching strategic goals: (1) expanding freedom of information and expression and (2) sharing America's democratic experience and values. Together, USAGM networks communicate each week with more than 420 million people across the globe. USAGM is composed of two federal entities:

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

The USAGM CEO and Agency mission support offices conduct oversight and provide support, and do not engage in the development of news content. The CEO provides overall governance for USAGM and has authority to make grants to carry out its statutorily defined broadcasting mission. The Office of Technology Services and Innovation (TSI) maintains the global distribution network over which all USAGM-funded news and information programming is distributed. Other offices provide administrative functions which are governed by federal laws and regulations. The VOA and OCB are the components of the agency that develop news content along with Non-Federal Entities (NFE): Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and Middle East Broadcasting Networks (MBN). The Open Technology Fund (OTF) supports

internet freedom. The Frontline Media Fund (FMF) is a new NFE launched in FY 2024 and includes the Global News Service (GNS), a content delivery strategy. All USAGM broadcast services adhere to the standards and principles of the International Broadcasting Act of 1994, as amended, and support the USAGM mission.

The NFEs – RFE/RL, RFA, MBN, OTF and FMF – are independent non-federal entities who receive the majority of their funding from USAGM. They are organized and managed as private, independent, non-profit corporations and considered disclosure entities in accordance with Statement of Federal Financial Accounting Standards (SFFAS) 47: *Reporting Entity* (See Note 17). Further information on these NFEs can be found at:

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

B. Basis of Presentation and Accounting

These financial statements have been prepared to report the financial position, net cost, changes in net position, and budgetary resources of USAGM, consistent with the Chief Financial Officers' Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of USAGM in accordance with U.S. generally accepted accounting principles (GAAP) for federal entities and presented in accordance with the form and content requirements of the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements, revised*. GAAP for federal entities, as prescribed by the Federal Accounting Standards Advisory Board (FASAB); FASAB's SFFAS 34: *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, which incorporates the GAAP hierarchy into FASAB's authoritative literature is the designated standard-setting body for the Federal Government.

Financial transactions are recorded in the financial system, using both an accrual and a budgetary basis of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is

incurred, without regard to the receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements and mandated controls over the use of federal funds. It generally differs from the accrual basis of accounting in that obligations are recognized when new orders are placed or contracts awarded. In accordance with SFFAS 56: *Classified Activities*, accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

C. Assets and Liabilities

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

Intragovernmental assets and liabilities arise from transactions between USAGM and other federal entities. All other assets and liabilities result from activity with NFEs. Liabilities covered by budgetary or other resources are those liabilities of USAGM for which Congress has appropriated funds or funding is otherwise available to pay amounts due. Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future congressional appropriations or other funding.

D. Fund Balance with Treasury

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

General Funds

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

Trust Funds

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

Other Fund Types

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

USAGM does not maintain cash in commercial bank accounts for the funds reported in the balance sheet. The U.S. Treasury (“Treasury”) processes domestic receipts and disbursements. Two Department of State financial service centers, located in Bangkok, Thailand, and Charleston, South Carolina, provide financial support for USAGM operations overseas. The U.S. disbursing officer at each center has the delegated authority to disburse funds on behalf of the Treasury.

E. Accounts Receivable

Accounts receivable consist of amounts owed to USAGM by other federal agencies and the public. Intragovernmental accounts receivable represents amounts due from other federal agencies for reimbursable activities. Accounts receivable from the public represent amounts due from common carriers for unused airline tickets, and from vendors for erroneous or duplicate payments. These receivables are stated net of any allowances for estimated uncollectible amounts. The allowance, if any, is determined by the nature of the receivable and an analysis of aged receivable activity. Aged receivables more than 120 days without payment arrangements in place are sent to the Treasury for collection through the Treasury Offset Program (TOP).

F. Advances and Prepayments

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

miscellaneous prepayments and advances to NFEs for future services. Advances to NFEs receiving grant awards are described further in Note 6.

G. Personnel Compensation and Benefits

Annual, Sick and Other Leave Program

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

Retirement Plans

Civil Service employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Employees covered under CSRS contribute 7.00 percent of their salary; USAGM contributes 7.00 percent. Employees covered under CSRS also contribute 1.45 percent of their salary to Medicare insurance; USAGM makes a matching contribution. On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, were allowed to join FERS or remain in CSRS. Employees participating in FERS contribute 0.80 percent of their salary, with USAGM making contributions of 18.40 percent. FERS employees also contribute 6.20 percent to Old Age Survivor and Disability Insurance (OASDI) and 1.45 percent to Medicare insurance. USAGM makes matching contributions to both.

Effective January 1, 2013, pursuant to Public Law 112-96, Section 5001, new employees (as designated in the statute) pay higher FERS employee contributions (3.10 percent instead of 0.80 percent) with USAGM making contributions of 16.50 percent. These employees are covered under the FERS as Revised Annuity Employees (RAE), FERS-RAE. Effective January 1, 2014, Section 401 of the “Bipartisan Budget Act of 2013,” signed into law by the President on December 26, 2013, made another change to the Federal Employees’ Retirement System (FERS). New employees (as designated by that statute) pay higher FERS employee contributions (4.40 percent instead of 0.80 percent) with USAGM making contributions of 16.50 percent. These employees are covered under the FERS as Further Revised Annuity Employees (FRAE), FERS-FRAE.

Employees covered by CSRS and FERS are eligible to contribute to the U.S. Government's Thrift Savings Plan (TSP), administered by the Federal Retirement Thrift Investment Board. USAGM makes a mandatory contribution of 1 percent of basic pay for FERS-covered employees. In addition, USAGM makes matching contributions of up to 5 percent of basic pay, for FERS employees who contribute to the Thrift Savings Plan. Contributions are matched dollar for dollar for the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay. For CSRS participants, there is no governmental matching contribution. The maximum amount that either FERS or CSRS employees may contribute to the plan in calendar year 2024 is \$23,000. Those who are of age fifty and older may contribute an additional \$7,500 in catch-up contributions. Foreign Service employees participate in either the Foreign Service Retirement and Disability System (FSRDS) or the Foreign Service Pension System (FSPS). The FSRDS is the Foreign Service equivalent of CSRS as described in chapter 83 of Title 5, U.S.C. Employees covered under FSRDS contribute 7.25 percent of their salary; USAGM contributes 7.25 percent. Employees covered under FSRDS also contribute 1.45 percent of their salary to Medicare insurance; USAGM makes a matching contribution. The FSPS is the Foreign Service equivalent of the FERS, as described in chapter 84 of Title 5, U.S.C. In general, all Foreign Service eligible participants hired after December 31, 1983, participate in the FSPS. Most employees hired after December 31, 1983, are automatically covered by FSPS and Social Security. Employees hired prior to January 1, 1984, were allowed to join FSPS or remain in FSRDS. Employees participating in FSPS contribute 1.35 percent of their salary, with USAGM making contributions of 20.22 percent. FSPS employees also contribute 6.20 percent to OASDI and 1.45 percent to Medicare insurance. USAGM makes matching contributions to both. A primary feature of FSPS is that it offers a TSP into which USAGM automatically contributes 1 percent of pay and matches employee contributions up to an additional 4 percent. FSRDS-covered employees may make voluntary contributions to the TSP, but without the employer 1 percent contribution or employer-matching contributions. Effective January 1, 2013, pursuant to Public Law 112-96, Section 5001, new employees (as designated in the statute) pay higher FSPS employee contributions (3.65 percent instead of 1.35 percent) with USAGM making contributions of 17.92 percent. These employees are covered under FSPS as Revised Annuity Employees (RAE), FSPS-RAE. Foreign Service employees hired on or after January 1, 2014, who lack extensive prior federal service, will have to

pay 4.95 percent towards the Foreign Service Pension System (FSPS), with USAGM making contributions of 17.92 percent. These employees are covered under FSPS-FRAE. The Department of State manages the FSRDS and FSPS plans.

Health Insurance

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

Life Insurance

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

Workers' Compensation

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

Federal Employees Post-Employment Benefits

USAGM does not report CSRS, FERS, FEHB or FEGLI assets, accumulated plan benefits, or unfunded liabilities applicable to its employees; OPM reports this information. As required by SFFAS 5: *Accounting for Liabilities of the Federal Government*, USAGM reports the full cost of employee benefits for the programs that OPM administers. USAGM recognizes an expense and imputed financing source for the annualized unfunded portion of CSRS, post-retirement health benefits, and life insurance for employees covered by these programs. The additional costs are not actually owed or paid to OPM, and thus are not reported as liabilities on the balance sheet. For each fiscal year the Office of Personnel Management (OPM) calculates the U.S. Government's service costs for covered employees, which is an estimate of the amount of funds that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the U.S. Government's estimated FY 2024 service cost exceeds contributions made by employer agencies and covered employees, the plan is not fully funded by USAGM and its employees. For FY 2024 USAGM recognized \$19.5 million as an imputed cost and as an imputed financing source for the difference between the estimated service cost and the contributions made by USAGM and its employees.

Foreign Service Nationals (FSN) After-Employment Benefits

USAGM employs approximately 278 FSN employees at 20 overseas posts. Many of these posts offer after-employment benefits that are based on the employment laws and prevailing wage practices in that host country. These benefits may include annuity-based defined benefit plans, defined contribution plans, and lump sum voluntary severance and retirement benefits. Descriptions of these after-employment benefits and projected plan benefits are presented in fuller detail in Note 9.

Personal Services Contractors

Beginning in June 2019, Personal Service Contractors (PSCs) became a part of USAGM's workforce. VOA relies on the specialized skills of over 600 contractors to develop and deliver content to its worldwide audience. USAGM is exploring different approaches to streamline management of these contractors and increase the agility with which leadership can leverage its contractor resources to complement its robust federal workforce. Previously managed by staffing service procurements, PSCs are currently managed directly in accordance with individual personnel service contract agreements with the agency. The agency

has a procurement contract to administer payroll and associated benefits on the agency's behalf. PSCs are eligible to participate in a voluntary benefits program that offers health, dental, vision, disability, and life insurance benefits for enrollees and eligible family members. USAGM contributes a flat monthly rate to health insurance plans. In addition, PSCs may use pre-tax dollars to purchase WMATA SmartTrip benefits. USAGM also pays the employer's portion of Workers' Compensation premiums due to Federal and State authorities. PSCs do not participate in after-employment benefits, and there is no post-employment liability related to PSCs.

H. Contingent Liabilities

A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss which should ultimately be resolved when a future event occurs or fails to occur. Contingencies are accrued in the financial statements where the liability is probable, and the cost is measurable. Contingencies that do not meet any of the conditions for liability recognition, but for which there is at least a reasonable possibility that a liability may be incurred, are disclosed but not accrued, as presented in Note 13.

I. Revenues and Financing Sources

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

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

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

employees. Funding from other federal agencies is recorded as an imputed financing source.

J. Net Position

USAGM's net position contains the following components:

Unexpended Appropriations

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

Cumulative Results of Operations

These include (1) the accumulated difference between revenues and financing sources less expenses since inception; (2) USAGM's investment in capitalized assets financed by appropriation; (3) donations; and (4) unfunded liabilities, for which liquidation may require future congressional appropriations or other budgetary resources.

K. Management's Use of Estimates

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

L. Statement of Net Cost Presentation

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

NOTE 2: ENTITY / NON-ENTITY ASSETS

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

Non-entity assets as of September 30, 2024 and 2023 are summarized as follows:

Non-Entity Assets (in thousands)	2024	2023
Intragovernmental:		
Fund Balance with Treasury	\$ 3,831	\$ 4,206
Total Intragovernmental	3,831	4,206
Total Non-Entity Assets	3,831	4,206
Total Entity Assets	370,375	421,634
Total Assets	\$ 374,206	\$ 425,840

NOTE 3: FUND BALANCE WITH TREASURY

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

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

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

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

The Status of Fund Balance with Treasury as of September 30, 2024 and 2023, consists of the following:

Status of Fund Balance with Treasury (in thousands)	2024	2023
Unobligated Balance		
Available	\$ 83,270	\$ 78,845
Unavailable	32,360	37,835
Obligated Balance Not Yet Disbursed	145,759	157,695
Non-Budgetary Fund Balance with Treasury	3,864	4,206
Total	\$ 265,253	\$ 278,581

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

Canceled funds returned to the Treasury as of September 30, 2024 and 2023 totaled \$0.3 million and \$1.0 million, respectively.

NOTE 4: ACCOUNTS RECEIVABLE, NET

Accounts receivable as of September 30, 2024 and 2023, are as follows:

Accounts Receivable (in thousands)	2024	2023
Intragovernmental	\$ 6	\$ 501
Public	-	48
Total Accounts Receivable, Net	\$ 6	\$ 549

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

NOTE 5: PROPERTY, PLANT, AND EQUIPMENT, NET

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

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

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

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

In accordance with SFFAS 54: *Leases*, effective for reporting periods beginning October 1, 2023, USAGM developed procedures to report lease assets and liabilities. In FY 2024, USAGM reported right-to-use (RTU) lease assets and corresponding lease liabilities for non-intragovernmental and non-short-term contracts when USAGM has the right to control access to and/or obtain economic benefits from the use of real property, equipment, or other assets. Descriptions of significant intragovernmental leases, overseas residential leases, and Non-federal RTU leases are presented in fuller detail in Note 12.

PP&E consists of property used in operations and consumed over time. The following table summarizes cost and accumulated depreciation/amortization of property, plant, and equipment as of September 30, 2024 and 2023.

PP&E (in thousands)		2024			2023		
Property Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 3,416	\$ -	\$ 3,416	\$ 3,416	\$ -	\$ 3,416
Construction-in-Progress	N/A	9,020	-	9,020	9,020	-	9,020
Right-to-Use Lease	N/A	2,048	(357)	1,691	-	-	-
Building	30	24,279	(22,656)	1,623	24,279	(22,384)	1,895
Other Structures	20	6,088	(5,896)	192	6,088	(5,875)	213
Equipment	6-30	269,760	(253,677)	16,083	277,310	(257,317)	19,993
Vehicles	6	5,292	(4,307)	985	5,348	(4,222)	1,126
Leasehold Improvements	10-20	6,884	(4,468)	2,416	6,884	(3,939)	2,945
Software	3-6	6,590	(6,590)	-	6,590	(6,590)	-
Total		\$ 333,377	\$ (297,951)	\$ 35,426	\$ 338,935	\$ (300,327)	\$ 38,608

USAGM is reducing its shortwave and medium wave transmissions and focusing on digital and other content distribution platforms. With programming reduced, the smaller broadcast load will allow USAGM to achieve cost efficiencies by closing transmitting stations in Sao Tome and CNMI (Marianas). The infrastructure at each of these stations is at or near the end of life. Additionally, USAGM is evaluating the status of other transmitting stations, and a distribution realignment is ongoing.

Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited Required Supplementary Information (RSI). Depreciation and amortization expense as of September 30, 2024 and 2023 is \$5.8 million and \$7.3 million, respectively

NOTE 6: ADVANCES TO NON-FEDERAL ENTITIES

The advance to NFEs represents an amount in which USAGM has disbursed funds but for which goods and services have not been delivered or performed. Grant funds are issued periodically throughout the year on an advance basis and liquidated based on actual expenses incurred by the NFE. The grant advance liquidation approach utilizes expenses as recorded in the NFEs' preliminary unaudited Trial Balances through September of the year being audited. In some instances, NFEs provided estimates for expenses and year-end adjustments for activity incurred but not recorded in the preliminary trial balance due to timing

and availability. The NFE advance accrual does not account for NFE executed vendor contracts awarded where services have not been received by the NFE as of year-end.

Advances to Non-Federal Entities for the years ended September 30, 2024 and 2023 are \$73 million and \$107 million, respectively.

NOTE 7: OTHER ASSETS

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

Other assets consist of the following as of September 30, 2024 and 2023:

Other Assets (in thousands)	2024	2023
Inactive PP&E	\$ 12	\$ 633
Prepaid Leases	400	336
Travel & Salary Advances	109	133
Total	\$ 521	\$ 1,102

NOTE 8: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

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

Liabilities Not Covered by Budgetary Resources as of September 30, 2024 and 2023 are summarized below.

Liabilities Covered / Not Covered by Budgetary Resources (in thousands)	2024	2023
Intragovernmental		
Accrued FECA Liabilities	\$ 1,076	\$ 1,224
Total Intragovernmental	<u>1,076</u>	<u>1,224</u>
Public		
Actuarial FECA Liabilities	6,618	7,225
Accrued Annual and Compensatory Leave	18,327	18,165
Contingent Liabilities	6,277	4,714
Foreign Service National After-Employment Benefits	4,312	5,296
Environmental and Disposal Liabilities	830	830
Lessee Lease Liabilities	1,699	-
Total Liabilities Not Covered by Budgetary Resources	<u>39,139</u>	<u>37,454</u>
Total Liabilities Covered by Budgetary Resources	28,953	28,513
Total Liabilities Not Requiring Budgetary Resources	<u>2,117</u>	<u>2,116</u>
Total Liabilities	<u>\$ 70,209</u>	<u>\$ 68,083</u>

NOTE 9: FOREIGN SERVICE NATIONALS (FSN) AFTER-EMPLOYMENT BENEFITS

USAGM operates overseas in 20 posts and employs approximately 278 local nationals known as Foreign Service Nationals (FSNs). FSNs do not qualify for federal civilian benefits, and therefore cannot participate in any of the federal civilian retirement plans. Instead, FSN employees participate in a variety of plans established by the DOS based upon prevailing wage and compensation practices in the host country, unless the DOS makes a public interest determination to do otherwise. In general, USAGM follows host country (i.e., local) practices and conventions in compensating FSNs. The end result is that compensation for FSNs is often not in accordance with what would otherwise be offered or required by statute and regulations for federal civilian employees.

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

Defined Benefit Plans

USAGM has implemented various arrangements for defined benefit pension plans for the benefit of FSNs in 3 countries. Some of these plans supplement the host country's equivalent to U.S. social security and others do not. While none of these supplemental plans are mandated by the host country, some are substitutes for optional tiers of a host country's social security system. Such arrangements include (but are not limited to) conventional defined benefit plans with assets held in the name of trustees of the plan who engage plan administrators, investment advisors and actuaries, and plans offered by insurance companies at predetermined rates or with annual adjustments to premiums. USAGM deposits funds under various fiduciary-type arrangements, purchases annuities under group insurance contracts or provides reserves to these plans. Benefits under the defined benefit plans are typically based either on years of service and/or the employee's compensation (generally during a fixed number of years immediately before retirement). The range of assumptions that are used for the defined benefit plans reflects the different economic and regulatory environments within the various countries. The net defined benefit liability is comprised of the present value of the defined benefit obligation less the fair value of plan assets.

Retirement and Voluntary Severance Lump Sum Payments

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

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

The total liabilities reported for the FSN After-employment Benefits as of September 30, 2024 and 2023 are as follows:

After-Employment Benefit Liabilities (<i>in thousands</i>)	2024	2023
Defined Benefits Plans	\$ (708)	\$ 308
Voluntary Severance	1,670	1,422
Supplemental Retirement Lump Sum	3,350	3,566
Total After-Employment Benefit Liabilities	\$ 4,312	\$ 5,296

NOTE 10: ENVIRONMENTAL AND DISPOSAL LIABILITIES

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

Federal, state, and local statutes and regulations require environmental cleanup. Some of these statutes include the Comprehensive Environmental Response, Compensation, and Liability Act; The Resource Conservation and Recovery Act; as well as State and Local laws. Through an internal survey to comply with SFFAS 5: *Accounting for Liabilities of the Federal Government*, SFFAS 6: *Accounting for Property, Plant and Equipment*, FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-related Cleanup Costs* and Federal Financial Accounting and Auditing (FFAA) Technical Release 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, Technical Release 10, *Implementation Guidance on Asbestos*.

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

Cleanup Costs Associated with Facilities and Installed Equipment, and Technical Release 11, *Implementation Guidance on Cleanup Costs Associated with Equipment*, USAGM in FY 2013 identified offices and building facilities that contained non-friable and friable asbestos. Based on this survey, USAGM has recognized an estimated asbestos cleanup liability in the amount of \$655

thousand for four of its overseas facilities. The total estimate is based on the vendor quotes provided for asbestos cleanup-efforts adjusted for September 30, 2024 currency exchange rates. The total estimated potential environmental liability including removal of hazardous materials and asbestos for USAGM in FY 2024 is \$830 thousand.

NOTE 11: OTHER LIABILITIES

Other liabilities consist of the following as of September 30, 2024 and 2023:

Other Liabilities (in thousands)	2024	2023
Intragovernmental		
Advances and Prepayments	\$ 259	\$ -
Employer Contribution/Payroll Taxes	1,418	1,279
Total Intragovernmental	\$ 1,677	\$ 1,279
Public		
Contingent Liabilities	\$ 6,277	\$ 4,714
Deposit and Suspense Liabilities	2,117	2,116
Lessee Lease Liabilities	1,699	-
Withholdings Payable	1,715	-
Total Other Liabilities	\$ 13,485	\$ 8,109

In accordance with SFFAS 54: *Leases*, descriptions of significant intragovernmental leases, overseas residential leases, and Non-federal RTU leases are presented in fuller detail in Note 12.

NOTE 12: OPERATING LEASE ASSETS AND LIABILITIES

USAGM leases real property in overseas and domestic locations under operating leases that expire in various years. USAGM does not own significant real property. The threshold for operating lease review and disclosure is \$100,000 in total lease payments.

Intragovernmental Leases

The buildings in which the agency operates are leased primarily from the General Services Administration (GSA). GSA charges USAGM a standard lever user charge that approximates the commercial rental rates for similar properties. USAGM has four real property leases with GSA that are cancelable with a four-month notice. USAGM normally continues to occupy the leased space from GSA for an extended period of time with little variation from year to year. Lease charges are adjusted

annually to reflect operating costs incurred by GSA. The total square footage for USAGM domestic office and warehouse inventory is approximately 694,457, with an annual rent amount of \$14.4 million for FY 2024. The Cohen building lease with GSA will end in FY2028. USAGM entered into a cancellable lease agreement on September 13, 2024, with CTTWB Associates, LP (lessor) for which the lease term commencement date is the earlier of either (1) the date of the Government's occupancy of a total of 51% or more of the premises, or (2) October 1, 2025. USAGM is not committed to pay rent to the lessor until the lease term commencement data is met.

Overseas Residential Leases

The United States Government holds overseas real property leases for residences that are occupied by USAGM employees. These residential leases exist in multiple overseas locations (i.e. posts). Most overseas leases that are administered by the DOS are established within housing pools to accommodate the needs of agencies with employees serving in overseas positions. Payments for housing pool leases are paid to the residence's landlords with the funds pulled directly from USAGM.

As of September 30, 2024, USAGM has eight real property leases for residences through the housing pools. Of those, six leases met the definition of RTU Assets and Liabilities under SFFAS 54: *Leases*.

Right-to-Use Leases

USAGM adopted SFFAS 54: *Leases*, standard for lease accounting, which requires the recognition of RTU assets and lease liabilities on the balance sheet. The agency leases multiple office spaces, transmitting stations and residences under cancelable operating leases, with lease terms ranging from 4 to 35 years. The agency has not entered into any finance leases.

The discount rates used to calculate the RTU Liability and Asset amounts are based on rates provided by the Department of Treasury. Rates are applied to leases based on their commencement date and total lease term. The range is 3.65% - 5.00% from 10/1/2023 to 9/30/2024.

As of September 30, 2024, the agency recognized RTU net assets and corresponding lease liabilities of \$1.7 million related to operating leases. The total lease expense for the reporting period was \$420 thousand.

Future Lease Payments (in thousands)			
Fiscal Year	Principle	Interest	Total
2025	\$ 347	\$ 77	\$ 424
2026	355	60	415
2027	202	44	246
2028	133	35	168
2029	87	29	116
2030-34	265	101	366
2035-39	135	57	192
2040-44	128	27	155
2045-49	38	5	43
2050-55	9	1	10
Total Future Lease Payments	\$ 1,699	\$ 436	\$ 2,135

NOTE 13: CONTINGENT LIABILITIES

USAGM is a party in various administrative proceedings, legal actions, and tort claims that may ultimately result in settlements or decisions adverse to the Federal Government. These include legal cases that have been settled but not yet paid and claims where the amount of potential loss is probable and estimable. No amounts have been accrued in the financial records for claims where the amount of potential loss cannot be estimated, or the likelihood of an unfavorable outcome is less than probable.

The accrued and potential contingent liabilities as of September 30, 2024 and 2023 are as follows. The Agency does not have any material environmental or other contingent liabilities to disclose.

Legal Contingent Liabilities (in thousands)				
	FY 2024	Accrued Liabilities	Estimated Range of Loss	
			Lower End of Range	Upper End of Range
Probable	\$	6,277	\$ 6,277	\$ 6,277
Reasonably Possible		-	-	90
	FY 2023	Accrued Liabilities	Estimated Range of Loss	
			Lower End of Range	Upper End of Range
Probable	\$	4,714	\$ 4,714	\$ 4,714
Reasonably Possible		-	-	121

NOTE 14: UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders for the years ended September 30, 2024 and 2023 are \$196.9 million and \$247.0 million, respectively.

Undelivered Orders at the End of the Period (in thousands)	2024	2023
Federal		
Unpaid	\$ 2,313	\$ 6,715
Total Federal Undelivered Orders at the end of the period	\$ 2,313	\$ 6,715
Public		
Paid	\$ 73,509	\$ 107,469
Unpaid	121,084	132,775
Total Public Undelivered Orders at the end of the period	\$ 194,593	\$ 240,244
Undelivered Orders at the end of the period	\$ 196,906	\$ 246,959

NOTE 15: EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE US GOVERNMENT

A comparison between the FY 2024 Statement of Budgetary Resources (SBR) and the FY 2024 actual numbers presented in the FY 2026 Budget cannot be performed as the FY 2026 Budget is not yet available. The FY 2026 Budget is due to be published in February 2025 and will be available at:

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

USAGM reconciled the amounts of the FY 2023 column on the SBR to the actual amounts for FY 2023 in the FY 2025 President’s Budget for budgetary resources, obligations incurred, distributed offsetting receipts and net outlays published in March 2024, as presented below.

For the Fiscal Year Ended September 30, 2023 (in millions)	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 1,023	\$ 906	\$ -	\$ 895
Expired Accounts	(41)	(3)	-	-
Rounding	1	-	-	(2)
Budget of the United States Government	\$ 983	\$ 903	\$ -	\$ 893

NOTE 16: RECONCILIATION OF NET COST OF OPERATIONS TO NET OUTLAYS

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

The reconciliation of net cost to net outlays as of September 30, 2024 and 2023 is as follows:

Reconciliation of Net Operating Cost and Net Budgetary Outlays (in thousands)	Intragovernmental	With the Public	Total FY2024	Intragovernmental	With the Public	Total FY2023
Net Operating Cost (Revenue) Reported on Statement of Net Cost	\$ 103,181	\$ 840,248	\$ 943,429	\$ 99,460	\$ 804,209	\$ 903,669
Components of Net Operating Cost Not Part of the Budgetary Outlays						
Property, plant, and equipment depreciation expense		(5,414)	(5,414)		(7,322)	(7,322)
Property, plant, and equipment disposals and revaluations		(559)	(559)		(869)	(869)
Lessee lease amortization		(363)	(363)		-	-
Gains/Losses on lease cancellations		(6)	(6)		-	-
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays		(6)	(6)			
Accounts receivable, net	(494)	(48)	(542)	487	-	487
Other assets	-	(33,960)	(33,960)	-	1,321	1,321
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays						
Accounts payable	(2,044)	2,469	425	497	(79)	418
Lessee lease liability		(1,699)	(1,699)			
Environmental and disposal liabilities		-	-		29	29
Federal employee salary, leave, and benefits payable		(19)	(19)		545	545
Pensions, other Post-employment, and veterans benefits payable		606	606		1,887	1,887
Other liabilities	(251)	(1,564)	(1,815)		847	847
Financing Sources						
Imputed cost	(19,494)		(19,494)	(16,691)		(16,691)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(22,283)	(40,557)	(62,840)	(15,707)	(3,641)	(19,348)
Components of the Budget Outlays That Are Not Part of Net Operating Cost						
Applied overhead/cost capitalization offset		607	607		10,019	10,019
Financing Sources						
Transfers out (in) without reimbursements	372		372	346		346
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	372	607	979	346	10,019	10,365
Misc Items						
Recognition of right-to-use lease assets		1,692	1,692			
Budget vs. proprietary discount rate differences on leases		369	369			
Total Other Reconciling Items		2,061	2,061			
Total Net Outlays (Calculated Total)	\$ 81,270	\$ 802,359	\$ 883,629	\$ 84,099	\$ 810,587	\$ 894,686
Budgetary Agency Outlays, net (SBR 4210)						
Budgetary Agency Outlays, net			\$ 883,629			\$ 894,686

NOTE 17: DISCLOSURE ENTITIES AND RELATED PARTIES

Under SFFAS 47: *Reporting Entity*, agencies must disclose certain information for entities that must be included, but not consolidated, in their financial statements referred to as "disclosure entities" or related parties. USAGM has five such disclosure entities.

USAGM broadcast services and internet freedom program include five USAGM-sponsored NFEs: Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), the Middle East Broadcasting Networks (MBN), the Open Technology Fund (OTF), and Frontline Media Fund (FMF). RFE/RL, RFA, MBN and FMF are surrogate networks that receive the majority of their funding from USAGM but are organized and managed as private non-profit corporations. The NFEs are also responsible for developing broadcast content (radio and television news programs), which is distributed by USAGM. The NFEs are funded through annual grant agreements. In FY 2024, the five NFEs combined received \$372 million in grant funding.

RFE/RL, Inc. is a private, nonprofit, multimedia broadcasting corporation that serves as a surrogate media source in 27 languages and in 23 countries, including Afghanistan, Iran, Pakistan, Russia, and Ukraine. RFE/RL also reaches Russian speaking audiences in 36 countries and globally via the Current Time digital television network. With its broadcasting headquarters in Prague, 22 local bureaus and 1,700 journalists throughout its broadcast region, RFE/RL had an estimated unduplicated weekly audience on all platforms of 42 million people in FY 2023. Operating within some of the world's most closed media environments, RFE/RL counters disinformation by providing compelling, locally oriented, and independent reporting, and is a pioneer in implementing technology that combats state censorship and allows our audiences to access our content safely.

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

Middle East Broadcasting Network (MBN) is an Arabic-language multimedia organization that reaches 34.1 million people in the Middle East and North Africa (MENA) weekly. MBN is more than just two 24/7 television networks (Alhurra and Alhurra-Iraq), five digital platforms (Alhurra.com, Irfaasawtak.com, ElSaha.com, MaghrebVoices.com and RadioSawa.com) and a variety of podcasts. It's a team of journalists across the region, dedicated to producing stories on universal freedom and human rights that often go unreported in the indigenous Arabic press. MBN broadcasts from its headquarters in northern Virginia, with production outlets in Washington, DC, Iraq, UAE, Lebanon, Israel, Morocco, and correspondents in the Middle East and around the world. MBN has an estimated 615 employees including correspondents throughout the Middle East and North Africa. MBN mission is to expand the spectrum of ideas, opinions, and perspectives available in the media of the middle east and north Africa; provide objective, accurate, and relevant news and information; and accurately represent America, Americans, and American policies. Through its multimedia broadcasts, MBN seeks to inform, engage, and connect with the regions' people in support of universal freedoms.

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

Frontline Media Fund (FMF) is incorporated as an independent non-profit headquartered in Washington D.C. FMF serves as a launch pad for incubating new USAGM initiatives, the first of which is the Global News Service (GNS), a China-focused news service to counteract the PRC's global mis- and disinformation. More generally, the FMF provides tools and capabilities for all USAGM networks, upon request, to maintain and improve operations, including

news-gathering and distribution, in ever-evolving, dangerous, increasingly closed, or generally risky overseas environments. Additionally, FMF develops and houses on-demand enterprise-wide services to streamline processes and leverage existing resources, resulting in efficiency and savings. 100% of FMF's revenue for the year ended September 30, 2024, was derived from federal appropriations through grants from USAGM.

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

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

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

The benefits resulting from USAGM's involvement with the NFEs include:

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

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

Approximately 99% of the NFEs' revenue for the years ended September 30, 2024 and 2023 was derived from federal appropriations through grants from USAGM. USAGM has no contractual or statutory provisions requiring future support and has no reason to believe the relationship with these NFEs will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the NFEs' ability to finance ongoing operations.

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

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

USAGM has no related party entity information to disclose.

Required Supplementary Information

DEFERRED MAINTENANCE AND REPAIRS

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

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

USAGM reviewed its FY 2024 maintenance and repair plan and identified those projects where maintenance or repair had been planned and/or required but nevertheless was not performed in FY 2024. For those projects where maintenance was not performed and where the current condition level required maintenance to return them to an acceptable level, in accordance with the amended SFFAS 42: *Deferred Maintenance and Repairs*, USAGM estimates and discloses deferred maintenance cost.

Deferred Maintenance (in thousands)		
PP&E Category	FY 2024 Estimated Cost to Return to Acceptable Condition	FY 2023 Estimated Cost to Return to Acceptable Condition
Equipment	\$ 280	\$ 240
Building	2,000	1,500
Total	\$ 2,280	\$ 1,740

LAND

USAGM holds land for operational purposes. The Office of Property Management oversees USAGM's real estate portfolio, including land, buildings, and structures & facilities. Approximately 2,754 acres is held at two locations in Greenville, NC and Marathon, FL, and the sites are used to transmit USAGM content. USAGM does not oversee stewardship land.

The following table reports USAGM's land as of September 30, 2024.

Estimated Acreage by Predominant Use				
	Commercial Use	Conservation and Preservation	Operational	Total Estimated Acreage
PP&E Land				
Start of Prior Year	-	-	2,754	2,754
End of Prior Year/Start of Current Year	-	-	2,754	2,754
End of Current Year	-	-	2,754	2,754

Section 3: Other Information

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Inspector General’s Statement on Management and Performance Challenges



Office of Inspector General
United States Department of State

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

Major Management and Performance Challenges

FISCAL YEAR 2024



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Introduction

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

OIG identified the following two management challenges in FY 2024:

- Information Security and Management
- Contract and Grant Management

These were also identified as major management challenge in our FY 2023 report. Continued attention to these concerns will improve USAGM's operations and, accordingly, its ability to fulfill its underlying mission. This document includes examples of OIG reports and findings completed in FY 2024 that illustrate these challenge areas.

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

Information Security and Management



As a result of the annual audit of USAGM's information security program,² OIG reported that USAGM continued efforts to implement an organization-wide program. However, additional steps are needed to fully implement an effective program. This conclusion was based on evidence of deficiencies identified in seven of nine domains—supply chain risk management, configuration management, identity and access management, data protection and privacy, security training, information security continuous monitoring, and contingency planning. The information security standards that form the criteria of this audit represent foundational guidelines for managing and reducing cyber risk by protecting networks and data. USAGM's persistent inability to comply with those standards will continue to be a focus of our work.

² OIG, *Audit of the U.S. Agency for Global Media FY 2024 Information Security Program* (AUD-IT-IB-24-25, July 2024).



Contract and Grant Management

An independent external auditor, working on OIG's behalf, has identified deficiencies with USAGM's grant monitoring efforts annually since the audit of USAGM's FY 2013 financial statements. USAGM has four grantees that it funds through annual grant agreements: Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia, the Middle East Broadcasting Networks, and the Open Technology Fund. The auditor noted that USAGM made progress in strengthening its grants monitoring program. However, the program had not been fully implemented during FY 2023. Because USAGM continued to lack effective grantee oversight related to grant closeout requirements and financial audit requirements, there was an increased risk of waste, fraud, and abuse of federal funds.³

³ OIG, *Management Letter Related to the Audit of the U.S. Agency for Global Media FY 2023 Financial Statements* (AUD-FM-18-24-22, February 2024).

Agency Response to the Management and Performance Challenges



U.S. AGENCY FOR
GLOBAL MEDIA

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

November 6, 2024

The Honorable Cardell K. Richardson, Sr.
Inspector General
Office of Inspector General
U.S. Department of State

Dear Mr. Richardson:

Thank you for the opportunity to respond to the Office of Inspector General's (OIG) *Statement on the U.S. Agency for Global Media's (USAGM) Major Management and Performance Challenges* for Fiscal Year (FY) 2024. I appreciate the OIG identifying challenges to agency operations, including those related to information security and management, and contract and grant management. I am pleased to highlight USAGM's progress on these issues, as well as plans for further improvement.

Information Security and Management

In FY24, USAGM has been hard at work to improve its cybersecurity program and investments, which have helped significantly mature the agency's IT security posture. Some key focus areas where the agency has made significant progress are the following: USAGM's continuous monitoring program, configuration management and vulnerability management, maturing and automating its identity governance and Identity-as-a-Service workflows, improving device protection for remote workers, and full implementation of Role-Based Access Control, which has helped improve secure access to cloud-based IT services and implement data loss protection to protect sensitive information and the integrity of USAGM content.

Notable accomplishments include:

- Significant progress in the agency's Information Security Continuous Monitoring program. The agency improved its management oversight processes and realigned some of the Federal Information Security Modernization Act systems boundaries, which have helped achieve greater visibility, accountability, oversight, and clear reporting structures, increasing its protection against cyber threats.
- USAGM has also made significant progress in our Supply Chain Risk Management (SCRM) program by compiling all the vendor software attestations for the agency. USAGM now fully complies with the Office of Management and Budget's (OMB)



SCRM Memorandum M-22-18.

- USAGM made significant improvements with the implementation of a new cloud-based IT service management “Ivanti Change Management” module for better management of its IT Change Advisory Board activities. This has significantly improved the documenting, monitoring, testing, approving and communication of IT changes across the enterprise.
- USAGM has continued to make progress with the implementation of its software and hardware assets management program with Ivanti Assets Management modules.
- USAGM has continued to make progress with implementing its software baseline on workstations and mobile devices to allow and disallow certain software applications to better protect the agency from ever-changing risks.
- USAGM has made progress in its efforts to implement Zero Trust Architecture, the cybersecurity mandated by Executive Order 14028, by creating a clear strategic roadmap and work plan for activities needed to implement the Zero Trust with architecture within the IT enterprise.
- USAGM has made significant progress enforcing multi-factor authentication, data encryption, and personal identity verification (PIV) card authentication. USAGM is now 92% PIV login compliant for all agency devices and users accessing the agency’s network.

Contract and Grant Management

USAGM is continuing to implement a robust grants management program and continues to implement key grants monitoring activities. During FY24, USAGM’s Grant Monitoring Program consisted of working to formally adopt OMB’s revised regulations at 2 CFR Part 200 and updating policies and workflow processes in response to OMB Memorandum 24-11 *Reducing Burden in the Administration of Federal Financial Assistance*; desk and on-site reviews; reviving the use of the Treasury Collateral Management and Monitoring system of securing collateral for advanced cash; annual grants management training provided to the recipients; technical assistance to the recipients as needed; annual risk assessments for all five grant recipients; and the closing out of completed grants.

Again, thank you for the opportunity to respond to OIG’s statement on USAGM’s FY24 management and performance challenges. I look forward to a positive and productive relationship with the OIG.

Sincerely,



Amanda Bennett
Chief Executive Officer

Summary of Financial Statement Audit and Management Assurances

TABLE 1

Summary of Financial Statement Audit

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

TABLE 2

Summary of Management Assurances

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

Reporting on Payment Integrity

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

USAGM is dedicated to maintaining the strength of our improper payments program to ensure payments are legitimate and processed accurately and efficiently. The Office of Chief Financial Officer (OCFO) performs the processes and procedures to comply with the requirements of OMB Circular A-123 Appendix C. USAGM reports improper payments through the Annual OMB Data Call. In addition, by July 1 USAGM emailed the OMB Payment Integrity team two points of contact within USAGM that are responsible for determining this year’s applicable reporting requirements. In FY 2024, the OIG determined that USAGM was fully compliant for our FY 2023 Payment Integrity reporting requirements. For more detailed information on USAGM’s improper payment test results, risk assessments, and additional information regarding payment integrity, please refer to PaymentAccuracy.gov at <https://paymentaccuracy.gov>.