U.S. AGENCY FOR GLOBAL MEDIA

# FY 2026 Agency Financial Report




VOA VOICE OF AMERICA
RadioFreeEurope RadioLiberty
Office of Cuba Broadcasting
rfa
MIDDLE EAST BROADCASTING NETWORKS, INC. MBN
OPEN TECHNOLOGY FUND

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

Fiscal Year 2026 was a year of operational transition for the U.S. Agency for Global Media.

Following the March 14, 2025, Executive Order and the resulting operational changes, the Agency carried out its statutory requirements. Throughout the year, USAGM employees, contractors, grantees, and partners continued providing accurate, objective, and comprehensive news and information to people around the world, particularly where access to independent media is limited.

USAGM carried out priority activities consistent with Administration direction, enacted appropriations, and its statutory responsibilities. At the same time, the Agency maintained the financial, administrative, technology, and oversight functions necessary to support those activities within a substantially changed operating environment. This work allowed USAGM to continue serving audiences in priority regions while meeting its responsibilities for stewardship and accountability.

These activities occurred while organizational structures, workforce levels, and business processes continued to evolve. By year-end, the Agency had established more consistent processes and clearer responsibilities in several key areas, while recognizing that additional work remains.

USAGM continued to serve audiences in media environments affected by censorship, disinformation, restrictions on independent journalism, and limited access to reliable information. The Agency's federal broadcasting entities and grantee organizations provided professional, fact-based reporting through radio, television, digital, social media, and other distribution platforms.

As USAGM enters FY 2027, the Agency will continue carrying out the statutory requirements applicable to its mission and operations, consistent with Executive Order 14238 and available appropriations. Management will maintain the operational and oversight processes needed to support those requirements and address issues identified through audits, internal reviews, and routine management activities.

The work described in this report reflects the dedication and professionalism of USAGM's employees, contractors, and mission partners. I am grateful for their continued service during a period of significant change and for their contributions to the Agency's work during FY 2026.



Michael Rigas
Acting Chief Executive Officer
November 16, 2026

# Table of Contents

**Introduction** ..... **5**

**Section 1: Management's Discussion and Analysis** ..... **7**

USAGM in Fiscal Year 2026 ..... 9

Financial Highlights ..... 16

FY 2026 Statement of Assurance ..... 23

**Section 2: Financial Information** ..... **24**

Balance Sheet ..... 39

Statement of Net Cost ..... 40

Statement of Changes in Net Position ..... 41

Statement of Budgetary Resources ..... 42

Notes to Principal Financial Statements ..... 43

**Section 3: Other Information** ..... **70**

Inspector General's Statement on FY 2026
Management and Performance Challenges ..... 72

# Introduction

## WHAT WE DO

USAGM is a federal media agency encompassing the Voice of America (VOA) and the Office of Cuba Broadcasting (OCB), as well as the grant recipients Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), the Middle East Broadcasting Networks (MBN), and the Open Technology Fund (OTF).

## PURPOSE OF THE AGENCY FINANCIAL REPORT

The FY 2026 Agency Financial Report (AFR) provides financial information about USAGM. This presentation of the agency's financial accountability and managerial effectiveness is intended to assist Congress, the President, and the public in assessing USAGM's performance relative to its statutory requirements and stewardship of the resources entrusted to it.

This report includes information that satisfies the reporting requirements contained in the following legislation:

- Federal Managers' Financial Integrity Act of 1982 (FMFIA)
- Government Performance and Results Act of 1993 (GPRA)
- Government Management Reform Act of 1994 (GMRA)
- Federal Financial Management Improvement Act of 1996 (FFMIA)
- Reports Consolidation Act of 2000
- Accountability of Tax Dollars Act of 2002 (ATDA)
- Government Performance and Results Modernization Act of 2010 (GPRAMA)
- Federal Information Security Modernization Act of 2014 (FISMA)
- The Payment Integrity Information Act of 2019 (PIIA)

## STRUCTURE OF THE AGENCY FINANCIAL REPORT

The AFR is organized into the following three major sections:

**Management's Discussion and Analysis (MD&A)**
The MD&A is an overview of USAGM. It includes a summary of the agency's financial and program highlights for FY 2026. The MD&A also includes the results of the agency's FY 2026 FMFIA internal control review and a section on management assurances.

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

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

## Section 1:
## Management's Discussion and Analysis


USAGM in Fiscal Year 2026 ..... 9

Performance Goals and Analysis ..... 10

Financial Highlights ..... 16

Analysis of Systems, Controls, and Legal Compliance ..... 19

FY 2026 Statement of Assurance ..... 23

(page intentionally left blank)

# USAGM in Fiscal Year 2026

The U.S. Agency for Global Media (USAGM) traces its origins to the establishment of Voice of America (VOA) in 1942, which subsequently became part of the United States Information Agency (USIA) in 1953. Through the United States International Broadcasting Act of 1994, Congress established the Broadcasting Board of Governors (BBG) within USIA to oversee U.S. international broadcasting activities. In enacting the legislation, Congress recognized international broadcasting as an instrument for advancing U.S. foreign policy objectives, promoting the exchange of information and ideas, and supporting freedom and democracy. The BBG became an independent federal agency in 1999 and was renamed the U.S. Agency for Global Media in 2018. The Agency operates under the statutory framework established by the United States International Broadcasting Act of 1994, as amended (22 U.S.C. §§ 6201).

Fiscal Year 2026 followed a period of substantial organizational and operational realignment initiated during FY 2025 in response to Executive Order 14238, *Continuing the Reduction of the Federal Bureaucracy*, issued March 14, 2025. These changes affected workforce levels, broadcasting operations, administrative functions, performance-measurement activities, and management processes. During FY 2026, USAGM continued operating consistent with Administration direction within the revised organizational structure while addressing the associated operational requirements, enacted appropriations, and applicable statutory responsibilities.

Throughout FY 2026, management adjusted operating priorities, allocated available resources, and maintained the financial, administrative, technology, and oversight functions necessary to support Agency operations. These activities included financial management, grants oversight, cybersecurity, accountability, and other required functions. Management also worked to establish more consistent processes and clarify responsibilities in key operational and administrative areas.

The Agency's operating environment continued to reflect geopolitical developments and constraints on access to independent and reliable information in many of the regions served by USAGM and its grantees. These conditions informed decisions concerning programming, language services, technology, and content distribution.

# Performance Goals and Analysis

As USAGM enters FY 2027, the Agency will continue to carry out the statutory requirements applicable to its mission and operations, consistent with Executive Order 14238 and available appropriations.

Management will continue to maintain the financial, administrative, technology, grants, and oversight processes needed to support those requirements and to address issues identified through audits, internal reviews, and routine management activities.

## Broadcasting Operations

A principal focus of FY 2026 was carrying out priority broadcasting and operations within the Agency's revised operating model.

### Voice of America

During the year, VOA's language services carried out operations in languages required by statute, including Persian, Mandarin, Korean, Dari, Pashto, Russian, Ukrainian, and Kurdish. Programming was delivered through a combination of radio, television, satellite, digital, social media, and streaming platforms. Operations were conducted within available resources and current requirements.




*VOA covered the UN General Assembly in New York in September 2026.*

VOA also advanced editorial and newsroom modernization initiatives aimed at creating a more integrated and resilient operating model for multilingual news production. By strengthening coordination across language services and modernizing the technology and tools that support editorial operations, VOA sought to enhance its ability to produce, share, and distribute original reporting efficiently and respond more effectively to changing audience and operational needs.

### Office of Cuba Broadcasting

The Office of Cuba Broadcasting maintained Radio Martí, Television Martí, and digital programming for audiences in Cuba while implementing a more focused operating model for radio, television, and digital delivery. During FY 2026, OCB advanced a substantial modernization effort involving production, transmission, information-technology, and facility infrastructure. The effort included joint procurements with the Voice of America and investments intended to improve interoperability among USAGM facilities and strengthen the Miami facility's ability to support continuity of operations. OCB also continued recruiting federal employees and personal services contractors to support its revised operating model. These activities were undertaken in an environment marked by recurring power outages in Cuba, restrictions on internet access, hurricane exposure, and compressed acquisition and onboarding timelines.




*OCB received a record twelve nominations from the Suncoast Regional Emmy Awards in 2026.*

### Grantee Organizations

USAGM's grantee organizations similarly continued operations supporting audiences in media-restricted and information-denied environments across Europe, Asia, the Middle East, and other priority regions. Through these efforts, USAGM continued to support access to professional journalism, independent information, and internet freedom tools in some of the world's most challenging information environments.

### Technology, Infrastructure, and Operational Modernization

Throughout FY 2026, the Agency invested in maintaining and modernizing critical technology, transmission, cybersecurity, and infrastructure capabilities.

The Office of Technology, Services and Innovation (TSI) maintained essential capabilities while advancing modernization efforts to support a more resilient operational environment.

Modernization efforts focused on strengthening the security, reliability, and resiliency of the Agency's technology environment while improving the infrastructure and tools that support collaboration, communications, and mission delivery. Important accomplishments included continued cybersecurity improvements, modernization of enterprise infrastructure, upgrades to identity and authentication systems, enterprise communications enhancements, improvements to backup and recovery capabilities, support for online collaboration tools, and continued modernization of broadcast and transmission infrastructure.

USAGM also continued efforts to strengthen the resiliency and reach of its content-distribution capabilities, helping ensure that audiences in priority regions, including those facing censorship and information restrictions, could continue to access Agency programming. These efforts reinforced the Agency's ability to adapt its distribution approach to challenging information environments and sustain reliable access to its content.

Additionally, the Agency continued efforts to align its facilities footprint and use of space with current operational requirements.

### Research, Performance Measurement, and Strategic Planning

During FY 2026, the Agency resumed selected research, program-review, and performance-management activities that had been disrupted during the preceding fiscal year.

The Office of Policy and Research resumed the Agency's capacity to assess and strengthen the impact of its programming. By restoring engagement with broadcast entities and reestablishing key research and performance functions, the Agency worked to strengthen the information and analysis available to support program oversight, strategic decision-making, and continuous improvement.

USAGM continued work involving digital analytics and data quality to support performance assessment and management decision-making. Performance data remained limited during portions of FY 2026 because of prior disruptions to audience-research activities.

## Financial Management, Governance, and Accountability

### Strengthening Financial Management and Audit Readiness

The Agency experienced challenges in executing its full-year resources during FY 2026. Delays in program planning and requirements development compressed the period available to complete acquisitions and obligate funds before fiscal year-end. Operating components made substantial progress advancing requirements and increased execution activity during the latter part of the year. Management is improving year-round planning and execution, program coordination, budgeting, acquisition, financial-management, and operational functions.

Following substantial changes to the Agency's operating environment during FY 2025, management worked throughout FY 2026 to strengthen the foundation for reliable financial reporting, effective oversight, and audit readiness. Earlier audit planning and sustained engagement throughout the year reflected a more proactive approach to supporting the financial statement audit and reinforcing accountability.

Management also focused on establishing more structured financial-reporting and audit-support processes, with clearer accountability and coordination across the organization. These efforts were intended to support repeatable financial-reporting practices and more orderly audit engagement.

### Internal Control and Risk Management

USAGM continued efforts during FY 2026 to restore and strengthen its internal-control program in accordance with the Federal Managers' Financial Integrity Act and OMB Circular A-123 requirements.

The Agency continued to improve the governance framework supporting enterprise risk management and internal controls, strengthening its ability to identify and assess risk, evaluate control effectiveness, and support informed management action. Management supplemented existing resources with contractor support and reassigned personnel to help restore and sustain

capabilities affected by prior workforce reductions.

FY 2026 represented a period of progress in restoring the governance and risk-management framework necessary to support effective internal control; however, the evolving operating environment and timing of stabilization limited the extent to which control effectiveness could be evaluated across the full fiscal year. While greater consistency had been achieved in many processes by year-end, additional operating history will be needed to assess the effectiveness of controls on a sustained basis.

### Grants Stewardship and Oversight

USAGM administers a grants program encompassing four grants to independent nonprofit organizations that are central to accomplishing the Agency's mission.

During FY 2026, management focused on returning statutorily required grants administration to a normal cadence following the disruption experienced during FY 2025. The Agency resumed regular engagement with grant recipients, worked to re-establish predictable funding and reporting processes, and enhanced its oversight framework. These efforts restored the Agency's visibility into financial, programmatic, and compliance matters.

As statutorily required grants administration resumed, USAGM also improved selected elements of its existing oversight model. The Agency applied risk-based monitoring where additional attention was warranted, reviewed financial and compliance information, and followed up on audit findings and corrective actions. These activities supported management's ability to identify and address risks and oversee federal resources.

The Agency will continue working to sustain a regular oversight cycle of required funding, improve the timeliness and consistency of documentation, and ensure that monitoring activities remain proportionate to recipient risk and the significance of federal resources administered.

### Financial Systems Modernization

During FY 2026, USAGM advanced planning and readiness activities for the transition from its legacy Momentum environment to shared-service solutions provided by the Federal Aviation Administration's Enterprise Services Center. The planned target environment includes Delphi, an Oracle-based financial-management platform, and PRISM, which is intended to support acquisition and procurement-related activities.

The Agency's FY 2026 work focused on establishing governance, evaluating requirements and risks, coordinating with the shared-service provider, improving data quality, and preparing the organization for future implementation. Management established a cross-functional steering structure and began reviewing financial reporting, payroll integration, grants accounting, acquisition functionality, data access, approval workflows, cybersecurity, auditability, training, and operational-support requirements. Data-readiness activities included review and cleanup of unliquidated obligations, held transactions, and other records that could affect conversion.

The Agency also continued preparations for the government-wide transition to GO.gov for travel management and considered the interfaces and operating processes needed to integrate travel activity with the planned financial-management environment. The FAA ESC, Delphi, PRISM, and GO.gov efforts are intended to replace or reduce reliance on legacy technology and support required financial and administrative operations.

# Financial Highlights

The summary of key financial measures from the Balance Sheet and Statement of Net Cost is provided in the table below. The audited financial statements, including the independent auditor's reports, notes, and required supplementary information, are presented in Section 2: Financial Information.

| Financial Highlights (in thousands) | FY 2026 | FY 2025 | Variance | Variance (As %) |
|---|---|---|---|---|
| At End of the Year: | | | | |
| **Condensed Balance Sheet Data:** | | | | |
| Fund Balance with Treasury | $ 432,203 | $ 357,735 | $ 74,468 | 20.82% |
| Property, Plant, and Equipment | 18,294 | 27,696 | (9,402) | -33.95% |
| Advances to Non-Federal Entities | 130,000 | 67,036 | 62,964 | 93.93% |
| Other | 419 | 203 | 216 | 106.40% |
| **Total Assets** | **$ 580,916** | **$ 452,670** | **$ 128,246** | **28.33%** |
| Retirement and Payroll | $ 34,112 | $ 37,736 | $ (3,624) | -9.60% |
| Accounts Payable and Other | 29,600 | 35,457 | (5,857) | -16.52% |
| **Total Liabilities** | **$ 63,712** | **$ 73,193** | **$ (9,481)** | **-12.95%** |
| Unexpended Appropriations | $ 520,532 | $ 386,159 | $ 134,373 | 34.80% |
| Cumulative Results of Operations | (3,328) | (6,682) | 3,354 | -50.19% |
| **Total Net Position** | **517,204** | **379,477** | **137,727** | **36.29%** |
| **Total Liabilities and Net Position** | **$ 580,916** | **$ 452,670** | **$ 128,246** | **28.33%** |
| For the Year: | | | | |
| **Condensed Statement of Net Cost Data:** | | | | |
| Total Cost | $ 515,595 | $ 801,732 | $ (286,137) | -35.69% |
| Total Earned Revenue | (22) | (3,106) | 3,084 | -99.29% |
| **Total Net Cost of Operations** | **$ 515,573** | **$ 798,626** | **$ (283,053)** | **-35.44%** |

The Consolidated Balance Sheet, Statement of Net Cost, Changes in Net Position, and Combined Statement of Budgetary Resources have been prepared to report the financial position and results of operations of USAGM, pursuant to the requirements of the Accountability of Tax Dollars Act of 2002 and the Government Management Reform Act of 1994.

Preparing these statements allows USAGM to improve financial management and provide accurate and reliable information to Congress, the President, and the taxpayer. USAGM management is responsible for the integrity and objectivity of the financial information presented in the statements. USAGM is committed to excellence in financial management and maintaining a rigorous

system of internal controls to safeguard its widely dispersed assets against loss from unauthorized acquisition, use, or disposal.

### Balance Sheet

The Balance Sheet presents the Agency's financial position as of September 30, 2026. Total assets increased during FY 2026, primarily due to a 21 percent increase in Fund Balance with Treasury. The increase reflects reduced obligation and net cost of operations during the fiscal year.

Advances to Non-Federal Entities represents a significant component of the Agency's non-federal assets. During FY 2026, USAGM provided monthly payments to grantees in accordance with monthly draw-down requests that aligned to approved financial plans. Grantees did not immediately expend the funds and therefore held cash outside of the Treasury. These balances are recorded as advances on the balance sheet.

Total liabilities decreased modestly during FY 2026, primarily due to decreases in accrued annual leave and recognition of certain legal contingencies. Accrued liabilities decreased during FY 2026, which reflected fewer leave days accrued at year-end and a reduced workforce. Other long-term liabilities did not experience material changes during the fiscal year.

The Agency is subject to pending legal matters related to workforce and operational actions taken during FY 2026. 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 changes in net position during FY 2025 reflect 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. Additionally, the decrease in unexpended appropriations reflects the Agency's challenges in executing its full-year resources during FY 2026. Delays in program planning and requirements development compressed the period available to complete acquisitions and obligate funds before fiscal year-end.

### 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 2026 totaled $515.6 million, a decrease of approximately $283.1 million from FY 2025.

The Agency's enacted appropriations decreased almost 25 percent from FY 2025 to FY 2026. The reduced funding, combined with operational changes resulting from implementation of the executive order, led to declines in contract expenditures, broadcasting-related operational costs, and other discretionary spending.

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

### 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 2026 were $927.7 million, compared to $991.5 million in FY 2025. This $63.8 million decrease reflects changes in appropriations and carryover balances between fiscal years.

## Limitations of the Financial Statements

The financial statements are prepared to report the overall financial position and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

# Analysis of Systems, Controls, and Legal Compliance

## FINANCIAL MANAGEMENT SYSTEMS

USAGM uses CGI Momentum Financials and Acquisitions as its core financial management system of record. Momentum supports the Agency's accounting and financial operations, including funds control, budget execution, general ledger accounting, accounts payable, acquisition management, and financial reporting. USAGM maintains responsibility for the system's operations and configuration, working closely with CGI for application maintenance and technical support and with the Agency's Office of the Chief Information Officer on system security.

During FY 2026, USAGM continued to maintain Momentum and supporting services necessary to execute appropriated resources, process financial transactions, and meet federal accounting and reporting requirements. The Agency completed its previously planned migration of the Momentum hosting environment to Amazon Web Services during the first quarter of FY 2026, supporting continued system operations and providing a cloud-based platform for current financial management requirements.

USAGM also continued to use the Defense Civilian Pay System (DCPS) for payroll processing and the Standard Labor Data Collection and Distribution Application (SLDCADA) for time and attendance. The Agency used E2 Solutions for travel authorization, booking, and reimbursement activities while preparing for the government-wide transition to GSA's GO.gov travel management solution.

## FINANCIAL MANAGEMENT SYSTEMS IMPROVEMENT STRATEGY

During FY 2026, USAGM advanced a comprehensive financial management systems modernization initiative focused on improving operational efficiency, supporting federal financial management requirements, and leveraging government-wide shared-service capabilities. These efforts are consistent with Administration direction regarding the use of shared services, consolidation of federal administrative systems, and efficient stewardship of federal resources.

Building on its previously established relationship with the Federal Aviation Administration's Enterprise Services Center (FAA ESC), USAGM evaluated alternatives to its existing financial management environment and advanced planning for a potential transition to FAA ESC's shared-service solutions. The preferred approach under evaluation includes Delphi, an Oracle-based financial management platform, and PRISM, an integrated acquisition and procurement management solution. This approach offers opportunities to consolidate financial and acquisition support, standardize business processes, reduce reliance on agency-specific system maintenance, and leverage established federal shared-service capabilities.

Throughout the fiscal year, USAGM worked with FAA ESC, technical advisors, and Agency stakeholders to evaluate functional requirements, implementation considerations, costs, risks, and operational responsibilities. Management established a cross-functional approach to financial systems planning, addressing requirements across budget execution, accounting, financial reporting, grants management, procurement, payroll interfaces, information security, data access, and auditability. These activities informed the Agency's preferred modernization approach and provided a foundation for subsequent implementation planning.

USAGM also initiated financial data-readiness activities to support modernization and improve the quality of information maintained in its existing systems. These activities included reviewing unliquidated obligations, held transactions, and other financial records that may require validation or reconciliation prior to conversion. Data preparation, interface requirements, internal controls, and continuity of financial operations remain important considerations in planning for a future transition.

In parallel, USAGM continued preparations for the transition from E2 Solutions to GSA's GO.gov travel management solution. Planning included evaluating the financial system interfaces and transaction-processing requirements necessary to support travel authorizations, obligations, payments, and related accounting activities. The Agency's approach emphasizes continuity of travel and financial operations while preparing for government-wide modernization requirements.

As USAGM enters FY 2027, management will continue working with FAA ESC and Agency stakeholders to refine the implementation approach, validate resource requirements, prepare financial data and interfaces, and establish an

achievable transition schedule. Until a future solution is implemented, USAGM will continue operating and maintaining Momentum to support the Agency's financial management and reporting responsibilities.

These initiatives reflect USAGM's commitment to modernizing financial management capabilities, leveraging federal shared services, improving operational efficiency, and supporting effective management of public resources.

## MANAGEMENT ASSURANCES

For FY 2026, USAGM issued a statement of no assurance regarding the effectiveness of internal control over operations, reporting, and compliance under Section 2 of the Federal Managers' Financial Integrity Act (FMFIA).

The determination reflects the collective effect of deficiencies in the execution and documentation of certain internal control activities, together with limitations in management's ability to obtain sufficient evidence to evaluate their operating effectiveness. The Agency's FY 2026 internal control assessment identified exceptions and observations across multiple financial management process areas. Although the individual exceptions were not determined to constitute material weaknesses, management determined that their combined effect, considered with limitations in control documentation and monitoring, constituted one material weakness.

Throughout FY 2026, USAGM continued to implement Executive Order 14238 and carried out its statutory responsibilities and essential financial, administrative, and oversight functions. Personnel departures associated with the Deferred Resignation Program reduced the availability of experienced staff and institutional knowledge. Management reassigned responsibilities and used available personnel and contractor support to maintain required operations.

During the fiscal year, certain operating procedures and control responsibilities changed. In some areas, written procedures had not been fully updated to reflect current practices; certain prescribed control activities were performed differently from documented procedures or through interim approaches; and supporting records were not consistently retained or available for assessment. These circumstances contributed to identified deficiencies and limited management's ability to complete planned operating-effectiveness testing.

The inability to fully test certain controls does not, by itself, establish that those controls were ineffective. However, the identified deficiencies and associated limitations in supporting evidence prevented management from substantiating an overall conclusion of reasonable assurance as of September 30, 2026.

During FY 2027, management will focus on addressing critical staffing and resource requirements in financial management, administrative, and oversight functions; formalizing operating procedures and control responsibilities; and completing risk-based testing and monitoring of identified deficiencies and controls whose effectiveness could not be established. Management will monitor corrective actions and validate the sustained effectiveness of controls as sufficient operating evidence becomes available.

These actions are intended to support consistent execution and documentation of required internal controls, reliable financial reporting, compliance with applicable requirements, and effective stewardship of Agency resources.

## PAYMENT INTEGRITY PROGRAM

USAGM is dedicated to continued strengthening of its improper payments program to ensure payments are valid and processed correctly. The Program is staffed with experienced and trained employees, our financial management system is designed with control functions to mitigate risk, and the Agency has established an analysis process to review transactions and procedures.

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

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

# FY 2026 Statement of Assurance

U.S. AGENCY FOR GLOBAL MEDIA

## FY 2026 FMFIA Assurance Statement

The United States 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 (FMFIA). USAGM conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Internal Control*.

Based on the results of the assessment, USAGM is unable to provide assurance that internal control over operations, reporting, and compliance was operating effectively as of September 30, 2026, due to an identified material weakness involving internal control execution, documentation, and monitoring.

USAGM recognizes the importance of addressing the identified deficiencies and is committed to strengthening its internal control environment. During FY 2027, management will prioritize addressing critical staffing and resource needs, updating operating procedures and clarifying control responsibilities, and conducting targeted testing and monitoring to evaluate the effectiveness of corrective actions. These efforts will support consistent execution of internal controls, reliable financial reporting, and continued accountability in the management of Agency resources.

With respect to Section 4 of FMFIA, management has not completed an assessment sufficient to support a determination regarding the conformity of the Agency's financial management systems with applicable federal requirements. The Agency's financial management systems were determined to be conforming in FY 2024, and management has not identified subsequent changes or deficiencies indicating that the systems are no longer conforming.

Additional information concerning the Agency's internal control assessment, identified material weakness, and planned corrective actions is provided in the Analysis of Systems, Controls, and Legal Compliance section of this report.



**Michael Rigas**
Acting Chief Executive Officer
November 16, 2026

## Section 2: Financial Information


Message from the Chief Financial Officer ..... 26

Independent Auditor's Report ..... 28

Response to Audit ..... 38

Balance Sheet ..... 39

Statement of Net Cost ..... 40

Statement of Changes in Net Position ..... 41

Statement of Budgetary Resources ..... 42

Notes to Principal Financial Statements ..... 43

Required Supplementary Information ..... 69

(page intentionally left blank)

# Message from the Chief Financial Officer



U.S. AGENCY FOR
GLOBAL MEDIA

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

## Message from the Chief Financial Officer

Fiscal Year 2026 required the U.S. Agency for Global Media's Office of the Chief Financial Officer to maintain essential operations during a period of significant workforce and process change. The Agency began the year with a substantially changed workforce, evolving business processes, and considerable work ahead to strengthen financial management and accountability.

Throughout FY 2026, USAGM employees and contractor personnel continued the essential financial and administrative work that kept the Agency operating while our office returned core functions to a more regular operating cadence. Our focus was to maintain the federal leadership, technical expertise, systems, and oversight needed to meet the Agency's financial-management and accountability requirements. This meant ensuring that USAGM could perform required financial operations, exercise appropriate oversight, and strengthen the foundation for reliable financial reporting, responsible stewardship, and informed decision-making. The staff's professionalism, adaptability, and commitment to public service made that work possible.

During the year, the financial-management organization maintained essential operations while establishing more structured financial-reporting, audit-support, and internal-control activities. We continued administering our grants program and advanced planning for modernization of our financial system and the government-wide transition to GO.gov. Contractor expertise and shared services supplemented federal personnel where specialized or interim support was needed.

By year-end, several financial and administrative processes were operating more consistently, responsibilities had been clarified in key areas, and audit support was more structured. Management also had better visibility into financial operations and risks. Nevertheless, gaps in control documentation, monitoring, and available evidence limited our ability to evaluate the effectiveness of internal controls throughout the fiscal year. Although important progress was made in improving financial-management capabilities, additional work and sustained operating experience will be necessary to demonstrate their effectiveness.













As we enter FY 2027, our priorities include strengthening internal-control documentation and monitoring, improving the consistency and reliability of financial reporting, supporting timely and responsible budget execution, and advancing financial systems modernization. We will also continue advancing coordination across program, budget, acquisition, and financial-management functions, while addressing identified deficiencies and establishing more sustainable operating practices. These efforts are essential to strengthening accountability, supporting Agency decision-making, and ensuring responsible stewardship of public resources.

I am grateful to the employees and partners whose work sustained the Agency through a uniquely demanding period and made the year's improvements possible. Their contributions allowed USAGM to meet its immediate responsibilities while positioning the financial-management organization to become stronger, more accountable, and more resilient.



**Anthony Smith**
Chief Financial Officer
U.S. Agency for Global Media

# Independent Auditor's Report

KEARNEY & COMPANY

1701 Duke Street, Suite 500, Alexandria, VA 22314
PH: 703.931.5600, FX: 703.931.3655, www.kearneyco.com

**INDEPENDENT AUDITOR'S REPORT**
AUD-FM-IB-27-06

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

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

***Qualified Opinion on the FY 2026 Financial Statements***

We have audited the FY 2026 financial statements of the U.S. Agency for Global Media (USAGM), which comprise the consolidated balance sheet as of September 30, 2026; 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.

In our opinion, except for the possible effects of the matter described in the Basis for FY 2026 Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of USAGM as of September 30, 2026, and its net cost of operations, changes in net position, and budgetary resources for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Disclaimer of Opinion on the FY 2025 Financial Statements***

We were also engaged to audit the FY 2025 financial statements of 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 as of September 30, 2025, and for the year then ended. Because of the significance of the matters described in the Basis for Disclaimer of Opinion on the FY 2025 Financial Statements section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

***Basis for FY 2026 Qualified Opinion***

During FY 2026, our audit procedures determined that the amount of unliquidated obligations, which is a significant component of several line items[1] included in USAGM's FY 2026 statement of budgetary resources, could potentially be materially misstated. USAGM was unable to provide sufficient appropriate audit evidence to enable us to perform audit procedures to confirm whether certain unliquidated obligation amounts were valid and supported. Specifically,

[1] The specific line items on the statement of budgetary resources that would be impacted are Unobligated Balance From Prior Year Budget Authority (net); Unexpired Unobligated Balance, end of year; Expired Unobligated Balance, end of year; and Total Budgetary Resources.

KEARNEY & COMPANY

USAGM was unable to provide supporting documentation or provided insufficient supporting documentation to confirm the validity of a significant number of obligations selected for testing. Consequently, we were unable to determine whether any adjustments to the FY 2026 financial statements were necessary.

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

***Basis for Disclaimer of Opinion on the FY 2025 Financial Statements***

To implement Executive Order 14238,[2] 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.

***Emphasis of Matter***

As discussed in Note 1 to USAGM's financial statements, "Summary of Significant Accounting Policies," during FY 2026, USAGM adopted new accounting guidance issued by the Federal Accounting Standards Advisory Board. Specifically, USAGM implemented Statement of Federal Financial Accounting Standards 59, "Accounting and Reporting of Government Land." Additional information on USAGM's implementation of the land requirements is provided in Note 5 to USAGM's financial statements. Our opinion on the FY 2026 financial statements is not modified with respect to this matter.

***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 for the design, implementation, and maintenance of internal control relevant to the preparation

[2] Executive Order 14238, Continuing the Reduction of the Federal Bureaucracy, March 14, 2025.

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Deferred Maintenance and Repairs be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by OMB Circular A-136, "Financial Reporting Requirements," and the Federal Accounting Standards Advisory Board, which consider the information to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of making inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

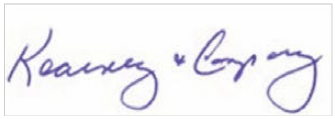
Management is responsible for the other information included in the Agency Financial Report. The other information comprises the Introduction, Message from the Chief Financial Officer, and the Other Information section of USAGM's Agency Financial Report, but does not include the financial statements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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02, we have also issued our reports, dated November 16, 2026, on our consideration of USAGM's internal control over financial reporting and on our tests of USAGM's compliance with provisions of applicable laws, regulations, contracts, and grant agreements. 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 audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering USAGM's internal control over financial reporting and compliance.

KEARNEY & COMPANY



Alexandria, Virginia
November 16, 2026

KEARNEY& COMPANY

1701 Duke Street, Suite 500, Alexandria, VA 22314
PH: 703.931.5600, FX: 703.931.3655, www.kearneyco.com

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, "Audit Requirements for Federal Financial Statements," the financial statements of the U.S. Agency for Global Media (USAGM) as of and for the year ended September 30, 2026, and the related notes to the financial statements, which collectively comprise USAGM's financial statements, and we have issued our report thereon dated November 16, 2026.

### Report on Internal Control Over Financial Reporting

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

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 were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the following deficiency in internal control to be a material weakness.

[1] Federal Managers' Financial Integrity Act of 1982, Public Law 97-255.

KEARNEY& COMPANY

**Material Weakness**

**Validity of Unliquidated Obligations**

Unliquidated obligations (ULO) represent the cumulative amount of orders, contracts, and other binding agreements for which the goods and services that were ordered have not been received or the goods and services have been received but payment has not yet been made. We evaluated the validity and accuracy of USAGM's ULOs and identified a significant number of invalid ULOs based on USAGM confirmation of invalidity, insufficient documentation, or lack of documentation.

During its reduction of operations in FY 2025, USAGM lost experienced staff who were assigned procurement and ULO oversight responsibilities. During FY 2026, USAGM had not reassigned all of the responsibilities related to procurement or ULO oversight because of staffing constraints. Insufficient supporting documentation for selected ULOs created a scope limitation, which prevented us from concluding on the impact of deficiencies across the universe of ULOs. Invalid ULOs affected USAGM's ability to manage funds effectively. Specifically, funds that could have been used to support USAGM's mission remained open as invalid ULOs. Furthermore, the existence of invalid obligations made monitoring ULOs more difficult and increased the risk of duplicate or fraudulent payments.

*  *  *  *  *

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. We consider the following deficiency in internal control to be a significant deficiency.

**Payroll Records**

USAGM's time and attendance reporting system allows employees to record leave, premium pay, compensatory time, overtime, and holidays. Overtime hours and leave requests are required to be approved within the system. Designated supervisors are responsible for approving time and attendance prior to payroll processing to ensure accuracy. Kearney reviewed personnel records and timecards for staff who received payroll disbursements as of June 30, 2026. We found a number of discrepancies during our testing. For example, we found instances where a supervisor did not approve timecards, staff and supervisors did not properly request or approve overtime pay, and staff did not request leave using the time and attendance reporting system or supervisors did not properly approve these leave requests. Additionally, USAGM did not provide sufficient documentation to support some of the transactions selected for testing.

USAGM lacked effective administrative controls over payroll. Additionally, staffing constraints limited the agency's ability to provide adequate documentation for payroll activities. Furthermore, according to USAGM officials, staff on administrative leave could not access agency systems, including the time and attendance reporting system, and, therefore, could not submit or approve time and attendance records in a timely manner. USAGM also did not make

arrangements for other supervisors to approve payroll-related actions for staff whose supervisors were on administrative leave. Weak time and attendance controls may result in payments to invalid employees, payments for unearned or incorrectly calculated wages and benefits, payroll errors, and overpayments for hours not worked.

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

**Status of Prior-Year Finding**

In the Independent Auditor's Report on Internal Control Over Financial Reporting that was included in the audit report on USAGM's FY 2025 financial statements,[2] we noted an issue related to internal control over financial reporting. The status of the FY 2025 internal control finding is summarized in Table 1.

**Table 1. Status of Prior-Year Finding**

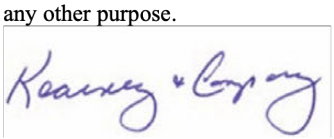
| Control Deficiency | FY 2025 Status | FY 2026 Status |
|---|---|---|
| **Insufficient Audit Evidence** | Material Weakness | Closed |

**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 audit and previously described. USAGM provided its response to our findings 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 audit of the financial statements and accordingly, we express no opinion on the response.

**Purpose of This Report**

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



Alexandria, Virginia
November 16, 2026

[2] Office of Inspector General, *Independent Auditor's Report on the U.S. Agency for Global Media FY 2025 Financial Statements* (AUD-FM-IB-26-10, February 2026).

KEARNEY & COMPANY

1701 Duke Street, Suite 500, Alexandria, VA 22314
PH: 703.931.5600, FX: 703.931.3655, www.kearneyco.com

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, "Audit Requirements for Federal Financial Statements," the financial statements of the U.S. Agency for Global Media (USAGM) as of and for the year ended September 30, 2026, and the related notes to the financial statements, which collectively comprise USAGM's financial statements, and we have issued our report thereon dated November 16, 2026.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether USAGM's financial statements are free from material misstatement, we performed tests of USAGM's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance that we are required to report in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02. Specifically, we noted noncompliance with requirements included in the Federal Managers' Financial Integrity Act (FMFIA)[1] and OMB Circular A-123[2] related to establishing and maintaining effective internal controls. During FY 2026, USAGM took steps to implement a program to assess the effectiveness of its internal controls over operations, reporting, and compliance as required by OMB Circular A-123. USAGM identified controls for testing across business processes. Although USAGM confirmed that some controls were designed and operating effectively, its assessment identified controls that were not operating effectively. Additionally, USAGM was not able to test several controls. USAGM officials stated that there were instances where the assessment program was unable to obtain sufficient evidence to establish the operating effectiveness of the controls being evaluated because of the lack of available documentation and unavailability of key personnel, as well as organizational changes (e.g., USAGM redesigned some controls during FY 2026). 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.

[1] Public Law 97-255, codified at Title 31 United States Code § 3512(d).
[2] OMB Circular A-123, "Management's Responsibility for Internal Control," (March 10, 2026) (the prior version of OMB Circular A-123, "Enterprise Risk Management and Internal Control," was in effect until March 9, 2026).

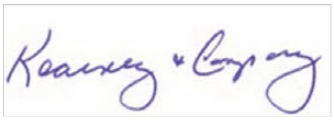
Additionally, we noted noncompliance with the Prompt Payment Act.[3] This Act requires federal agencies to make payments in a timely manner, pay interest penalties when payments are late, and take discounts only when payments are made within the discount period. We determined that USAGM did not consistently pay interest penalties for overdue payments. USAGM did not have a process to monitor invoices to support the timely coordination and payment of interest. Additionally, USAGM did not consistently make interest payments to overseas vendors. USAGM did not have a legal justification exempting USAGM from paying interest penalties for payments to these types of entities.

**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 audit and previously described. USAGM provided its response to our findings 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 audit of the financial statements and accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of compliance with provisions of applicable laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of 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
November 16, 2026

[3] 31 United States Code §§ 3901-3907.

# Response to the Audit

**Appendix A**

U.S. AGENCY FOR GLOBAL MEDIA

November 16, 2026

Mr. Arne B. Baker
Acting Inspector General
Office of Inspector General
U.S. Department of State

Dear Mr. Baker:

The U.S. Agency for Global Media (USAGM) appreciates the work of your office and Kearney & Company in conducting the fiscal year (FY) 2026 financial statement audit. We acknowledge the qualified opinion issued on the Agency's FY 2026 financial statements, which reflects limitations in obtaining sufficient audit evidence to substantiate certain unliquidated obligations (ULOs). The qualified opinion represents an improvement from the prior year's disclaimer of opinion and reflects progress in strengthening financial reporting and audit support processes.

During FY 2026, USAGM continued efforts to strengthen financial management operations and restore internal control and oversight capabilities. These efforts included improving financial reporting and documentation, enhancing audit coordination, and reestablishing a structured internal control assessment program consistent with the Federal Managers' Financial Integrity Act and OMB Circular A-123. While progress was made, management recognizes that additional work is necessary to demonstrate the sustained effectiveness of internal controls. USAGM generally concurs with the audit findings and recommendations and remains committed to addressing the underlying deficiencies.

Looking ahead to FY 2027, USAGM will prioritize corrective actions to strengthen internal controls, improve financial data reliability, and address outstanding financial management issues. These efforts include a cross-functional initiative to review and resolve outstanding ULOs, improve obligation management processes, and strengthen related controls. Corrective actions will also be coordinated with the Agency's financial systems modernization initiative to establish more sustainable financial management practices.

USAGM remains committed to transparency, accountability, and responsible stewardship of the resources entrusted to the Agency by Congress and the American public. We appreciate the professionalism and constructive engagement of your office and the audit team throughout this process and look forward to continued collaboration in addressing the identified findings.

Sincerely,

Anthony R. Smith
Chief Financial Officer

1

# Financial Statements

**U.S. Agency for Global Media**
**Balance Sheets**
**As of September 30, 2026 and 2025**
(in thousands)

| | FY 2026 | FY 2025 |
|---|---|---|
| **Assets** | | |
| Intragovernmental | | |
| Fund Balance with Treasury (Note 3) | $ 432,203 | $ 357,735 |
| Total Intragovernmental | 432,203 | 357,735 |
| With the Public | | |
| Accounts Receivable, Net (Note 4) | 379 | - |
| General Property, Plant and Equipment, Net (Note 5) | 18,294 | 27,696 |
| Advances and Prepayments | | |
| Advances to Non-Federal Entities (Note 6) | 130,000 | 67,036 |
| Other Prepaid Assets (Note 7) | 40 | 203 |
| Total with the Public | 148,713 | 94,935 |
| **Total Assets** | $ 580,916 | $ 452,670 |
| **Liabilities** | | |
| Intragovernmental | | |
| Other Liabilities | | |
| Accrued FECA Liability (Note 8) | $ 1,060 | $ 1,069 |
| Other Liabilities (Note 11) | 1,351 | 1,713 |
| Total Intragovernmental | 2,411 | 2,782 |
| With the Public | | |
| Accounts Payable | 16,168 | 16,116 |
| Federal Employee Salary, Leave, and Benefits Payable | | |
| Accrued Annual and Compensatory Leave (Note 8) | 17,939 | 21,968 |
| Foreign Service Nationals After-Employment Benefits (Note 8 and 9) | 4,807 | 4,662 |
| Accrued Payroll and Benefits | 4,475 | 4,325 |
| Other Employment Related Liability | 423 | - |
| Actuarial FECA Liability (Note 8) | 5,408 | 5,712 |
| Environmental and Disposal Liabilities (Note 8 and 10) | 849 | 830 |
| Other Liabilities | | |
| Other Liabilities (Note 11) | 11,232 | 16,798 |
| Total with the Public | 61,301 | 70,411 |
| **Total Liabilities** | $ 63,712 | $ 73,193 |
| Commitments and Contingencies (Note 8, 11 and 13) | | |
| **Net position** | | |
| Unexpended Appropriations-Funds from Other than Dedicated Collections | $ 520,532 | $ 386,159 |
| Cumulative Results of Operations-Funds from Other than Dedicated Collections | (3,328) | (6,682) |
| **Total Net Position** | $ 517,204 | $ 379,477 |
| **Total Liabilities and Net Position** | $ 580,916 | $ 452,670 |

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

**U.S. Agency for Global Media**
**Statements of Net Costs**
**For the Fiscal Year Ended September 30, 2026 and 2025**
(in thousands)

| | FY 2026 | FY 2025 |
|---|---|---|
| **Voice of America (VOA)** | | |
| Gross Costs | $ 74,526 | $ 244,357 |
| Less: Earned Revenues | - | (401) |
| **Net Program Costs** | **74,526** | **243,956** |
| **Office of Cuba Broadcasting (OCB)** | | |
| Gross Costs | 21,880 | 16,566 |
| Less: Earned Revenues | - | - |
| **Net Program Costs** | **21,880** | **16,566** |
| **Non-Federal Entities (NFE)** | | |
| Gross Costs | 221,146 | 329,109 |
| Less: Earned Revenues | - | (2,512) |
| **Net Program Costs** | **221,146** | **326,597** |
| **Cost Not Assigned to Programs** | | |
| Gross Costs | 198,042 | 211,700 |
| Less: Earned Revenues | (22) | (193) |
| **Net Costs** | **198,020** | **211,507** |
| **Total Gross Costs** | 515,595 | 801,732 |
| **Less: Total Earned Revenues** | (22) | (3,106) |
| **Net Cost of Operations** | **$ 515,573** | **$ 798,626** |

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

**U.S. Agency for Global Media**
**Statements of Changes in Net Position**
**For the Fiscal Years Ended 30, 2026 and 2025**
(in thousands)

| | FY 2026 | FY 2025 |
|---|---|---|
| **Unexpended Appropriations** | | |
| Beginning Balance | $ 386,159 | $ 292,712 |
| Appropriations received | $ 652,700 | $ 866,914 |
| Appropriations transferred-in/out (+/-) | (5,232) | - |
| Other Adjustments (+/-) | (2,107) | (10,608) |
| Appropriations used | (510,988) | (762,859) |
| Net Change in Unexpended Appropriations | 134,373 | 93,447 |
| **Total Unexpended Appropriations: Ending** | $ 520,532 | $ 386,159 |
| **Cumulative Results from Operations:** | | |
| Beginning Balances | $ (6,682) | $ 11,285 |
| Changes in accounting principles (+/-) (Note 1) | (3,416) | - |
| Corrections of errors (+/-) | 745 | - |
| Beginning Balance, as Adjusted | (9,353) | 11,285 |
| Appropriations Used | $ 510,988 | $ 762,859 |
| Transfers-in/out without reimbursement (+/-) | 9 | 2 |
| Imputed financing | 10,601 | 17,799 |
| Net Cost of Operations (+/-) | 515,573 | 798,626 |
| Net Change in Cumulative Result of Operations | $ 6,025 | $ (17,967) |
| **Total Cumulative Results of Operations** | $ (3,328) | $ (6,682) |
| **Net Position** | $ 517,204 | $ 379,477 |

The accompanying notes are an integral part of these statements.

**U.S. Agency for Global Media**
**Statements of Budgetary Resources**
**For the Fiscal Years Ended September 30, 2026 and 2025**
(in thousands)

| | FY 2026 | FY 2025 |
|---|---|---|
| **Budgetary Resources** | | |
| Unobligated balance from prior year budget authority, net (discretionary and mandatory) | $ 266,764 | $ 114,861 |
| Appropriations (discretionary and mandatory) | 662,700 | 875,914 |
| Spending authority from offsetting collections (discretionary and mandatory) | (1,775) | 733 |
| Total budgetary resources | $ 927,689 | $ 991,508 |
| **Status of Budgetary Resources** | | |
| New obligations and upward adjustments (total) | $ 724,616 | $ 762,908 |
| Unobligated balance, end of year | | |
| Apportioned, unexpired accounts | 58,024 | 168,435 |
| Unapportioned, unexpired accounts | 46,050 | 33,644 |
| Unexpired unobligated balance, end of year | 104,074 | 202,079 |
| Expired unobligated balance, end of year | 98,999 | 26,521 |
| Unobligated balance, end of year (total) | 203,073 | 228,600 |
| Total budgetary resources | $ 927,689 | $ 991,508 |
| **Outlays, Net and Disbursements, Net** | | |
| Outlays, net (total) (discretionary and mandatory) | 579,995 | 772,708 |
| Agency outlays, net (discretionary and mandatory) | $ 579,995 | $ 772,708 |
| Disbursements, net (total) (mandatory) | | |

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

# United States Agency for Global Media Notes to Principal Financial Statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

USAGM traces its origins to the establishment of VOA in 1942, which subsequently became part of the United States Information Agency (USIA) in 1953. Through the United States International Broadcasting Act of 1994, Congress established the Broadcasting Board of Governors (BBG) within USIA to oversee U.S. international broadcasting activities. In enacting the legislation, Congress recognized international broadcasting as an instrument for advancing U.S. foreign policy objectives, promoting the exchange of information and ideas, and supporting freedom and democracy. The BBG became an independent federal agency in 1999 and was renamed the U.S. Agency for Global Media in 2018. The Agency operates under the statutory framework established by the United States International Broadcasting Act of 1994, as amended (22 U.S.C. §§ 6201). USAGM is composed of two federal entities:

- Voice of America
- Office of Cuba Broadcasting

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 role. 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 NFEs: RFE/RL, RFA, and MBN. OTF supports internet freedom. All USAGM broadcast services adhere to the standards and principles of the International Broadcasting Act of 1994, as amended, and support the USAGM mission.

The NFEs—RFE/RL, RFA, MBN, and OTF—are independent non-federal entities who receive most or all of their funding from USAGM. They are organized and managed as private, independent, non-profit corporations and considered

disclosure entities in accordance with Statement of Federal Financial Accounting Standards (SFFAS) 47: Reporting Entity (See Note 17). Further information on these NFEs can be found at:

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

### B. Basis of Presentation and Accounting

These financial statements have been prepared to report on the financial position, net cost, changes in net position, and budgetary resources of USAGM, consistent with the Accountability of Tax Dollars Act of 2002, 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 are awarded. Regarding classified activities, accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

During FY 2026, USAGM adopted SFFAS 59: Accounting and Reporting of Government Land. The agency implemented the requirements of the standard and updated its financial reporting practices accordingly. The adoption of SFFAS 59 resulted in changes to certain financial statement presentations and disclosures. Additional information is provided in the accompanying notes to the financial statements.

### 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 and receipt accounts used to record financial transactions arising from congressional appropriations.

### 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 on the balance sheet. The U.S. Department of the Treasury (Treasury) processes domestic receipts and disbursements. Two Department of State (DOS) 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 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. Receivables aged more than 120 days, for which no payment arrangements are 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.

## G. Personnel Compensation and Benefits

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 2026 is $24,500. Consequently, the maximum amount that CSRS employees may contribute to the plan in calendar year 2026 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. DOS 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 have 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 to or paid to OPM and thus are not reported as liabilities on the balance sheet. For each fiscal year the 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 2026 service cost exceeds contributions made by employer agencies and covered employees, the plan is not fully funded by USAGM and its employees. For FY 2026, USAGM recognized $10.6 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 Foreign Service Nationals at overseas locations. Many of these posts offer after-employment benefits that are based on employment laws and prevailing wage practices in the host country. These benefits may include annuity-based defined benefit plans, defined contribution plans, and lump sum voluntary severance and retirement benefits.

### Personal Services Contractors

USAGM relies on the specialized skills of over 240 Personal Service Contractors (PSCs) to develop and deliver content to its worldwide audience. 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 its behalf. PSCs are eligible to participate in an Individual Coverage Health Reimbursement Arrangement (ICHRA), through which the agency reimburses eligible health insurance expenses in accordance with program requirements. In addition, USAGM pays the employer's portion of Workers' Compensation premiums required by 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 involving uncertainty outcomes that will be resolved by a future event. 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.

### 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 on the Statement of Changes in Net Position.

## 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 Statement of Net Cost (SNC) presents the Agency's gross costs, earned revenues, and net cost of operations by major broadcasting program. Costs directly attributable to VOA and OCB are presented separately, while costs associated with the Agency's four NFEs are presented in the aggregate.

Costs Not Assigned to Programs include expenses associated with executive management, administrative and support functions, and shared services that cannot be reliably attributed to individual broadcasting programs. These include costs associated with the Office of the CEO, information technology, human resources, financial management, and other Agency-wide support functions. This category also includes costs incurred by the Agency's TSI organization, which provides transmission, distribution, and related technical infrastructure

and services supporting multiple broadcasting programs. Although these activities directly support broadcasting operations, the Agency does not currently maintain sufficiently detailed cost information or reliable allocation methodologies to assign all such costs to individual broadcasting programs on a consistent and supportable basis. Accordingly, costs that cannot be reasonably assigned are presented separately rather than allocated among the broadcasting programs.

For FY 2026, Costs Not Assigned to Programs also include certain personnel-related expenses associated with employees placed on administrative leave in connection with organizational changes and related litigation, as well as compensation and associated benefit costs for employees furloughed during the lapse in appropriations. These expenses were included in this category because they were not attributable to the production or delivery of specific broadcasting programs during the applicable periods.

The FY 2026 SNC separately presents Costs Not Assigned to Programs to distinguish costs directly attributable to broadcasting programs from shared support, infrastructure, and other costs that cannot be reliably assigned. Certain FY 2025 amounts have been reclassified to conform to the FY 2026 presentation. These reclassifications affect the presentation of costs among reporting categories but do not change the previously reported total net cost of operations.

## 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, 2026 and 2025 are summarized as follows:

| Non-Entity Assets (in thousands) | 2026 | 2025 |
|---|---|---|
| Intragovernmental: | | |
| Fund Balance with Treasury | $ 2,723 | $ 3,641 |
| Total Intragovernmental | 2,723 | 3,641 |
| Total Non-Entity Assets | 2,723 | 3,641 |
| Total Entity Assets | 578,193 | 449,029 |
| Total Assets | $ 580,916 | $ 452,670 |

## NOTE 3: FUND BALANCE WITH TREASURY

The Treasury performs cash management activities for all federal agencies. 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 include 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 include proceeds of sales, personal property; and budget clearing account (suspense).

The Status of Fund Balance with Treasury as of September 30, 2026 and 2025 consists of the following:

| Status of Fund Balance with Treasury (in thousands) | 2026 | 2025 |
|---|---|---|
| Unobligated Balance | | |
| Available | $ 104,074 | $ 202,079 |
| Unavailable | 98,999 | 26,521 |
| Obligated Balance Not Yet Disbursed | 226,280 | 125,387 |
| Non-Budgetary Fund Balance with Treasury | 2,850 | 3,747 |
| Total | $ 432,203 | $ 357,735 |

The status of 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, 2026 and 2025 totaled $2.1 million and $10.6 million, respectively.

## NOTE 4: ACCOUNTS RECEIVABLE, NET

Accounts receivable as of September 30, 2026 and 2025, are as follows:

| Accounts Receivable (in thousands) | 2026 | 2025 |
|---|---|---|
| With the Public | $ 379 | $ - |
| Total Accounts Receivable, With the Public | $ 379 | $ - |
| Total Accounts Receivable, Net | $ 379 | $ - |

The Accounts Receivable as of September 30, 2026, totaled $379 thousand. The Public Accounts Receivable is due to an overpayment to the Ministry of Electricity and Water of Kuwait. An allowance for uncollectible accounts is established based on an overall assessment of the debtor's willingness and ability to pay. Delinquent domestic debts are referred to the Treasury in accordance with the Debt Collection Improvement Act of 1996.

## NOTE 5: PROPERTY, PLANT, AND EQUIPMENT, NET

Property, Plant, and Equipment (PP&E) consist of buildings, equipment, vehicles, and right-to-use leases (RTU). 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, software costing $250,000 or more, 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, software costing $250,000 or more, 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. 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 PP&E as of September 30, 2026 and 2025.

**PP&E (in thousands)**

| Property Category as of 2026 | Useful Life (Years) | Cost | Accumulated Depreciation | Net Book Value |
|---|---|---|---|---|
| Construction-in-Progress | N/A | $ 976 | $ - | $ 976 |
| Right-to-Use Lease | N/A | 1,866 | (805) | 1,061 |
| Building | 30 | 21,562 | (20,645) | 917 |
| Other Structures | 20 | 5,412 | (5,327) | 85 |
| Equipment | 6-30 | 223,579 | (210,160) | 13,419 |
| Vehicles | 6 | 3,722 | (3,290) | 432 |
| Leasehold Improvements | 10-20 | 6,884 | (5,480) | 1,404 |
| Software | 3-6 | 5,657 | (5,657) | - |
| Total | | $ 269,658 | $ (251,364) | $ 18,294 |

| Property Category as of 2025 | Useful Life (Years) | Cost | Accumulated Depreciation | Net Book Value |
|---|---|---|---|---|
| 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) | - |
| Total | | $ 292,023 | $ (264,327) | $ 27,696 |

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

In accordance with SFFAS-59, the cost of land and permanent land rights is not capitalized on the balance sheet starting in FY 2026. Instead, the cost is recognized on the Statement of Net Cost in the period in which the cost of land or permanent land rights acquisition is incurred.

USAGM holds land for operational purposes. Approximately 2,754 acres are held at two locations; Greenville, North Carolina and Marathon, Florida. These lands are located domestically and support USAGM's statutory responsibilities. The largest tract of land is located in Greenville and includes a shortwave transmission station used to transmit USAGM content, including Voice of Ameria (VOA) and Office of Cuba Broadcasting (OCB), in support of the agency's mission.

USAGM does not manage or oversee stewardship land.

## NOTE 6: ADVANCES TO NON-FEDERAL ENTITIES

The advance to NFEs represents an amount in which USAGM has disbursed funds but for which goods and services have not been delivered or performed. Grant funds are issued periodically throughout the year on an advanced 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 March 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, 2026 and 2025 is $130 million and $67 million, respectively.

## NOTE 7: OTHER ASSETS

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

Other assets consist of the following as September 30, 2026 and 2025.

| Other Assets (in thousands) | 2026 | 2025 |
|---|---|---|
| Prepaid Leases | $ - | $ 181 |
| Prepaid Audit Fee | | |
| Travel Advances | 4 | - |
| Vend Travel Advance/overseas | 12 | - |
| Travel & Salary Advances | 25 | 22 |
| Total | $ 40 | $ 203 |

## NOTE 8: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

USAGM's liabilities are classified as liabilities covered by budgetary resources, liabilities not covered by budgetary resources, or liabilities not requiring budgetary resources. Liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. They include 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, 2026 and 2025 are summarized below.

| Liabilities Not Covered by Budgetary Resources (in thousands) | 2026 | 2025 |
|---|---|---|
| Intragovernmental | | |
| Accrued FECA Liabilities | $ 1,060 | $ 1,069 |
| Total Intragovernmental | 1,060 | 1,069 |
| | | |
| Public | | |
| Actuarial FECA Liabilities | 5,408 | 5,712 |
| Accrued Annual and Compensatory Leave | 17,939 | 21,968 |
| Contingent Liabilities | 7,427 | 11,687 |
| Foreign Service National After-Employment Benefits | 4,807 | 4,662 |
| Environmental and Disposal Liabilities | 849 | 830 |
| Lessee Lease Liabilities | 1,083 | 1,470 |
| Total Liabilities Not Covered by Budgetary Resources | 38,573 | 47,398 |
| Total Liabilities Covered by Budgetary Resources | 23,023 | 23,678 |
| Total Liabilities Not Requiring Budgetary Resources | 2,116 | 2,116 |
| Total Liabilities | $ 63,712 | $ 73,193 |

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

USAGM employs Foreign Service Nationals (FSNs) at overseas locations. FSNs do not qualify for federal civilian benefits and therefore cannot participate in any of the federal civilian retirement plans. Instead, FSNs 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 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 FSNs. 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. 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

FSNs are provided with 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 DOS 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, 2026 and 2025 are as follows:

| After-Employment Benefits Liabilities (in thousands) | 2026 | 2025 |
|---|---|---|
| Defined Benefits Plans | $ (885) | $ (1,426) |
| Voluntary Severance | 5,621 | 2,380 |
| Supplemental Retirement Lump Sum | 71 | 3,708 |
| Total After-Employment Benefit Liabilities | $ 4,807 | $ 4,662 |

## NOTE 10: ENVIRONMENTAL AND DISPOSAL LIABILITIES

Environmental and disposal liabilities result from hazardous and potentially hazardous materials at current operating locations and abandoned facilities that create 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 laws and regulations require the remediation and cleanup of environmental hazards. Key authorities include the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), and applicable state and local environmental requirements. To comply with federal accounting standards and guidance related to environmental liabilities, USAGM conducts periodic assessments of its facilities under SFFAS No. 5, *Accounting for Liabilities of the Federal Government*; SFFAS No. 6, *Accounting for Property, Plant, and Equipment*; FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs;* FFAA Technical Release 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*; and Technical Release 10, *Implementation Guidance on Asbestos*. These assessments are used to identify environmental cleanup obligations and estimate associated liabilities.

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's disposition has not changed.

In accordance with SFFAS No. 6, *Accounting for Property, Plant, and Equipment, and Technical Release 11, Implementation Guidance on Cleanup Costs Associated with Equipment*, USAGM conducted an assessment in FY 2013 to identify facilities containing friable and non-friable asbestos. Based on the results of this assessment, USAGM recognized an estimated asbestos cleanup liability of $674 thousand for four overseas facilities. The estimate was derived from vendor-provided cost estimates for asbestos remediation and updated using September 30, 2026, foreign currency exchange rates. As of FY 2026, USAGM's total estimated environmental liability, including the removal of asbestos and other hazardous materials, is $849 thousand.

## NOTE 11: OTHER LIABILITIES

Other liabilities consist of the following as of September 30, 2026 and 2025:

| Other Liabilities (in thousands) | 2026 | 2025 |
|---|---|---|
| Intragovernmental | | |
| Advances and Prepayments | $ 160 | $ 160 |
| Employer Contribution/Payroll Taxes | 1,191 | 1,553 |
| Total Intragovernmental | 1,351 | 1,713 |
| | | |
| Public | | |
| Contingent Liabilities | $ 7,427 | $ 11,687 |
| Deposit and Suspense Liabilities | 2,116 | 2,116 |
| Lessee Lease Liabilities | 1,083 | 1,470 |
| Withholdings Payable | 606 | 1,524 |
| Total with the Public | 11,232 | 16,798 |
| | | |
| Total Other Liabilities | $ 12,583 | $ 18,511 |

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

## NOTE 12: OPERATING LEASE ASSETS AND LIABILITIES

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

### Intragovernmental Leases

The buildings in which the agency operates are leased primarily from the General Services Administration (GSA). During FY 2026, USAGM reduced its occupied footprint at its headquarters in the Cohen Building in Washington, DC.

### 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, 2026, USAGM has four real property leases for residences through the housing pools and three rented by TSI.

### 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 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 3.49% - 5.27% as of September 30, 2026.

As of September 30, 2026 and 2025, the agency recognized RTU net assets and corresponding lease liabilities of $1.08 million and $1.47 million related to operating leases. The total lease expense for the reporting period was $331 thousand and $423 thousand.

| Future Lease Payments (in thousands) | | | |
|---|---|---|---|
| Fiscal Year | Principle | Interest | Total |
| 2027 | $ 189 | $ 47 | $ 235 |
| 2028 | 120 | 39 | 159 |
| 2029 | 105 | 34 | 138 |
| 2030 | 88 | 29 | 118 |
| 2031 | 74 | 26 | 99 |
| 2032 - 2036 | 236 | 89 | 325 |
| 2037 - 2041 | 141 | 48 | 189 |
| 2042- 2046 | 108 | 16 | 124 |
| 2047- 2051 | 17 | 3 | 20 |
| 2052-2057 | 5 | - | 5 |
| Total Future Lease Payments | $ 1,083 | $ 331 | $ 1,414 |

## NOTE 13: CONTINGENT LIABILITIES

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

The accrued and potential contingent liabilities as of September 30, 2026 and 2025 are as follows. The Agency does not have any material environmental or other contingent liabilities to disclose.

| Contingent Liabilities (in thousands) | | | |
|---|---|---|---|
| | | Estimated Range of Loss | |
| 2026 | Accrued Liabilities | Lower End of Range | Upper End of Range |
| **Legal Contingencies:** | | | |
| Probable | $ 7,427 | $ 6,427 | $ 8,427 |
| Reasonably Possible | | 300 | 18,900 |
| **Environmental Contingencies:** | | | |
| Probable | $ 849 | $ 849 | $ 849 |

| | | Estimated Range of Loss | |
|---|---|---|---|
| 2025 | Accrued Liabilities | Lower End of Range | Upper End of Range |
| **Legal Contingencies:** | | | |
| Probable | $ 11,687 | $ 11,687 | $ 11,687 |
| **Environmental Contingencies:** | | | |
| Probable | $ 830 | $ 830 | $ 830 |

## NOTE 14: UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders for the years ended September 30, 2026 and 2025 are $334.9 million and $173.2 million, respectively.

| Undelivered Orders at the End of the Period (in thousands) | 2026 | 2025 |
|---|---|---|
| Federal | | |
| Unpaid | $ 22,543 | $ 23,510 |
| Total Federal Undelivered Orders at the end of the period | 22,543 | 23,510 |
| | | |
| Public | | |
| Paid | 130,040 | 67,239 |
| Unpaid | 182,416 | 82,487 |
| Total Public Undelivered Orders at the end of the period | 312,457 | 149,726 |
| Total Undelivered Orders at the end of the period | $ 334,999 | $ 173,237 |

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

A comparison between the FY 2026 Statement of Budgetary Resources (SBR) and the FY 2026 actual numbers presented in the FY 2028 Budget cannot be performed as the FY 2028 Budget is not yet available. The FY 2028 Budget is due to be published in February 2027 and will be available at: https://www.whitehouse.gov/omb/budget/

USAGM reconciled the amounts of the FY 2025 column on the SBR to the actual amounts for FY 2025 in the FY 2027 President's Budget for budgetary resources, obligations incurred, distributed offsetting receipts and net outlays published in March 2026, as presented below.

| For the Fiscal Year Ended September 30, 2025 *(in millions)* | Budgetary Resources | Obligations Incurred | Net Outlays |
|---|---|---|---|
| Combined Statement of Budgetary Resources | $ 992 | $ 763 | $ 773 |
| Expired Accounts | (32) | - | |
| Rounding | 1 | (2) | (2) |
| Budget of the United States Government | $ 961 | $ 760 | $ 771 |

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

There are inherent differences in timing and recognition between the accrual proprietary accounting method used to calculate net cost and the budgetary accounting method used to report net outlays and obligations. A required reconciliation between budgetary and financial accounting information established by SFFAS 7: Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, has been amended by SFFAS 53: Budget and Accrual Reconciliation. This Statement provides for 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, 2026 is as follows:

| Reconciliation of Net Operating Cost and Net Budgetary Outlays (in thousands) | Intragovernmental | With the Public | Total FY2026 |
|---|---|---|---|
| **Net Operating Cost (Revenue) Reported on Statement of Net Cost** | $ 78,292 | $ 437,281 | $ 515,573 |
| **Components of Net Operating Cost Not Part of the Budgetary Outlays** | | | |
| Property, plant, and equipment depreciation expense | | 6,496 | 6,496 |
| Property, plant, and equipment disposals and revaluations | | (8,240) | (8,240) |
| Lessee lease amortization | 18 | 726 | 744 |
| Gains/Losses on lease cancellations and FECA actuarial | | 419 | 419 |
| **Increase/(Decrease) in Assets Not Affecting Budgetary Outlays** | | | |
| Accounts receivable, net | - | 379 | 379 |
| Other assets | - | 62,801 | 62,801 |
| **(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays** | | | |
| Accounts payable | - | (52) | (52) |
| Environmental and disposal liabilities | | (19) | (19) |
| Federal employee salary, leave, and benefits payable | 9 | 3,456 | 3,465 |
| Pensions, other Post-employement, and veterans benefits payable | | 159 | 159 |
| Other liabilities | 362 | 5,566 | 5,928 |
| **Financing Sources** | | | |
| Imputed cost | (10,601) | | (10,601) |
| **Total Components of Net Operating Cost Not Part of the Budget Outlays** | 10,212 | 71,691 | 61,479 |
| **Components of the Budget Outlays That Are Not Part of Net Operating Cost** | | | |
| Applied overhead/cost capitalization offset | | (261) | (261) |
| **Financing Sources** | | | |
| Transfers out (in) without reimbursements | (9) | | (9) |
| **Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost** | (9) | (261) | (270) |
| **Misc Items** | | | |
| Recognition of right-to-use lease assets | | 159 | 159 |
| Other timing differences | | 13,054 | 13,054 |
| Appropriated Receipts for Trust/Special Funds | | (10,000) | (10,000) |
| **Total Other Reconciling Items** | | 3,213 | 3,213 |
| **Total Net Outlays (Calculated Total)** | $ 88,495 | $ 511,924 | $ 579,995 |
| **Budgetary Agency Outlays, net (SBR 4210)** | | | |
| Budgetary Agency Outlays, net | | | $ 579,995 |

## NOTE 17: DISCLOSURE ENTITIES AND RELATED PARTIES

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

USAGM broadcast services and internet freedom programs include four USAGM-funded NFEs: RFE/RL, RFA, MBN, and OTF. RFE/RL, RFA, and MBN are surrogate networks that receive most 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 2026, the four NFEs combined received $285 million in grant funding.

RFE/RL reports in 244 languages to 18 countries reaching more than 44.24 million people every week. It has 950 staff at its broadcast center in Prague, Czech Republic and 13 bureaus.

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.

MBN's mission is to be the premier Arabic-first language source of news, commentary and information that connects the Middle East and the United States.

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.

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 leases 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 OMB to maintain a public database of completed audits. The website can be located at: https://www.fac.gov.

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.

In FY 2026, USAGM conducted a data call to collect information from each station regarding assets identified as deferred maintenance. The data included a description of each asset condition, an assessment of whether the asset met the criteria for deferred maintenance in the current year, and the calculated cost to restore the asset to an acceptable operating condition.

The following reflects USAGM's most recent assessment of deferred maintenance and repairs as of September 30, 2026, and 2025:

| Deferred Maintenance (in thousands) | | |
|---|---|---|
| **PP&E Category** | **FY 2026 Estimated Cost to Return to Acceptable Condition** | **FY 2025 Estimated Cost to Return to Acceptable Condition** |
| Equipment | $ 808 | $ 280 |
| Building | 1,900 | 2,000 |
| Total | $ 2,708 | $ 2,280 |

## Section 3: Other Information

Inspector General's Statement on FY 2026
Management and Performance Challenges ..... 72

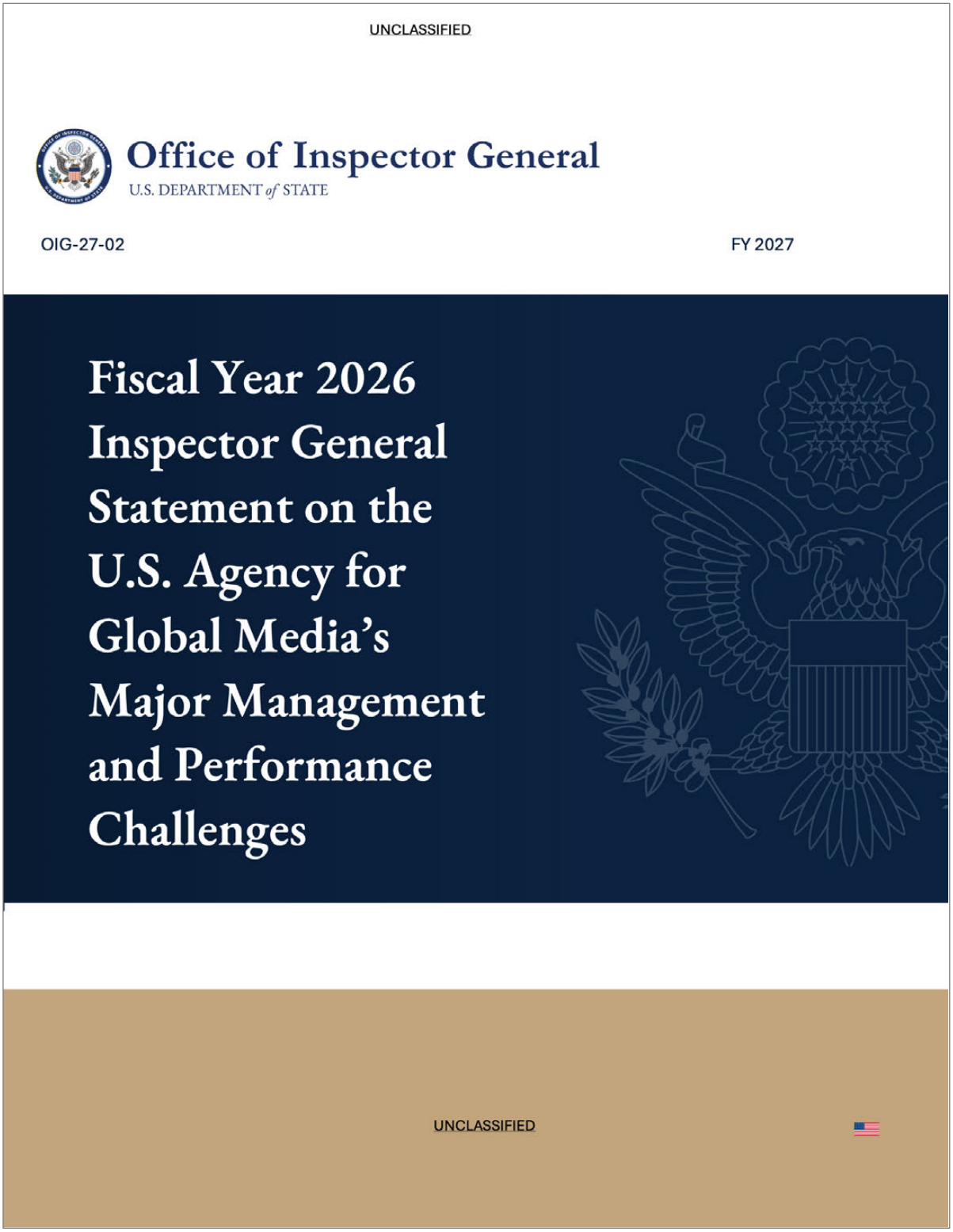
Agency Response to the Management
and Performance Challenges ..... 82

Summary of Financial Statement Audit
and Management Assurances ..... 88

Reporting on Payment Integrity ..... 90

(page intentionally left blank)

# Inspector General's Statement on Management and Performance Challenges



# Contents

INTRODUCTION ..... 1
ORGANIZATIONAL RESTRUCTURING ..... 1
STAFFING ..... 3
ACCOUNTABILITY ..... 4
CYBERSECURITY ..... 5
APPENDIX: U.S. AGENCY FOR GLOBAL MEDIA RESPONSE, AS PRINTED IN THE 2026 AGENCY FINANCIAL REPORT ..... 7

# INTRODUCTION

As required by the Reports Consolidation Act of 2000,[1] each year 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 provides a brief assessment of the agency's progress in addressing those challenges. OIG derives these challenges from common themes observed during its work. OIG assesses the agency's progress in addressing the identified challenges through OIG's compliance process.

For FY 2026, OIG identified several new major management and performance challenges for USAGM. USAGM's FY 2026 challenges fell into four primary areas:

- **Organizational Restructuring**: Deficiencies related to USAGM's efforts to organizationally reduce its operations without impeding operational efficiency or negatively impacting the execution of USAGM's mission.
- **Staffing:** Deficiencies related to USAGM's ability to retain a resilient staff that can effectively drive performance, implement strategic initiatives, and ensure USAGM's long-term success.
- **Accountability:** Deficiencies related to USAGM's ability to manage its significant resources, financial and otherwise, efficiently and effectively.
- **Cybersecurity:** Deficiencies related to USAGM's ability to ensure the security of its information.

Because OIG identified new USAGM major management and performance challenges for this report, OIG cannot assess USAGM's progress in addressing the new challenges. Additional time is needed for USAGM action.

# ORGANIZATIONAL RESTRUCTURING

On March 14, 2025, President Trump signed 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."[2] According to a report that USAGM sent to the Office of Management and Budget (OMB), USAGM took "aggressive and immediate steps" to comply with the E.O. the day after issuance.[3] For example, USAGM reported the following:

---

[1] The Reports Consolidation Act of 2000, § 3, Public Law 106-531 (amending 31 United States Code [U.S.C.] § 3516).
[2] E.O. 14238 § (a)(ii).
[3] A copy of USAGM's report to OMB is included in an OIG report, *Evaluation of the U.S. Agency for Global Media's Approach To Reducing Operations* (AUD-AFA-IB-26-25, September 2026).

- Stopping all domestic news-gathering functions and shutting down domestic content uploads and radio transmissions.
- Placing 994 of its 1,147 federal employees on administrative leave.
- Engaging with the Office of Personnel Management to arrange for a reduction in force.
- Canceling contracts with 594 personal services contractors (PSC).[4]
- Sending termination letters to USAGM's grant recipients.
- Ordering grant recipients to cease making payments, stating that new grant costs were not allowed, except for closeout activities.
- Terminating, for convenience,[5] most of its contracts.

A reorganization of a U.S. government agency is a significant undertaking. However, OIG found that USAGM did not apply key practices in its efforts to reduce operations in response to E.O. 14238.[6] For example, USAGM could not demonstrate that it sufficiently considered the likely costs and benefits of the reforms that it implemented or that it used reliable data or evidence to inform its decision making, even in cases where programming data were available. Additionally, USAGM did not update its *USAGM Strategic Plan 2022-2026*[7] to establish goals and objectives to guide its reduction in operations and did not effectively use an implementation team. Furthermore, USAGM could not demonstrate that it ensured that the agency could continue to deliver services, both externally and internally, or that it considered strategic workforce planning.[8]

OIG concluded that the reduction in operations decreased USAGM's capacity to fulfill its core mission of informing, engaging, and connecting people worldwide in support of freedom and democracy. With fewer resources and diminished reach, USAGM is less effective at defending press freedom and providing accurate information in countries with repressive media environments. Additionally, decreasing the number of broadcasting languages may decrease USAGM's ability to advance U.S. national interests, support democratic values, and counter disinformation in closed societies.[9]

---

[4] The Federal Acquisition Regulation, § 37.104(d), states that "a personal services contract is characterized by the employer-employee relationship it creates between the Government and the contractor's personnel." According to USAGM's website, USAGM used PSCs to work as reporters, producers, editors, translators, technicians, and in other journalism roles.
[5] The Federal Acquisition Regulation, § 49.502, states that most fixed-price contracts contain a clause allowing the government to terminate performance of work under a contract, in whole or in part, if the contracting officer determines that it is in the interests of the government.
[6] AUD-AFA-IB-26-25.
[7] USAGM last updated its strategic plan in January 2025.
[8] AUD-AFA-IB-26-25.
[9] Ibid.

## STAFFING

According to the Government Accountability Office (GAO), the heart of any serious change-management initiative is people—because people define the organization's culture, drive its performance, and embody its knowledge base. Furthermore, GAO states that "Strategic workforce planning should precede any staff realignments or downsizing, so that changed staff levels do not inadvertently produce skills gaps or other adverse effects that could result in increased use of overtime and contracting."[10]

OIG found that USAGM could not demonstrate that it considered strategic workforce planning during its efforts to reduce operations. OIG determined insufficient staffing was the cause of a number of deficiencies identified since USAGM's reduction in operations. For example, the audit of USAGM's FY 2025 financial statements determined that because of staff reductions, USAGM was unable to maintain key accounting processes and controls over accounting transactions or support the audit in a complete and timely manner.[11] A USAGM official stated that staffing in the office remained a challenge and that plans were being implemented to ensure sufficient control over accounting transactions in the future.[12] During another audit, OIG identified concerns related to property disposal and lease termination accountability that occurred primarily because of staffing reductions and organizational changes. For example, OIG reported that changes in agency leadership, including turnover in the Chief Financial Officer position, and shifting the responsibility for coordinating responses to the audit, contributed to delays in providing documentation.[13]

Additionally, auditors identified staffing as the cause of cybersecurity deficiencies identified during the annual audit of USAGM's cybersecurity program.[14] For example, during the FY 2026 audit, USAGM officials stated that because of competing priorities for USAGM's limited resources, data protection and privacy-related[15] initiatives were put on hold for some time. Furthermore, USAGM officials stated that vacancies in key leadership positions with responsibilities over enterprise risk management activities, including the Chief Risk Officer, negatively impacted its cybersecurity program. The audit also found that USAGM

[10] GAO, *Government Reorganization: Key Questions to Assess Reform Efforts*, (GAO-18-427, June 2018).
[11] OIG, *Independent Auditor's Report on the U.S. Agency for Global Media FY 2025 Financial Statements* (AUD-FM-IB-26-10, November 2025).
[12] AUD-AFA-IB-26-25.
[13] OIG, *Audit of Selected Property Disposals and Lease Terminations at the U.S. Agency for Global Media* (AUD-AFA-IB-26-16, July 2026).
[14] OIG is required by the Federal Information Security Modernization Act of 2014, codified at 44 U.S.C. § 3555, to independently evaluate USAGM's information security program and practices annually.
[15] "Data protection and privacy" refers to activities focused on the confidentiality of electronic data, including maintaining restrictions on information access and protecting personal and proprietary information.

personnel assigned responsibilities for configuration management[16] and contingency planning had to prioritize performing daily operational activities, such as end user device management. Some employees responsible for contingency planning activities returned to service in May 2026, after having been on administrative leave since March 2025.[17]

USAGM also acknowledged that workforce reductions and staffing constraints hindered its ability to administer its internal control program.[18] Specifically, USAGM stated that it did not complete a comprehensive assessment of risk and internal control required by OMB Circular A-123.[19] USAGM stated that it 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 jeopardized USAGM's ability to conduct required risk assessment and testing activities.[20]

During FY 2026, USAGM officials explained that future hiring needs have been based on input from USAGM employees, the agency's new understanding of the statutory minimum, and costs and benefits of language services. Although USAGM did not provide OIG with documentation related to ongoing strategic workforce planning efforts, in July 2026, the agency informed Congress that it plans to reassess its staffing needs. Until that effort is complete, USAGM stated that it plans to increase the use of temporary contract support to address priority needs.[21]

## ACCOUNTABILITY

OIG identified a decline in accountability at USAGM since it began implementing its reform efforts. For example, audited financial statements provide independent assurance that an entity's financial records are accurate and reliable. However, for USAGM's FY 2025 financial statements, the independent auditor was unable to express an opinion on USAGM's financial statements (also known as a "disclaimer")[22] because of insufficient audit evidence

[16] National Institute of Standards and Technology, Special Publication 800-128, "Guide for Security-Focused Configuration Management of Information Systems," Section 2.1.1, (August 2011), states that configuration management relates to "a collection of activities focused on establishing and maintaining the integrity of . . . [software and hardware] systems through control of the processes for installing, initializing, changing, and monitoring the configuration of those . . . systems."
[17] AUD-AFA-IB-26-25.
[18] GAO, *Standards for Internal Control in the Federal Government* (GAO-25-107721, May 2025), defines internal control as a process designed to provide reasonable assurance that the objective of an entity will be achieved.
[19] OMB, Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control" (July 15, 2016).
[20] USAGM, *Agency Financial Report, Fiscal Year 2025*.
[21] AUD-AFA-IB-26-25.
[22] USAGM received an unmodified (also known as a "clean" opinion) on its FY 2024 financial statements. OIG, *Independent Auditor's Report on the U.S. Agency for Global Media's FY 2024 and FY 2023 Financial Statements* (AUD-FM-IB-25-03, November 2025).

related to significant line items including property, expenses (including payroll), and budgetary resources.[23]

Furthermore, during another project, OIG identified concerns with accountability over property disposals since FY 2025. To support USAGM's broadcasting operations, the agency maintained a global network of facilities located in various countries and a wide range of technical personal property.[24] During FY 2025, USAGM reevaluated and consolidated facilities, broadcasting locations, and lease arrangements.[25] However, USAGM could not provide OIG with documentation supporting the disposal of 1,512 (99 percent) of 1,531 selected items[26] and provided only partial documentation supporting the disposal of the remaining 19 items.[27] Without complete and reliable records, transparency over property and lease management activities is reduced. This lack of documentation also increases the risk of unverified disposal activity and loss or mismanagement of agency assets.

Furthermore, USAGM's internal control program was limited during FY 2025. For example, the audit of USAGM's FY 2025 financial statements noted that USAGM did not comply with laws and regulations[28] related to establishing and maintaining effective internal controls. USAGM officials stated that they did not perform internal control procedures as required because of uncertainties related to the status of the agency during FY 2025. Additionally, individuals who managed USAGM's internal control program separated from the organization during FY 2025. USAGM acknowledged the limitations of its internal control program[29] and stated that the agency was in the process of reinstating the internal control program.[30]

## CYBERSECURITY

OIG has identified information security and management as a major management challenge in its reports for the past decade. However, OIG identified an overall decline in USAGM's cybersecurity program after the agency's reduction in operations. Some of the areas where the audit identified a decline in controls included maintaining an inventory of USAGM's systems, managing IT security risks, and measuring the security posture of IT assets. In addition, a USAGM official explained that because of the reduction in force and cancelation of several IT-related contracts, IT security eroded and the agency no longer had the capability to run the security operations center effectively, where 24-hour monitoring

[23] AUD-FM-IB-26-10.
[24] AUD-AFA-IB-26-16.
[25] Ibid.
[26] OIG selected a sample of 1,531 of 1,637 disposal transactions for testing.
[27] AUD-AFA-IB-26-16.
[28] Federal Managers' Financial Integrity Act, codified at 31 U.S.C. § 3512(d). OMB, Circular A-123, Appendix A, "Management of Reporting and Data Integrity Risk," June 6, 2018.
[29] USAGM, *Agency Financial Report, Fiscal Year 2025*.
[30] AUD-FM-IB-26-10.

was performed to protect the agency against unauthorized presence, operate the service desk, or perform policy management.[31]

Managing information security risks effectively is critical to achieving USAGM's mission. Until USAGM develops and implements an effective information security program, it will remain vulnerable to IT-focused attacks and threats to its critical, mission-related functions. A USAGM official explained that the agency began restoring cybersecurity capabilities by reinitiating required contracts, using contractors, and hiring additional employees. Additionally, in July 2026, USAGM informed Congress about efforts to augment cybersecurity staffing and reacquire critical IT monitoring and defensive capabilities.[32]

[31] AUD-AFA-IB-26-25.
[32] Ibid.

# APPENDIX: U.S. AGENCY FOR GLOBAL MEDIA RESPONSE, AS PRINTED IN THE 2026 AGENCY FINANCIAL REPORT

UNCLASSIFIED

# HELP FIGHT

## FRAUD, WASTE, and ABUSE

**Stateoig.gov/HOTLINE**

If you fear reprisal, contact the
OIG Whistleblower Coordinator to learn more about your rights.

**WPEAOmbuds@stateoig.gov**

U.S. Department of State | Office of Inspector General | SA-06, Suite L600 | 2201 C Street NW | Washington, DC 20522

UNCLASSIFIED

# Agency Response to the Management and Performance Challenges

U.S. AGENCY FOR GLOBAL MEDIA

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

November 12, 2026

Arne B. Baker
Acting Inspector General
U.S. Department of State

Dear Mr. Baker:

The U.S. Agency for Global Media appreciates the Office of Inspector General's assessment of the major management and performance challenges facing the Agency. USAGM recognizes the continuing importance of effective organizational planning, workforce capacity, accountability, and cybersecurity to the successful execution of its statutory mission.

Fiscal Year 2026 was a period of significant organizational and operational transition. Following the changes initiated during FY 2025, USAGM focused on implementing a more focused operating model aligned with Administration priorities and applicable Executive Orders, while continuing to fulfill congressional direction and statutory requirements.

The Agency's FY 2026 efforts focused on carrying out priority mission activities within the revised organizational and operating structure while maintaining the management and oversight functions required for federal operations. This included selectively strengthening or maintaining essential functions, adjusting operating practices and resource priorities, and addressing institutional capacity where needed. These efforts also complement the Agency's ongoing actions in response to OIG recommendations concerning statutory requirements, agency goals, strategic planning, workforce planning, implementation governance, and stakeholder communication.

USAGM recognizes that sustainable improvement requires more than the completion of individual actions. Reliable processes, clear accountability, suitable workforce capacity, sound governance, and consistent operating results must be demonstrated over time. The Agency's response to the

challenges identified by OIG therefore reflects both the progress achieved during FY 2026 and the work that remains underway.

### Organizational Restructuring

During FY 2026, USAGM continued to implement an operating model intended to align the Agency's resources, language services, broadcasting activities, and administrative support with Administration priorities, applicable Executive Orders, congressional direction, and the Agency's statutory responsibilities.

This realignment was intended to establish a more focused approach to international broadcasting consistent with Executive Order 14238. Management reassessed language-service priorities, broadcasting requirements, administrative capacity, technology needs, and support functions to determine which capabilities were necessary to sustain the revised operating model.

This resulted in the phased resumption or expansion of priority broadcasting operations, continued support for USAGM's grantee organizations, modernization of technology and distribution capabilities, restoration of selected research and performance-management functions, and reconstruction of necessary financial, grants, workforce, cybersecurity, and oversight processes.

The Agency also developed and transmitted its FY 2026 Program Plan, which documented the allocation of resources and operating priorities under the revised model. The plan reflects the Agency's reassessment of staffing needs, language and broadcasting priorities, administrative requirements, and the use of temporary contract support while approved federal positions are filled.

The Agency is also strengthening the governance used to coordinate, execute, and monitor organizational changes, including clearly assigned responsibilities, leadership oversight, and mechanisms for assessing implementation progress and emerging risks.

Going forward, USAGM will continue to refine this operating model through leadership review, completion and implementation of strategic and operational planning, establishment of measurable priorities and outcomes, resource allocation, and assessment of mission and management risks. These efforts are intended to support execution of Administration and Congressional direction while maintaining the governance, operational capacity, and accountability required of a Federal agency.

This approach also preserves appropriate flexibility for future leadership to evaluate the Agency's priorities and long-term organizational direction.

### Staffing

USAGM's workforce changed substantially during FY 2025 and FY 2026. A significant portion of the reduction resulted from employees electing to participate in government-wide voluntary separation initiatives, including the Deferred Resignation Program and voluntary retirement programs. Other staffing actions were associated with the Agency's realignment of broadcasting operations, including changes in language-service and program requirements.

The Agency's staffing approach is intended to support the revised operating model rather than reconstruct the prior workforce position by position. USAGM has worked with the Office of Personnel Management to identify and fill positions needed to sustain priority mission, management, compliance, technology, and oversight functions. OPM approved the Agency's FY 2026 hiring plan, and USAGM continued recruitment under that plan during the fiscal year. The Agency subsequently submitted its FY 2027 hiring plan to OPM for consideration, reflecting updated workforce requirements associated with the Agency's current operating model and priorities.

During this transition, USAGM has used a combination of federal hiring, reassignment of available personnel, shared services, and contractor support. This approach enables the Agency to address immediate capability gaps while federal recruitment proceeds. Contractor support has been particularly important in maintaining continuity and providing specialized expertise. At the same time, the Agency recognizes the need to maintain sufficient federal capacity to direct work, perform inherently governmental responsibilities, preserve institutional knowledge, maintain accountability, and oversee externally provided services.

Consistent with its broader strategic workforce planning efforts, USAGM will continue assessing the workforce capacity, skills, and organizational structure needed to support critical mission and management functions; recruiting for approved positions; and using contractor expertise where appropriate to meet interim or specialized requirements. The Agency's objective is to maintain workforce capacity and skills appropriate to execute applicable statutory requirements, Administration direction, and priority mission and management functions.

## Accountability

USAGM recognizes that effective accountability depends on reliable financial reporting, internal controls, grants and property oversight, sound documentation, and sustained management attention.

The FY 2025 financial statement audit was conducted under extraordinary timing constraints. During much of FY 2025, the Agency operated with the expectation that operations could be substantially reduced or discontinued, and the normal audit-preparation process did not occur. The audit engagement did not begin until the second quarter of FY 2026, leaving fewer than six weeks before the financial-reporting deadline.

Management believes that this compressed period was a principal factor in the Agency's inability to assemble, provide, and support the full body of documentation necessary for the auditors to obtain sufficient appropriate audit evidence. The resulting disclaimer therefore established an important baseline for improvement, but it should be understood within the context of when the audit began and the limited period available to perform audit preparation, fieldwork, document production, review, and resolution.

During FY 2026, the Agency fundamentally changed its approach. USAGM initiated the audit acquisition in March 2026, with planning beginning in May, and supported audit activities throughout the remainder of the fiscal year. By year-end, the Agency had responded to requested prepared-by-client items and supported walkthroughs, site visits, interviews, documentation requests, and other fieldwork.

USAGM also resumed its internal-control program under the Federal Managers' Financial Integrity Act and OMB Circular A-123. The Agency reassigned experienced personnel, maintained necessary contractor support, resumed risk-assessment and control-evaluation activities, and re-established a mechanism for identifying objectives, risks, risk tolerances, fraud considerations, and management responses.

These actions represent meaningful improvement, but management does not intend to overstate the maturity of the control environment. Key processes and organizational capabilities continued to evolve during FY 2026. Although many operations became more consistent and reliable by year-end, the Agency did not have a full fiscal year of stable processes and operating evidence upon which to evaluate control effectiveness.

4

Accordingly, management's FY 2026 assurance conclusion will reflect the evidence available for the fiscal year as a whole. USAGM will continue working to stabilize and document key processes, clarify control ownership, strengthen supporting documentation, address audit findings, improve property and grants oversight, and establish sufficient operating history to support future assessments.

The Agency's goal is to move from a compressed, event-driven response to a sustainable model of year-round financial reporting, audit readiness, internal control, and corrective-action monitoring.

## Cybersecurity

Cybersecurity remains essential to USAGM's mission, particularly because the Agency operates in a global information environment involving censorship, disinformation, hostile cyber activity, and efforts to disrupt access to independent journalism.

During FY 2026, USAGM began rebuilding cybersecurity capabilities within the context of the Agency's revised operating model and technology environment. The Agency used a combination of federal personnel, contractor expertise, technology investments, and enterprise support arrangements to address current operational requirements and priority risks.

The Agency's approach is intended not merely to recreate the previous cybersecurity structure, but to develop capabilities aligned with its current systems, workforce, mission priorities, technology architecture, and risk environment. This work includes strengthening security monitoring, improving system and asset visibility, enhancing identity and access management, reinforcing backup and recovery capabilities, addressing deferred security and privacy activities, and restoring appropriate governance and risk-management processes.

USAGM recognizes that individual acquisitions, staffing actions, or technical deployments do not by themselves establish an effective cybersecurity program. Sustainable improvement requires qualified personnel, clearly assigned responsibility, reliable asset and system information, tested technical capabilities, effective incident response, risk-informed governance, and continuing management attention.

The Agency will continue prioritizing cybersecurity investments and workforce actions that protect critical mission capabilities, strengthen operational resilience, and align cybersecurity resources with the revised operating model.

## Path Forward

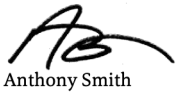
The management challenges identified by OIG are interconnected and reflect the scale of the Agency's recent transition. USAGM's response therefore emphasizes maintaining the capabilities and management processes needed to carry out applicable mission and operational requirements while addressing the underlying governance, workforce, accountability, and technology issues identified through oversight activities.

During FY 2026, the Agency operated within its revised organizational structure while carrying out priority mission activities and maintaining the financial, administrative, technology, grants, and oversight functions needed for federal operations. The Agency also took actions to address management and operational issues identified through audits, internal reviews, and ongoing oversight.

These actions established a foundation, but not an endpoint. USAGM will continue assessing whether its processes, workforce, governance, systems, and oversight capabilities are operating reliably and producing the intended results.

The Agency remains committed to working with OIG, independent auditors, OPM, OMB, Congress, and other oversight and stakeholder organizations, and to strengthening how it communicates its priorities, organizational direction, and the basis for significant operational decisions.

Sincerely,



Anthony Smith
Chief Financial Officer
U.S. Agency for Global Media

cc: Michael Rigas
Acting Chief Executive Officer
U.S. Agency for Global Media

6

# Summary of Financial Statement Audit and Management Assurances

TABLE 1

**Summary of Financial Statement Audit**

| | |
|---|---|
| **Audit Opinion** | Qualified |
| **Restatement** | No |

| Material Weaknesses | Beginning Balance | New | Resolved | Consolidated | Ending Balance |
|---|---|---|---|---|---|
| Insufficient Audit Evidence | 1 | 0 | 1 | 0 | 0 |
| Unliquidated Obligations | 0 | 1 | 0 | 0 | 1 |
| *Total Material Weaknesses* | *1* | *1* | *1* | *0* | *1* |

TABLE 2

## Summary of Management Assurances

| Effectiveness of Internal Control over Financial Reporting (FMFIA § 2) | | | | | | |
|---|---|---|---|---|---|---|
| Statement of Assurance | No Assurance | | | | | |
| | | | | | | |
| Material Weaknesses | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| Internal Control Execution, Documentation, and Monitoring | 0 | 1 | 0 | 0 | 0 | 1 |
| *Total Material Weaknesses* | *0* | *1* | *0* | *0* | *0* | *1* |
| | | | | | | |
| **Effectiveness of Internal Control over Operations (FMFIA § 2)** | | | | | | |
| Statement of Assurance | No Assurance | | | | | |
| | | | | | | |
| Material Weaknesses | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| *Total Material Weaknesses* | *0* | *0* | *0* | *0* | *0* | *0* |
| | | | | | | |
| **Conformance with financial management system requirements (FMFIA § 4)** | | | | | | |
| Statement of Assurance | Cannot substantiate conformance with Federal requirements | | | | | |
| | | | | | | |
| Non- Conformances | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| *Total Non-Conformances* | *0* | *0* | *0* | *0* | *0* | *0* |
| | | | | | | |

# Reporting on Payment Integrity

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

USAGM is dedicated to maintaining the strength of its payment integrity program to ensure payments are legitimate and processed accurately and efficiently. The Office of the Chief Financial Officer (OCFO) performs the activities necessary to comply with OMB Circular A-123, Appendix C, and reports payment integrity information through the annual OMB Data Call which was submitted on October 23, 2026. Unlike prior assessment cycles, which focused on specific bureaus, the FY 2026 Phase 1 assessment was structured around the Agency's major payment categories, specifically Contracts, Grants, and Payroll, to provide a more targeted evaluation of payment integrity risks across the transactions that account for the majority of Agency disbursements. During FY 2026, USAGM conducted three Phase 1 improper payment risk assessments covering Contracts, Grants, and Payroll using a hybrid methodology that combined an expanded qualitative assessment with targeted, risk-based transaction testing of 15 transactions from each of the three payment categories. The testing did not identify indicators of significant improper payment risk, and the results, together with the qualitative assessment procedures performed, supported the conclusion that none of the programs reviewed were susceptible to significant improper payments. During off-cycle years, USAGM continues to monitor its programs, payment activity, processes, risks, and internal controls for changes that could affect improper payment risk or warrant an updated assessment.

For FY 2025, the OIG determined that USAGM did not comply with PIIA payment integrity requirements because the Agency did not publish the

required payment integrity disclosures with its FY 2025 financial statements or accompanying materials and did not include the required PaymentAccuracy.gov link in its FY 2025 Agency Financial Report. OIG attributed these reporting deficiencies, in part, to workforce reductions and organizational changes that affected the Agency's financial reporting environment and its ability to prepare a complete Agency Financial Report. However, the OIG recognized that USAGM conducted the required program-specific risk assessments and adequately concluded whether assessed programs exceeded applicable statutory thresholds and did not identify deficiencies in the Agency's improper payment determinations, prevention, or reduction efforts. During FY 2026, the Agency also identified approximately $0.4 million in overpayments through its payment integrity activities and recovered approximately $0.04 million during the reporting period, while reporting no confirmed fraud cases. In response to the FY 2025 finding, USAGM agreed with the audit results and recommendation and is strengthening the processes and resources necessary to meet payment integrity reporting requirements, including reestablishing processes to collect, review, and report required information, improving coordination among responsible offices, and addressing the FY 2026 reporting requirements applicable to USAGM under OMB guidance. USAGM's goal is to complete a compliant payment integrity program during FY 2026. Additional information regarding USAGM's payment integrity activities is available at PaymentAccuracy.gov.

### Do Not Pay

USAGM uses the Department of the Treasury’s Do Not Pay Working System as part of its payment integrity processes to identify potential eligibility or payment issues before payments or awards are made. USAGM specifically uses the TIN Verification portion of the Do Not Pay Working System on a monthly basis. The system is used to monitor TIN Verification results through both PRF notification emails and the portal, to identify TIN Verification issues. The Agency did not identify any improper payments or awards that were prevented or recovered as a direct result of Do Not Pay during the reporting period. Accordingly, USAGM did not quantify a reduction in improper payments attributable to Do Not Pay for FY 2026, although its continued use provides a preventive screening mechanism supporting the Agency's overall payment integrity controls.

### Reports

In accordance with the Payment Integrity Information Act of 2019 (PIIA), the

following payment integrity reports, as applicable to USAGM, are available through PaymentAccuracy.gov:

1. Annual Risk Assessment Report, required under 31 U.S.C. § 3352(a)(3)(C).
2. Agency Compliance Plan, required under 31 U.S.C. § 3353(b)(1), if applicable based on the Agency's PIIA compliance status and corrective-action requirements.
3. Agency Noncompliance Report, required under 31 U.S.C. § 3353(b)(5), if applicable.

The applicable reports may be accessed by navigating from the Resources page on PaymentAccuracy.gov to the Congressional Reports page and selecting the relevant report for the U.S. Agency for Global Media and applicable fiscal year.