



# Agency Financial Report

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Fiscal Year 2025



# Table of Contents

CEO Message .....	1
Introduction .....	2
Management’s Discussion & Analysis .....	3
Financial Highlights.....	3
Analysis of the Financial Statements .....	4
Analysis of Systems, Controls, & Legal Compliance .....	6
Forward Looking Considerations .....	8
Statement of Assurance .....	9
Independent Auditor’s Report.....	10
Financial Statements .....	20
Balance Sheet .....	20
Statement of Net Cost.....	21
Statement of Changes of Net Position .....	22
Statement of Budgetary Resources .....	23
Notes to Financial Statements .....	24
Required Supplementary Information.....	40
OIG Management Challenges .....	42
Summary of Financial Statement Audit & Management Assurances .....	49

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

Fiscal Year 2025 was a year of transition for the U.S. Agency for Global Media (USAGM).

In March 2025, consistent with Executive Orders directing the realignment of federal agencies, USAGM reduced operations to those functions required by statute. These actions occurred within the broader framework of the 2025 National Security Strategy, which calls for focused national priorities and the disciplined use of American resources in support of global stability and peace.

As a result, USAGM operated at a statutory minimum posture for much of the year. Contracts and leases were reevaluated, certain activities were discontinued or consolidated, and workforce levels declined.

Workforce reductions occurred in connection with voluntary separation programs and broader federal workforce realignment initiatives. These actions resulted in significant staffing constraints across multiple offices and contributed to the operational and administrative effects reflected in this report.

These operational adjustments contributed to reduced operating costs during the latter portion of the fiscal year. By aligning expenditures with statutory requirements, USAGM emphasized fiscal discipline and responsible stewardship of taxpayer resources. The financial statements reflect this shift in execution levels.

Throughout this period, the Agency remained committed to fulfilling its legal responsibilities and to stewarding taxpayer resources responsibly. With enactment of funding for FY 2026, USAGM is assessing how best to carry out its mission within the authorities and resources provided by Congress.



Kari Lake  
Deputy Chief Executive Officer  
February 27, 2026

# Introduction

The United States Agency for Global Media (USAGM) operates pursuant to the International Broadcasting Act and related statutory authorities, which define its mission to inform, engage, and connect people around the world in support of freedom and democracy. Certain broadcasting activities and language services are established by law, and the Agency's operations are funded primarily through annual appropriations. The accompanying financial statements reflect the agency's commitment to ensure accountability, measurable results, and the efficient use of resources to advance U.S. interests and values.

Beginning in March 2025, USAGM transitioned to a statutory minimum posture under which broadcasting and related operational activities were limited to those functions expressly required by law. As part of this transition, USAGM terminated or allowed to lapse certain contracts and reduced discretionary expenditures.

These operational changes had direct financial effects. Reduced programmatic activity during the latter part of FY 2025 resulted in lower obligations and outlays relative to prior periods. Unobligated balances and Fund Balance with Treasury increased as execution levels declined. Accrued annual leave balances increased due to workforce posture and reduced leave utilization during the period of administrative leave. Grants to non-federal entities were executed in accordance with enacted appropriations and authorized reprogramming provisions.

Financial reporting for FY 2025 occurred under compressed timelines. A government shutdown in the early part of FY 2026, combined with the operational disruptions described above, affected the timing of audit preparation and related reporting activities. Management prioritized compliance with statutory reporting requirements and the preparation of financial statements based on USAGM's underlying accounting records. Management remains responsible for the fair presentation of the financial statements and for maintaining internal control over financial reporting.

# Management’s Discussion and Analysis

## Financial Highlights

Fiscal Year 2025 financial results reflect the objectives that began in March 2025. Net Cost of Operations totaled \$798.6 million in FY 2025, a decrease of approximately \$144.8 million from FY 2024 net cost of \$943.4 million. The decline in net cost primarily reflects reduced programmatic activity, contract expenditures, and related operational spending during the latter portion of the fiscal year as the Agency transitioned to a statutory minimum posture.

<b>Financial Highlights (in thousands)</b>	<b>FY 2025</b>
At End of the Year:	
<b>Condensed Balance Sheet Data:</b>	
Fund Balance with Treasury	\$ 357,735
Property, Plant and Equipment	27,696
Advances to Non-Federal Entities	67,036
Other	203
<b>Total Assets</b>	<b>\$ 452,669</b>
Accounts Payable and Other	35,457
Retirement and Payroll	37,736
<b>Total Liabilities</b>	<b>\$ 73,192</b>
Unexpended Appropriations	\$ 386,159
Cumulative Results of Operations	(6,682)
<b>Total Net Position</b>	<b>379,477</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 452,669</b>
For the Year:	
<b>Condensed Statement of Net Cost Data:</b>	
Total Cost	801,732
Total Earned Revenue	(3,106)
<b>Total Net Cost of Operations</b>	<b>\$ 798,626</b>

Total Budgetary Resources available in FY 2025 were \$991.5 million, compared to \$1,022.7 million in FY 2024. The modest decline reflects changes in appropriations and carryover balances between fiscal years. New obligations and outlays declined materially relative to

the prior year, particularly after March 2025, as operational activity was reduced. As a result, unobligated balances at year-end increased compared to FY 2024.

In FY 2025, Fund Balance with Treasury increased to \$357.7 million (from \$265.2 million in FY 2024), consistent with reduced execution levels and higher unobligated balances. The increase reflects timing and operational posture rather than an increase in available appropriations. All budgetary activity during FY 2025 was conducted within legally available resources.

Total liabilities increased modestly during FY 2025, primarily due to increases in accrued annual leave balances and the recognition of certain legal contingencies recorded in other liabilities. Accrued leave increased as a result of workforce posture and reduced leave utilization during the latter part of the fiscal year. The overall composition of USAGM's long-term liabilities remained generally consistent with prior periods.

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## Analysis of the Financial Statements

### **Statement of Net Cost**

The Statement of Net Cost presents the Agency's gross costs, less any earned revenue, by major responsibility segment. Net Cost of Operations for FY 2025 totaled \$798.6 million, a decrease of approximately \$144.8 million from FY 2024.

Contract expenditures, broadcasting-related operational costs, and other discretionary spending declined following implementation of administration-wide objectives to enhance accountability, reduce waste, and promote efficiency.

Total Net Cost of Operations presented in the financial statements reconciles to the Agency's underlying accounting records.

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### **Statement of Budgetary Resources**

The Statement of Budgetary Resources provides information on how budget authority was made available and executed during the fiscal year. Total Budgetary Resources available in FY 2025 were \$991.5 million, compared to \$1,022.7 million in FY 2024. The modest year-over-year decrease reflects changes in appropriations and carryover balances between fiscal years.

New obligations incurred during FY 2025 declined relative to FY 2024, particularly during the latter portion of the fiscal year following the transition to a statutory minimum posture.

Reduced operational activity, termination or lapse of certain contracts, and limitations on discretionary expenditures contributed to lower execution levels. As a result, total outlays also declined compared to the prior year.

Unobligated balances at September 30, 2025 increased compared to FY 2024. The increase primarily reflects reduced obligations during the latter part of the fiscal year rather than a reduction in available budget authority. All FY 2025 budgetary activity was conducted within legally available resources and reflects the agency's commitment to transparency, fiscal responsibility, and the effective management of public resources.

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## **Balance Sheet**

The Balance Sheet presents the Agency's financial position as of September 30, 2025. Total assets increased during FY 2025, primarily due to a 26 percent increase in Fund Balance with Treasury. The increase reflects reduced obligation and outlay activity during the latter portion of the fiscal year, resulting in higher unobligated balances at year-end.

Property, Plant, and Equipment (PP&E) represents a significant component of the Agency's non-federal assets. During FY 2025, certain facilities, broadcasting locations, and leases were reevaluated to realign the agency mission with operational objectives. Assets and related liabilities affected by these actions were evaluated and accounted for in accordance with applicable federal accounting standards.

Total liabilities increased modestly during FY 2025, primarily due to increases in accrued annual leave and the recognition of certain legal contingencies. Accrued leave increased during FY 2025, reflecting workforce posture and reduced leave utilization associated with administrative leave status. Other long-term liabilities did not experience material structural changes during the fiscal year.

The Agency is subject to pending legal matters related to workforce and operational actions taken during FY 2025. The recognition of certain legal contingencies contributed to changes in total liabilities compared to the prior year. Outcomes of other pending matters remain uncertain and will be recognized or disclosed as matters are resolved.

The change in net position during FY 2025 reflects the reduction in net cost of operations combined with the timing effects of reduced obligation and outlay activity. Increased Fund Balance with Treasury and higher unobligated balances contributed to changes in cumulative results of operations. These shifts are consistent with USAGM's transition to a statutory minimum posture in compliance with Executive Order 14238.

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# Analysis of Systems, Controls, and Legal Compliance

Management is responsible for establishing and maintaining internal control over financial reporting and for ensuring that financial information is prepared in accordance with applicable federal accounting standards. Internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and compliance with applicable laws and regulations.

FY 2025 was characterized by significant operational changes and compressed reporting timelines. Operational shifts to comply with Executive Orders in March 2025, combined with a government shutdown in the early part of FY 2026 affected the timing of certain financial management activities and audit preparation processes. Management prioritized continuity of accounting operations and the preparation of financial statements from the Agency's underlying accounting records.

During FY 2025, USAGM did not complete the full scope of risk assessment and internal control testing required under OMB Circular A-123, due to the aforementioned compressed reporting timelines. The Agency has initiated corrective actions in FY 2026 to restore a structured internal control assessment process consistent with federal requirements.

## **Financial Management Systems Strategies**

USAGM continued to use CGI's proprietary Momentum Financials and Acquisitions version 7.9 as its financial system of record that 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. Throughout FY 2025, USAGM planned for the transition from CGI Fed Cloud hosted at the Phoenix Data Center (PDC), to a cloud environment hosted by Amazon Web Services (AWS). The migration was completed in the first quarter of FY 2026. The migration allows 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 continues to finalize 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).

In FY 2025, USAGM transitioned from the legacy webTA time and attendance system to the Department of the Navy's Standard Labor Data Collection and Distribution Application (SLDCADA). The transition was undertaken following the end-of-life of the prior system and

an evaluation of cost-effective alternatives. The move to SLDCADA significantly reduced annual system and hosting costs while improving operational efficiency through direct integration with the Defense Civilian Pay System (DCPS), resulting in fewer payroll processing errors and reduced manual reconciliation efforts.

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 is in the early stages of evaluating requirements for transition to GSA's GO.gov travel management solution.

In the 4<sup>th</sup> Quarter of FY 2025, USAGM signed an agreement with the Federal Aviation Administration's Enterprise Services Center to provide a range of financial and technical services in compliance with Executive Orders directing consolidation of financial and procurement systems. USAGM expects to further define its relationship with this Federal shared service provider in FY 2026.

### **Cost Allocation and Documentation**

In preparing the Statement of Net Cost, the Agency included a limited level of detailed documentation to support program level cost allocations due to operational and reporting constraints. Total Net Cost of Operations presented in the financial statements reconciles fully to the Agency's underlying accounting records. Enhancement of supporting documentation and execution processes is planned as part of broader financial management strengthening efforts in FY 2026.

### **Asset Management Systems**

During FY 2025, the Agency transitioned its asset management system due to information security considerations. Interim processes and reconciliations were implemented to support financial reporting continuity while asset records were migrated and aligned to a new system environment. Post-migration validation and reconciliation activities are ongoing to confirm completeness and alignment of asset records within the new system environment.

### **Payment Integrity**

Risk assessment activities related to payment integrity and other compliance requirements were initiated during FY 2025; however, certain formal documentation and reporting activities were not completed within the fiscal year due to operational and reporting constraints. The Agency has prioritized the reestablishment and strengthening of these processes in FY 2026.

# Forward-Looking Considerations

Enacted appropriations for FY 2026 provide funding authority for continued Agency operations under established statutory authorities. The Agency will execute available budget authority in accordance with enacted appropriations and applicable statutory requirements.

USAGM remains subject to pending legal matters arising from actions taken during FY 2025. The Agency will continue to monitor developments and address financial implications in accordance with applicable federal accounting standards.

FY 2026 priorities include strengthening financial management processes, stabilizing asset and reporting systems, completing required compliance activities, and supporting the audit process under a normalized timeline. These efforts are intended to reinforce the Agency's commitment to transparency, fiscal responsibility, and the effective management of public resources.

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## Limitations of the Financial Statements

The accompanying financial statements have been prepared to report the financial position and results of operations of USAGM pursuant to the requirements of 31 U.S.C. § 3515 and OMB Circular A-136. While the statements have been prepared from the books and records of USAGM in accordance with applicable federal accounting standards, they are in addition to financial reports used to monitor and control budgetary resources, which are prepared from the same underlying accounting data.



## FY 2025 FMFIA Assurance Statement

The U.S. Agency for Global Media (USAGM) management 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.

During FY 2025, USAGM did not complete a comprehensive assessment of risk and internal control consistent with the full requirements of OMB Circular A-123. The Agency experienced significant workforce reductions and staffing constraints during the fiscal year, including the departure of personnel responsible for administering the internal control program. These staffing limitations affected the Agency's ability to conduct the required risk assessment and testing activities. As a result, USAGM did not perform sufficient evaluation procedures to support an overall conclusion regarding the effectiveness of internal control over operations, reporting, and compliance as of September 30, 2025.

Based on the limited evaluation procedures performed and information available, USAGM management is unable to provide assurance that internal control was operating effectively as of September 30, 2025.

Management has initiated actions in FY 2026 to reestablish a structured internal control assessment process consistent with OMB Circular A-123.

A handwritten signature in black ink that reads "Kari Lake". The signature is fluid and cursive, with the first name "Kari" being more prominent than the last name "Lake".

Kari Lake  
Deputy Chief Executive Officer  
February 27, 2026

**INDEPENDENT AUDITOR'S REPORT**  
**AUD-FM-IB-26-10**

To the U.S. Agency for Global Media Deputy Chief Executive Officer and the Senior Official Performing the Duties of the Inspector General:

**Report on the Audit of the Financial Statements*****Disclaimer of Opinion***

We were engaged to audit the financial statements of the U.S. Agency for Global Media (USAGM), which comprise the consolidated balance sheet as of September 30, 2025; the related consolidated statements of net cost and changes in net position and the combined statement of budgetary resources for the year then ended; and the related notes to the financial statements.

We do not express an opinion on the accompanying financial statements of USAGM referred to above. Because of the significance of the matters described in the “Basis for Disclaimer of Opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

***Basis for Disclaimer of Opinion***

To implement Executive Order 14238,<sup>1</sup> during FY 2025, USAGM significantly reduced its entity-wide staffing levels. USAGM’s financial reporting environment was materially affected by the reduction in workforce, which impacted USAGM’s ability to respond to financial statement audit requests in a sufficient and timely manner. Because USAGM was unable to sufficiently respond to financial statement audit requests, it was impracticable to execute all required financial statement audit procedures. Thus, we were unable to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion that the financial statements are complete and free from material misstatements when taken as a whole. In addition, as a result of the scope limitations, we were unable to determine whether any adjustments might have been found necessary with respect to recorded and unrecorded amounts included in the financial statements.

***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.

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<sup>1</sup> Executive Order 14238, Continuing the Reduction of the Federal Bureaucracy (March 14, 2025).

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 responsibility is to conduct an audit of USAGM’s financial statements 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,” and to issue an auditor’s report. However, because of the matters described in the “Basis for Disclaimer of Opinion” section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 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 were unable to apply certain limited procedures to the required supplementary information in accordance with GAAS because of matters described in the “Basis for Disclaimer of Opinion” section above. We do not express an opinion or provide any assurance on the information.

### ***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 February 27, 2026, on our consideration of USAGM’s internal control over financial reporting and on our tests of USAGM’s compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of USAGM’s internal control over financial reporting or on compliance. Those reports are an integral part of an



engagement to perform an audit in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USAGM's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Kearney &amp; Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia  
February 27, 2026

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

To the U.S. Agency for Global Media Deputy Chief Executive Officer and the Senior Official Performing the Duties of the Inspector General:

We were engaged to audit, 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, 2025, which collectively comprise USAGM's financial statements, and we have issued our report thereon dated February 27, 2026. Our report disclaims an opinion on such financial statements because we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Report on Internal Control Over Financial Reporting**

In connection with our engagement to audit USAGM's 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 did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982,<sup>1</sup> such as those controls relevant to ensuring efficient operations.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

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.

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

## Material Weakness

### I. Insufficient Audit Evidence

On March 14, 2025, the President signed Executive Order 14238<sup>2</sup>, which states that “the non-statutory components and functions of [USAGM] shall be eliminated to the maximum extent consistent with applicable law, and [USAGM] shall reduce the performance of their statutory functions and associated personnel to the minimum presence and function required by law.” During FY 2025, to implement Executive Order 14238, USAGM’s workforce was reduced significantly. Even though USAGM had reduced its operating posture, the Office of Management and Budget (OMB) confirmed that USAGM was required to comply with the Chief Financial Officers Act,<sup>3</sup> as amended, and issue audited financial statements for FY 2025. OMB provided USAGM an extension for issuing its FY 2025 audited financial statements to March 1, 2026. The financial statement audit began in late January 2026.

Kearney requested data and documentation as of September 30, 2025, to substantiate account balances and transactions that supported USAGM’s financial statements. Specifically, we identified Fund Balance with Treasury, Property, Expenses, and Budgetary Resources as significant line items for the financial statements. USAGM provided supporting documentation for the Fund Balance with Treasury line item. However, we noted several instances where USAGM was unable to provide key audit documentation in a complete and timely manner.

- **Property, Plant, and Equipment** – USAGM reported \$28 million in property, plant, and equipment. USAGM provided its property inventory listing, but the data provided were incomplete. For example, the property inventory listing was missing some data fields that were needed to support the amount reported. Because of the missing data, we were unable to initiate certain substantive testing procedures by the end of audit fieldwork.
- **Expenses** – USAGM reported approximately \$802 million in total expenses as of September 30, 2025. We focused our testing on three expense areas, totaling \$787 million (98 percent)—general expenses, which USAGM valued at \$154 million (19 percent); grantee expenses, which USAGM valued at \$326 million (41 percent); and payroll, which USAGM valued at \$307 million (38 percent).
  - *General Expenses* – We validated the expense population for completeness and selected a sample of transactions for testing. However, USAGM was unable to provide the supporting documentation needed by the end of audit fieldwork.
  - *Grantee Expenses* – USAGM officials stated that many routine grantee monitoring controls were discontinued during FY 2025. In addition, USAGM officials stated that USAGM suspended grantee communications during FY 2025 because of ongoing litigation. Because of the stated lack of controls related to

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<sup>2</sup> Executive Order 14238, Continuing the Reduction of the Federal Bureaucracy (March 14, 2025).

<sup>3</sup> Chief Financial Officers Act of 1990, Public Law 101-576 (November 15, 1990).

grantee monitoring, we did not initiate procedures to test grantee expenses during the audit. USAGM officials stated that USAGM resumed its grant monitoring controls in FY 2026.

- *Payroll* – USAGM changed its time and attendance system during FY 2025 but was unable to provide requested documentation related to IT security controls for the new system by the end of audit fieldwork. USAGM provided other preliminary payroll data. However, the data was not provided by USAGM until near the end of audit fieldwork, which did not allow sufficient time to complete required audit procedures.
- **Budgetary Resources** – USAGM reported \$991.5 million in total budgetary resources and \$772.7 million of net outlays<sup>4</sup> as of September 30, 2025. We focused our testing on unliquidated obligations (ULO)<sup>5</sup> (both existing and new obligations) and requested a reconciliation of budgetary accounts to proprietary accounts.<sup>6,7</sup>
  - *Unliquidated Obligations* – USAGM reported \$173.2 million in ULOs. USAGM was unable to provide a population of ULOs in a timely manner. Therefore, we were unable to determine whether the population was complete and accurate to initiate audit testing procedures by the end of audit fieldwork.
  - *Budgetary to Proprietary Reconciliation* – USAGM was unable to provide a reconciliation of its budgetary accounts to its proprietary accounts by the end of audit fieldwork.

During FY 2025, USAGM significantly reduced its entity-wide staffing levels. Because of these reductions, USAGM was unable to maintain key accounting processes and controls over accounting transactions or support the audit in a complete and timely manner. In addition, USAGM officials stated that some key subsidiary accounting systems were discontinued during FY 2025, increasing the difficulties for USAGM to provide the universe of transactions for certain material line items. According to USAGM officials, plans are being implemented to ensure sufficient control over accounting transactions during FY 2026 and to provide adequate support for future financial statement audits. In addition, USAGM officials stated that key subsidiary accounting systems are being reestablished.

Furthermore, USAGM officials stated that USAGM was initially unsure if it would be required to prepare FY 2025 financial statements until it obtained clarifying information from OMB. Because of this uncertainty and staff turnover, USAGM did not begin the audit until January 2026, less than 6 weeks before the March 1 extension date that OMB granted. The limited time

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<sup>4</sup> An outlay is the amount of money that has actually been paid out (not just promised to be paid). Net outlays are the amount of money paid out less offsetting collections.

<sup>5</sup> ULOs are the cumulative amount of orders, contracts, and other binding agreements for which goods and services ordered have not been received, or the goods and services have been received but payment has not yet been made.

<sup>6</sup> Proprietary accounts are used to record assets and liabilities and provide an understanding of the entity's net position and cost of operations during a period.

<sup>7</sup> The purpose of the reconciliation of net costs to outlays is to explain how budgetary resources outlayed during the reporting period relate to the net cost of operations. The reconciliation provides the information necessary to understand how the budgetary outlays finance the net cost of operations and affect the assets and liabilities of the reporting entity.

available to perform the financial statement audit was insufficient to accomplish the tasks required by professional auditing standards.

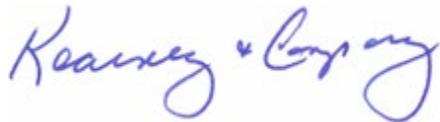
Audited financial statements provide independent assurance that an entity's financial records are accurate and reliable. Delays in providing financial information decrease its relevance to end users, which include Congress, federal officials, and taxpayers. In addition, the missing and insufficient documentation provided in response to audit requests resulted in scope limitations that were material and pervasive to USAGM's financial statements.

### **USAGM's Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on USAGM's response to the findings identified in our engagement and described in a separate letter included in this report as Appendix A. USAGM's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements 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 engagement to perform an audit 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.



Alexandria, Virginia  
February 27, 2026

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

To the U.S. Agency for Global Media Deputy Chief Executive Officer and the Senior Official Performing the Duties of the Inspector General:

We were engaged to audit, 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, 2025, which collectively comprise USAGM's financial statements, and we have issued our report thereon dated February 27, 2026. Our report disclaims an opinion on such financial statements because we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

**Report on Compliance and Other Matters**

In connection with our engagement to audit USAGM's financial statements, we performed tests of USAGM's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USAGM. Providing an opinion on compliance with those provisions was not an objective of our engagement; accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of noncompliance that we are required to report in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the financial statements, other instances of noncompliance or other matters may have been identified and reported therein.

Specifically, we noted noncompliance with requirements included in the Federal Manager's Financial Integrity Act (FMFIA)<sup>1</sup> and OMB Circular A-123<sup>2</sup> related to establishing and maintaining effective internal controls. We determined that USAGM did not assess the effectiveness of its internal controls over operations, reporting, and compliance as required. USAGM officials stated that they did not perform internal controls procedures as required by FMFIA or OMB Circular A-123 because of uncertainties related to the status of the agency during FY 2025. In addition, individuals that managed USAGM's internal control program that FMFIA described had separated from the organization during FY 2025. USAGM officials stated that they are in the process of reinstating USAGM's internal control program, which they expect to have in place during FY 2026.

<sup>1</sup> Public Law 97-255, codified at 31 United States Code § 3512(d).

<sup>2</sup> OMB Circular A-123, Appendix A, "Management of Reporting and Data Integrity Risk," June 6, 2018.

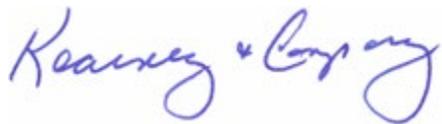
Risk assessments and tests of internal controls are necessary for management to make informed judgments as to the overall adequacy and effectiveness of internal control over operations, reporting, and compliance. Without a program to assess the design and effectiveness of its internal control, USAGM management may be unaware of significant internal control deficiencies that could impact the agency and the annual Statement of Assurance.

### **USAGM’s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on USAGM’s response to the findings identified in our engagement described in a separate letter included in this report as Appendix A. USAGM’s response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements 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 certain provisions of applicable laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an engagement to perform an audit 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.



Alexandria, Virginia  
February 27, 2026



February 27, 2026

Mr. Arne B. Baker  
Senior Official Performing the Duties of the Inspector General  
Office of Inspector General  
U.S. Department of State  
1701 Fort Myer Drive  
Arlington, VA 22209

Dear Mr. Baker:

The U.S. Agency for Global Media (USAGM) appreciates the work of your office and Kearney & Company in conducting the FY 2025 financial statement audit under challenging circumstances.

USAGM acknowledges the disclaimer of opinion issued on its FY 2025 financial statements. The disclaimer reflects limitations encountered during the audit process that prevented the auditors from obtaining sufficient appropriate evidence to form an opinion.

During FY 2025, USAGM experienced significant operational and organizational changes, workforce transitions, and compressed reporting timelines. These conditions affected documentation, control evaluation activities, and audit readiness.

Management recognizes its responsibility for maintaining effective internal control and for ensuring the reliability of financial reporting. In FY 2026, USAGM has initiated corrective actions to strengthen financial management processes, enhance documentation and oversight, and reestablish a structured internal control assessment program consistent with OMB Circular A-123.

USAGM is restoring full audit readiness and reinforcing the financial management framework necessary to support accountability to Congress and the American public.

We appreciate the professionalism and engagement of your office and the audit team throughout this process.

Sincerely,

A handwritten signature in black ink, appearing to read "AS", with a long horizontal flourish extending to the right.

Anthony R. Smith  
Chief Financial Officer

# Financial Statements

**U.S. Agency for Global Media**  
**Balance Sheet**  
**As of September 30, 2025**  
*(in thousands)*

**FY 2025**

**Assets (Note 2):**

**Intragovernmental:**

Fund Balance with Treasury (Note 3)	\$ 357,735
Total Intragovernmental	357,735

**With the Public:**

General Property, Plant and Equipment, Net (Note 4)	27,696
Advances and Prepayments	
Advances to Non-Federal Entities (Note 5)	67,036
Other Prepaid Assets (Note 6)	203
Total with the Public	94,935

**Total Assets**

\$ 452,670

**Liabilities (Note 7):**

**Intragovernmental:**

Other Liabilities	
Accrued FECA Liability (Note 7)	\$ 1,069
Other Liabilities (Note 10)	1,713
Total Intragovernmental	2,782

**With the Public:**

Accounts Payable	16,116
Federal Employee Salary, Leave, and Benefits Payable	
Accrued Annual and Compensatory Leave (Note 7)	21,968
Foreign Service Nationals After-Employment Benefits (Note 7 and 8)	4,662
Accrued Payroll and Benefits (Note 7)	4,325
Actuarial FECA Liability (Note 7)	5,712
Environmental and Disposal Liabilities (Note 7 and 9)	830
Other Liabilities	
Other Liabilities (Note 10 and 11)	16,798
Total with the Public	70,411

**Total Liabilities**

\$ 73,193

Commitments and Contingencies (Note 7, 9 and 12)

**Net position:**

Unexpended Appropriations-Funds from Other than Dedicated Collections	\$ 386,159
Cumulative Results of Operations-Funds from Other than Dedicated Collections	(6,682)
Total Net Position	379,477
Total Liabilities and Net Position	\$ 452,670

**U.S. Agency for Global Media**  
**Statement of Net Cost**  
**For the Fiscal Year Ended September 30, 2025**  
(In Thousands)

**FY 2025**

Total Gross Costs	801,732
Less: Total Earned Revenues	<u>(3,106)</u>
<b>Net Cost of Operations</b>	<u><u>\$ 798,626</u></u>

**U.S. Agency for Global Media**  
**Statement of Changes in Net Position**  
**For the Fiscal Year Ended September 30, 2025**  
*(in thousands)*

	<b>FY 2025</b>
<b>Unexpended Appropriations:</b>	
Beginning Balance	\$ 292,712
Appropriations received	\$ 866,914
Other Adjustments (+/-)	(10,608)
Appropriations used	<u>(762,859)</u>
Net Change in Unexpended Appropriations	93,447
<b>Total Unexpended Appropriations: Ending</b>	<u>\$ 386,159</u>
 <b>Cumulative Results from Operations:</b>	
Beginning Balances	\$ 11,285
Appropriations Used	\$ 762,859
Transfers-in/out without reimbursement (+/-)	2
Imputed financing	<u>17,799</u>
Net Cost of Operations (+/-)	<u>798,626</u>
Net Change in Cumulative Result of Operations	(17,967)
<b>Cumulative Results of Operations: Ending</b>	\$ (6,682)
 <b>Net Position</b>	 <u>\$ 379,477</u>

The accompanying notes are an integral part of these statements.

**U.S. Agency for Global Media**  
**STATEMENT OF BUDGETARY RESOURCES**  
**For the Fiscal Year Ended September 30, 2025**  
**(In Thousands)**

	<b>FY 2025</b>
<b>Budgetary Resources</b>	
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	114,861
Appropriations (discretionary and mandatory)	875,914
Spending authority from offsetting collections (discretionary and mandatory)	<u>733</u>
Total budgetary resources	<b>991,508</b>
 <b>Status of budgetary resources</b>	
New obligations and upward adjustments (total)	762,908
<b>Unobligated balance, end of year:</b>	
Apportioned, unexpired accounts	168,435
Unapportioned, unexpired accounts	<u>33,644</u>
Unexpired unobligated balance, end of year	<b>202,079</b>
Expired unobligated balance, end of year	<u>26,521</u>
Unobligated balance, end of year (total)	<b>228,600</b>
Total budgetary resources	<b>991,508</b>
 <b>Outlays, Net and Disbursements, Net</b>	
Outlays, net (total) (discretionary and mandatory)	<u>772,708</u>
Agency outlays, net (discretionary and mandatory)	<b>\$ 772,708</b>

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. 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 a global distribution network that is capable of distributing any USAGM-funded news and information programming. 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), which was established in FY 2024, did not receive funding in FY 2025. Therefore, USAGM and FMF mutually agreed to terminate the award in FY 2025. All USAGM broadcast services adhere to the standards and principles of the International Broadcasting Act of 1994, as amended, and support the USAGM mission.

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

- Radio Free Europe/Radio Liberty – [www.rferl.org](http://www.rferl.org)
- Radio Free Asia – [www.rfa.org](http://www.rfa.org)
- Middle East Broadcasting Networks – [www.alhurra.com](http://www.alhurra.com)
- Open Technology Fund – [www.opentech.fund](http://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 consists of amounts owed to USAGM by other federal agencies and the public. Intragovernmental accounts receivable represents amounts due from other federal agencies for reimbursable activities. Accounts receivable from the public represent amounts due from common carriers for unused airline tickets, and from vendors for erroneous or duplicate payments. These receivables are stated net of any allowances for estimated uncollectible amounts. The allowance, if any, is determined by the nature of the receivable and an analysis of aged receivable activity. Aged receivables more than 120 days without payment arrangements in place are sent to 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 FERS employees may contribute to the plan in calendar year 2025 is \$24,500. Consequently, the maximum amount that CSRS employees may contribute to the plan in calendar year 2025 is \$23,500. In addition, for FERS and CSRS, those who are of age fifty and older may contribute an additional \$8,000 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 2025 service cost exceeds contributions made by employer agencies and covered employees, the plan is not fully funded by USAGM and its employees. For FY 2025 USAGM recognized \$17.8 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 154 FSN employees at several 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 8.

### **Personal Services Contractors**

VOA relies on the specialized skills of Personal Service Contractors (PSCs) to develop and deliver content to its worldwide audience. During FY 2025, USAGM reduced the number of PSCs from over 600 to less than 100. 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. USAGM 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 four NFEs, displayed in the aggregate. Costs of oversight and support offices are allocated between the broadcasting entities. The two overarching strategic goals outlined in the Strategic Plan are (1) Expand freedom of information and expression, and (2) Communicate America's democratic experience. Both federal entities and all four NFEs carry out activities to achieve these goals. VOA's mission aligns directly with USAGM's second goal, and its efforts are largely focused on achieving this goal, while the other entities are primarily focused on achieving the first goal.

## **NOTE 2: ENTITY / NON-ENTITY ASSETS**

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

Non-entity assets as of September 30, 2025 are summarized as follows:

<b>Non-Entity Assets (in thousands)</b>	<b>2025</b>
Intragovernmental:	
Fund Balance with Treasury	\$ 3,641
Total Intragovernmental	3,641
Total Non-Entity Assets	3,641
Total Entity Assets	449,029
<b>Total Assets</b>	<b>\$ 452,670</b>

### 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, 2025 consists of the following:

<b>Status of Fund Balance with Treasury (in thousands)</b>	<b>2025</b>
Unobligated Balance	
Available	\$202,079
Unavailable	\$26,521
Obligated Balance Not Yet Disbursed	\$125,387
Non-Budgetary Fund Balance with Treasury	\$3,747
<b>Total</b>	<b>\$357,735</b>

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, 2025 totaled \$10.6 million, respectively.

#### **NOTE 4: 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 2025, 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, 2025.

<b>PP&amp;E (in thousands)</b>		<b>2025</b>		
<b>Property Category</b>	<b>Useful Life (Years)</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Land	N/A	\$ 3,416	\$ -	\$ 3,416
Construction-in-Progress	N/A	8,921	-	8,921
Right-to-Use Lease	N/A	2,065	(613)	1,452
Building	30	21,562	(20,458)	1,104
Other Structures	20	5,553	(5,384)	169
Equipment	6-30	232,816	(223,046)	9,770
Vehicles	6	4,216	(3,519)	697
Leasehold Improvements	10-20	6,884	(4,717)	2,167
Software	3-6	6,590	(6,590)	-
<b>Total</b>		<b>\$ 292,023</b>	<b>\$ (264,327)</b>	<b>\$ 27,696</b>

Over the past several years, USAGM has continued to reduce its shortwave and medium wave transmissions in response to global media consumption habits. As traditional radio programming has reduced, USAGM has required fewer transmission assets, allowing the agency to shutter transmitting stations. In FY 2025 USAGM completed closing its stations in Sao Tome and CNMI (Marianas). The infrastructure at each of these stations was at or near the end of life. In FY 2026 and beyond, USAGM expects to close other transmitting stations, amid its ongoing content distribution realignment.

Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited Required Supplementary Information (RSI).

#### **NOTE 5: 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, 2025 is \$67 million, respectively.

#### **NOTE 6: 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, 2025:

<b>Other Assets (<i>in thousands</i>)</b>	<b>2025</b>
Prepaid Leases	\$ 181
Travel & Salary Advances	22
<b>Total</b>	<b>\$ 203</b>

**NOTE 7: 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, 2025 are summarized below.

<b>Liabilities Covered / Not Covered by Budgetary Resources (<i>in thousands</i>)</b>	<b>2025</b>
<b>Intragovernmental</b>	
Accrued FECA Liabilities	\$ 1,069
Total Intragovernmental	1,069
<b>Public</b>	
Actuarial FECA Liabilities	5,712
Accrued Annual and Compensatory Leave	21,968
Contingent Liabilities	11,687
Foreign Service National After-Employment Benefits	4,662
Environmental and Disposal Liabilities	830
Lessee Lease Liabilities	1,470
Total Liabilities Not Covered by Budgetary Resources	47,398
Total Liabilities Covered by Budgetary Resources	23,678
Total Liabilities Not Requiring Budgetary Resources	2,116
<b>Total Liabilities</b>	<b>\$ 73,193</b>

**NOTE 8: FOREIGN SERVICE NATIONALS (FSN) AFTER-EMPLOYMENT BENEFITS**

USAGM operates overseas in posts and employs approximately 154 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 DOS based upon prevailing wage and compensation practices in the host country, unless 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, 2025 are as follows:

<b>After-Employment Benefit Liabilities (in thousands)</b>	<b>2025</b>
Defined Benefits Plans	\$ (1,426)
Voluntary Severance	2,380
Supplemental Retirement Lump Sum	3,708
<b>Total After-Employment Benefit Liabilities</b>	<b>\$ 4,662</b>

## **NOTE 9: 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 2025 is \$830 thousand.

## NOTE 10: OTHER LIABILITIES

Other liabilities consist of the following as of September 30, 2025:

<b>Other Liabilities (in thousands)</b>	<b>2025</b>
<b>Intragovernmental</b>	
Advances and Prepayments	\$ 160
Employer Contribution/Payroll Taxes	1,553
Total Intragovernmental	<u>\$ 1,713</u>
<b>Public</b>	
Contingent Liabilities	\$ 11,687
Deposit and Suspense Liabilities	2,116
Lessee Lease Liabilities	1,470
Withholdings Payable	1,524
Total with the Public	<u>\$ 16,798</u>
<b>Total Other Liabilities</b>	<u><b>\$ 18,511</b></u>

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 11.

## NOTE 11: 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). During FY 2025, USAGM reduced its occupied footprint at its former headquarters in the Cohen Building in Washington, DC. As of September 30, 2025, discussions with GSA regarding final occupancy status and related billing adjustments were ongoing.

USAGM plans to relocate to other GSA managed property during FY 2026.

### 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). Overseas leases are administered both by Agency and by the DOS (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, 2025, USAGM has four real property leases for residences through the housing pools and four rented by VOA.

## 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 10/1/2024 to 9/30/2025.

As of September 30, 2025, the agency recognized RTU net assets and corresponding lease liabilities of \$1.4 million related to operating leases. The total lease expense for the reporting period was \$423 thousand.

<b>Future Lease Payments (in thousands)</b>					
<b>Fiscal Year</b>	<b>Principle</b>		<b>Interest</b>		<b>Total</b>
2026	\$	305	\$	66	\$ 372
2027		204		52	256
2028		132		42	175
2029		112		37	149
2030		147		73	220
2031 - 2035		317		93	410
2036 - 2040		165		41	205
2041 - 2045		52		13	65
2046 - 2050		24		6	30
2051 - 2056		11		1	12
<b>Total Future Lease Payments</b>	<b>\$</b>	<b>1,470</b>	<b>\$</b>	<b>423</b>	<b>\$ 1,894</b>

## NOTE 12: 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, 2025 are as follows. The Agency does not have any material environmental or other contingent liabilities to disclose.

<b>Contingent Liabilities (in thousands)</b>				
<b>FY 2025</b>	<b>Accrued Liabilities</b>	<b>Estimated Range of Loss</b>		
		<b>Lower End of Range</b>	<b>Upper End of Range</b>	
<b>Legal Contingencies:</b>				
Probable	\$ 11,687	\$ 11,687	\$ 11,687	
Reasonably Possible	-	-	131	
<b>Environmental Contingencies:</b>				
Probable	\$ 830	\$ 830	\$ 830	
Reasonably Possible	-	-	-	

**NOTE 13: UNDELIVERED ORDERS AT THE END OF THE PERIOD**

Budgetary resources obligated for undelivered orders for the years ended September 30, 2025 is \$173.2 million, respectively.

<b>Undelivered Orders at the End of the Period (<i>in thousands</i>)</b>	<b>2025</b>
<b>Federal</b>	
Unpaid	23,510
<b>Total Federal Undelivered Orders at the end of the period</b>	<b>\$ 23,510</b>
<b>Public</b>	
Paid	67,239
Unpaid	82,487
<b>Total Public Undelivered Orders at the end of the period</b>	<b>\$ 149,726</b>
<b>Undelivered Orders at the end of the period</b>	<b>\$ 173,237</b>

**NOTE 14: EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE US GOVERNMENT**

A comparison between the FY 2025 Statement of Budgetary Resources (SBR) and the FY 2025 actual numbers presented in the FY 2027 Budget cannot be performed as the FY 2027 Budget is not yet available. The FY 2027 Budget is due to be published in February 2026 and will be available at: <https://www.whitehouse.gov/omb/budget/>

USAGM reconciled the amounts of the FY 2024 column on the SBR to the actual amounts for FY 2024 in the FY 2026 President’s Budget for budgetary resources, obligations incurred, distributed offsetting receipts and net outlays published in March 2025, as presented below.

<b>For the Fiscal Year Ended September 30, 2024 (<i>in millions</i>)</b>	<b>Budgetary Resources</b>	<b>Obligations Incurred</b>	<b>Distributed Offsetting Receipts</b>	<b>Net Outlays</b>
Combined Statement of Budgetary Resources	\$ 1,023	\$ 907	\$ -	\$ 884
Expired Accounts	(37)	-	-	-
Rounding	1	(3)	-	-
<b>Budget of the United States Government</b>	<b>\$ 876</b>	<b>\$ 901</b>	<b>\$ -</b>	<b>\$ 884</b>

**NOTE 15: 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, 2025 is as follows:

Reconciliation of Net Operating Cost and Net Budgetary Outlays (in thousands)	Intragovernmental	With the Public	Total FY2025
<b>Net Operating Cost (Revenue) Reported on Statement of Net Cost</b>	\$ 14,912	\$ 783,715	\$ 798,626
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays</b>			
Property, plant, and equipment depreciation expense		2,351	2,351
Property, plant, and equipment disposals and revaluations		9,326	9,326
Lessee lease amortization		7,770	7,770
Gains/Losses on lease cancellations and FECA actuarial		6,306	6,306
<b>Increase/(Decrease) in Assets Not Affecting Budgetary Outlays</b>			
Accounts receivable, net	(6)	-	(6)
Other assets	-	(6,282)	(6,282)
<b>(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays</b>			
Accounts payable	(2,907)	(1,072)	(3,979)
Federal employee salary, leave, and benefits payable	(7)	1,594	1,587
Pensions, other Post-employment, and veterans benefits payable		350	350
Other liabilities	36	4,990	5,026
<b>Financing Sources</b>			
Imputed cost	(17,799)		(17,799)
<b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>	(20,683)	25,333	4,650
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Applied overhead/cost capitalization offset		(117)	(117)
<b>Financing Sources</b>			
Transfers out (in) without reimbursements	(2)		(2)
<b>Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost</b>	(2)	(117)	(119)
<b>Misc Items</b>			
Recognition of right-to-use lease assets		1,452	
Other timing differences		(72)	
<b>Total Other Reconciling Items</b>		1,380	1,380
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ (5,773)</b>	<b>\$ 810,311</b>	<b>\$ 804,538</b>
<b>Budgetary Agency Outlays, net (SBR 4210)</b>			
Budgetary Agency Outlays, net			<b>\$ 772,708</b>

## NOTE 16: 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 four such disclosure entities.

USAGM broadcast services and internet freedom programs include four USAGM-funded NFEs: Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), the Middle East Broadcasting Networks (MBN), and the Open Technology Fund (OTF). RFE/RL, RFA, and MBN are surrogate networks that receive the majority of their funding from USAGM but are organized and managed as private non-profit corporations. The NFEs are also responsible for developing broadcast content (radio and television news programs). The NFEs are funded through annual grant agreements. In FY 2025, the four NFEs combined received \$323 million in grant funding.

RFE/RL reports in 27 languages to 23 countries reaching more than 47.4 million people every week. It has 1,300 staff at its broadcast center in Prague, Czech Republic and more than 20 bureaus.

Radio Free Asia (RFA) is headquartered in Washington, D.C. and operates bureaus and offices in several international locations. RFA is a private, nonprofit, multimedia news corporation. It serves audiences across Asia and provides content in multiple languages.

Middle East Broadcasting Network (MBN) is a U.S. Funded, Arabic-language, digital-first multimedia organization serving audiences in the Middle East and North Africa (MENA). MBN's mission is to provide a high value alternative to the anti-American disinformation and malign narratives advanced by state and non-state actors, included Islamic State, Hamas Hezbollah, Houthis, Iran, China and Russia.

Open Technology Fund (OTF) is an independent non-profit organization funded by U.S. Agency for Global Media. OTF's mission is to advance global Internet freedom. OTF supports research, development, implementation and maintenance of technologies that provide secure and uncensored access to USAGM's content and the broader internet and counters attempts by authoritarian governments to control the internet and restrict freedom online.

Frontline Media Fund (FMF) is now terminated, but it was incorporated as an independent non-profit headquartered in Washington D.C. FMF served as a launchpad 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. USAGM terminated the federal grant effective March 15, 2025.

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.

The NFEs' derive substantially all of their funding from federal appropriations provided through grants from USAGM. USAGM provides grant funding to the NFEs pursuant to annual appropriations. Funding levels and continuation of support are subject to the availability of annual appropriations and applicable statutory authorities. USAGM does not consolidate these entities and does not guarantee their obligations.

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.

The following reflects USAGM's most recent assessment of deferred maintenance and repairs as of September 30, 2024:

<b>Deferred Maintenance (in thousands)</b>	
<b>PP&amp;E Category</b>	<b>FY 2024 Estimated Cost to Return to Acceptable Condition</b>
Equipment	\$ 280
Building	2,000
<b>Total</b>	<b>\$ 2,280</b>

During FY 2025, USAGM experienced significant operational transitions and staffing limitations, and an updated deferred maintenance assessment was not performed. As a result, the amounts presented above reflect the most recent available estimate. Management intends to reassess deferred maintenance in FY 2026 in light of operational changes and facility adjustments that occurred during FY 2025.

## **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, 2025.

<b>Estimated Acreage by Predominant Use</b>				
	<b>Commercial Use</b>	<b>Conservation and Preservation</b>	<b>Operational</b>	<b>Total Estimated Acreage</b>
<b>PP&amp;E Land</b>				
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



# Office of Inspector General

U.S. DEPARTMENT *of* STATE

OIG-26-02

FY2026

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## Fiscal Year 2025 Inspector General Statement on the U.S. Agency for Global Media's Major Management and Performance Challenges



# Contents

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INTRODUCTION ..... 3

INFORMATION AND SECURITY MANAGEMENT ..... 3

APPENDIX A: U.S. AGENCY FOR GLOBAL MEDIA RESPONSE, AS PRINTED IN THE 2025  
AGENCY FINANCIAL REPORT ..... 6

## INTRODUCTION

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Each year, in accordance with the Reports Consolidation Act of 2000,<sup>1</sup> 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 annual agency financial report (AFR). USAGM received an extension for the release of its FY2025 AFR until the spring of 2026. Consequently, OIG is releasing the statement of the FY2025 management and performance challenges in 2026 to coincide with USAGM's AFR. OIG identified the following management challenge in FY2025:

- Information Security and Management

OIG has identified Information Security and Management as a major management challenge in our reports for the past decade. While USAGM has made progress addressing this concern over the years, continued attention to this area will improve the agency's operations and strengthen its ability to fulfill its underlying mission. This document includes examples of OIG reports and findings completed in FY2025 that illustrate this challenge.

On March 14, 2025, the administration issued Executive Order (E.O.) 14238, Continuing the Reduction of the Federal Bureaucracy, which states that "the non-statutory components and functions of [USAGM] shall be eliminated to the maximum extent consistent with applicable law, and [USAGM] shall reduce the performance of their statutory functions and associated personnel to the minimum presence and function required by law."<sup>2</sup> OIG recognizes that E.O. 14238 has broad implications for USAGM's operations and, correspondingly, OIG's oversight of the agency. OIG is conducting oversight work in FY2026 to inform our future assessments of USAGM's most significant management and performance challenges.

## INFORMATION AND SECURITY MANAGEMENT

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As a result of the annual audit of USAGM's information security program,<sup>3</sup> OIG reported that USAGM continued efforts to implement an organization-wide program.

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

<sup>2</sup> E.O. 14238, Continuing the Reduction of the Federal Bureaucracy, March 14, 2025.

<sup>3</sup> OIG, Audit of the U.S. Agency for Global Media FY2025 Information Security Program (AUD-IT-IB-25-33, September 2025).

However, additional steps are needed to implement an effective program fully. 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. In addition, OIG performed a technical assessment of USAGM's IT processes for identifying, assessing, and mitigating vulnerabilities and maintaining USAGM's secure configurations. During that work, OIG found that USAGM needed to improve its processes to comply fully with federal standards.<sup>4</sup> USAGM's lack of compliance with IT standards will continue to be a focus of our work.

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<sup>4</sup> OIG, Information Report: Technical Assessment of the U.S. Agency for Global Media Vulnerability and Configuration Management Processes (AUD-IT-IB-25-26, June 2025).

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APPENDIX A: U.S. AGENCY FOR GLOBAL MEDIA  
RESPONSE, AS PRINTED IN THE 2025 AGENCY  
FINANCIAL REPORT

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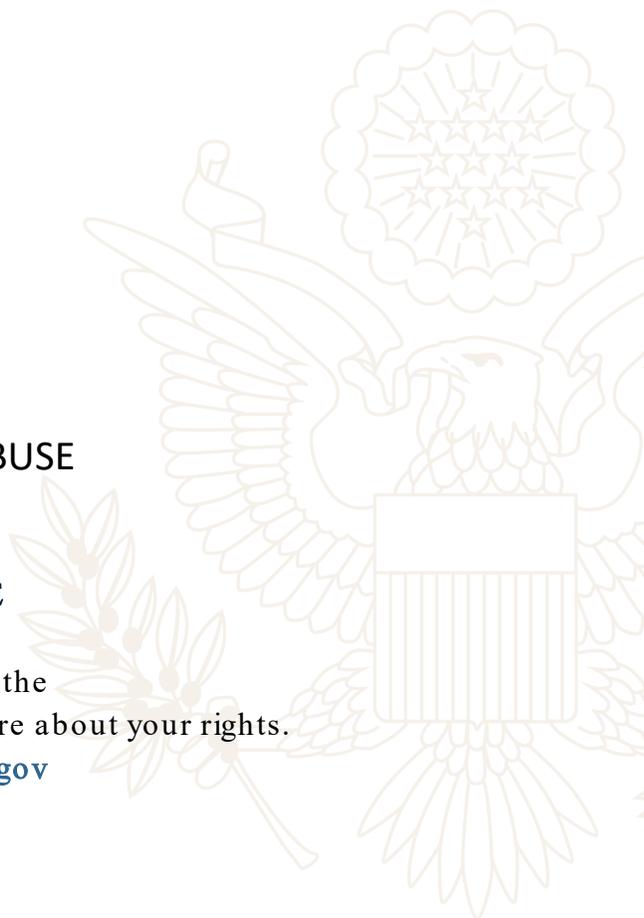


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# Summary of Financial Statement Audit and Management Assurances

**TABLE 1**

**Summary of Financial Statement Audit**

<b>Audit Opinion</b>	Disclaimer				
<b>Restatement</b>	No				
<b>Material Weakness</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Ending Balance</b>
Insufficient Audit Evidence	0	1	0	0	1
<i>Total Material Weaknesses</i>	0	1	0	0	1

**TABLE 2****Summary of Management Assurances**

<b>Effectiveness of Internal Control Over Financial Reporting (FMFIA § 2)</b>						
Statement of Assurance	No Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0					0
<b>Effectiveness of Internal Control over Operations (FMFIA § 2)</b>						
Statement of Assurance	No Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0					0
<b>Conformance With Federal Financial Management System Requirements (FMFIA § 4)</b>						
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Non-Conformances</i>	0					0