



Chapter 2

Financials





National Science Foundation • Office of Inspector General
2415 Eisenhower Avenue, Alexandria, Virginia 22314

MEMORANDUM

DATE: November 14, 2019

TO: Dr. Diane L. Souvaine
Chair
National Science Board

Dr. France A. Córdova
Director
National Science Foundation

FROM: Allison C. Lerner *Allison C. Lerner*
Inspector General
National Science Foundation

SUBJECT: Audit Report No. 20-2-001, Audit of the National Science Foundation's Fiscal Years 2019 and 2018 Financial Statements

This memorandum transmits the Kearney & Company, P.C.'s reports on its financial statement audit of the National Science Foundation (NSF) for FY 2019, which includes FY 2018 comparative information.

Audit Reports on Financial Statements; Internal Control over Financial Reporting; and Compliance with Laws, Regulations, Contracts, and Grant Agreements

The *Chief Financial Officer's (CFO) Act of 1990* (Pub. L. No. 101-576), as amended, requires that NSF's Inspector General or an independent external auditor, as determined by the Inspector General, audit NSF's financial statements in accordance with *Government Auditing Standards (GAS)* issued by the Comptroller General of the United States. We contracted with the independent certified public accounting firm Kearney & Company, P.C. (Kearney) to audit NSF's financial statements as of September 30, 2019, and for the fiscal year then ended. The contract requires that the audit be performed in accordance with GAS, the Office of Management and Budget Bulletin 19-03, *Audit Requirements for Federal Financial Statements*, and the U.S. Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency *Financial Audit Manual*.

For Fiscal Year 2019 Kearney provided: (1) its opinion on the financial statements, (2) a report on internal control over financial reporting, and (3) a report on compliance with laws, regulations, contracts, and grant agreements. In its audit of NSF, Kearney:

- Found that the financial statements referred to above present fairly, in all material respects, the financial position of NSF as of September 30, 2019 and 2018, and its net cost of operations,

changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

- Identified no material weaknesses in internal control over financial reporting.¹
- Identified no instances in which NSF's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996* (FFMIA).²
- Identified no reportable instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements tested or other matters.

NSF's response to the draft reports, dated November 14, 2019, follows Kearney's reports.

Kearney is responsible for the attached auditor's reports dated November 14, 2019, and the conclusions expressed therein. We do not express opinions on NSF's financial statements or internal control over financial reporting, or on whether NSF's financial management systems substantially complied with the three requirements of FFMIA, or conclusions on compliance and other matters.

Kearney's Independent Auditor's Report is meant only to be distributed and read as part of the Agency Financial Report (AFR). Also, Kearney's Independent Auditor's Report is not a stand-alone document because it refers to the AFR contents and should not be circulated to anyone other than those receiving this transmittal.

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact Mark Bell, Assistant Inspector General, Office of Audits, at 703.292.7100 or OIGpublicaffairs@nsf.gov.

Attachments

¹ A material weakness is significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

² Pub. L. No. 104-208

INDEPENDENT AUDITOR'S REPORT

To the Director and Inspector General of the National Science Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the National Science Foundation (NSF), which comprise the balance sheets as of September 30, 2019 and 2018, the related statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as the "financial statements") for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NSF as of September 30, 2019 and 2018, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Required Supplementary Stewardship Information, and Required Supplementary Information as named in the Agency Financial Report (hereinafter referred to as the "required supplementary information") be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by OMB and the Federal Accounting Standards Advisory Board (FASAB), who consider it 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing it 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

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. Other Information, as named in the Agency Financial Report (AFR), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements; accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and OMB Bulletin No. 19-03, we have also issued reports, dated November 14, 2019, on our consideration of NSF's internal control over financial reporting and on our tests of NSF's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters for the year ended September 30, 2019. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 19-03 and should be considered in assessing the results of our audits.



Alexandria, Virginia
November 14, 2019

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Director and Inspector General of the National Science Foundation

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. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of the National Science Foundation (NSF) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise NSF's financial statements, and we have issued our report thereon dated November 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NSF's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NSF's internal control. Accordingly, we do not express an opinion on the effectiveness of NSF's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 19-03. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

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

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

We noted certain additional matters involving internal control over financial reporting that we will report to NSF's management in a separate letter.



Status of Prior Year Findings

In the *Independent Auditor's Report on Internal Control over Financial Reporting* within the audit report on NSF's fiscal year (FY) 2018 financial statements, we did not identify any issues related to internal control over financial reporting.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of NSF's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 19-03 in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

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

Alexandria, Virginia
November 14, 2019

Attachment I – National Science Foundation’s Management Response



OFFICE OF BUDGET, FINANCE & AWARD MANAGEMENT

MEMORANDUM

Date: NOV 14 2019

To: Allison Lerner, Inspector General

From: *Teresa Grancorvitz*
Teresa Grancorvitz, Chief Financial Officer

Subject: Management's Response to Independent Auditor's Report for
Fiscal Year (FY) 2019

Thank you for the Independent Public Auditor's Report on the National Science Foundation's (NSF) FY 2019 financial statements. NSF's achievement of an unmodified opinion on its financial statements reflects the Agency's long-time record of collaboration with your office and the auditors.

Communication is the cornerstone of a high functioning relationship between the Office of the Chief Financial Officer, Office of Inspector General (OIG), and Kearney & Company. I am proud the groundwork we have laid out for an effective working relationship helped us overcome the emergent issues we encountered during this year's audit. I also appreciate the high integrity of work and collaboration the NSF staff, OIG, and Kearney & Company demonstrated.

We will continue to work with the OIG and Kearney & Company to maintain the accuracy in our systems, business processes, and timeliness of financial reporting, while recognizing the need for continuous improvements. If you have any questions or require additional information, please contact Mike Wetklow, Deputy Chief Financial Officer and Division Director for Financial Management at mwetklow@nsf.gov.

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

To the Director and Inspector General of the National Science Foundation

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. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of the National Science Foundation (NSF) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise NSF's financial statements, and we have issued our report thereon dated November 14, 2019.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NSF's financial statements are free from material misstatement, we performed tests of NSF's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, as well as provisions referred to in Section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to NSF. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 19-03.

The results of our tests of compliance with FFMIA disclosed no instances in which NSF's financial management systems did not comply substantially with the Federal financial management system's requirements, applicable Federal accounting standards, or application of the United States Standard General Ledger at the transaction level.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 19-03 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

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

Alexandria, Virginia
November 14, 2019



National Science Foundation

FINANCIAL STATEMENTS

As of and for the Fiscal Years ended
September 30, 2019 and 2018

National Science Foundation
Balance Sheet
As of September 30, 2019 and 2018
(Amounts in Thousands)

Assets	<u>2019</u>	<u>2018</u>
Intragovernmental Assets		
Fund Balance With Treasury (Note 2)	\$ 14,897,841	\$ 13,979,579
Accounts Receivable	7,213	14,195
Advances to Others	38,613	47,674
Total Intragovernmental Assets	<u>14,943,667</u>	<u>14,041,448</u>
Cash and Other Monetary Assets (Note 2)	22,662	28,385
Accounts Receivable, Net	576	945
General Property, Plant and Equipment, Net (Note 3)	327,827	281,211
Total Assets	<u>\$ 15,294,732</u>	<u>\$ 14,351,989</u>
Liabilities		
Intragovernmental Liabilities		
Accounts Payable	\$ 9,951	\$ 7,794
Other Intragovernmental Liabilities	7,982	5,010
Total Intragovernmental Liabilities	<u>17,933</u>	<u>12,804</u>
Accounts Payable	65,184	47,799
Actuarial FECA Liability	1,389	1,265
Environmental and Disposal Liabilities (Note 6)	12,657	10,268
Accrued Grant Liabilities	413,128	393,365
Accrued Payroll and Other Liabilities	9,581	7,834
Accrued Annual Leave	21,433	19,235
Total Liabilities	<u>\$ 541,305</u>	<u>\$ 492,570</u>
Net Position		
Unexpended Appropriations - Other Funds	\$ 13,812,440	\$ 12,987,425
Cumulative Results of Operations - Other Funds	353,017	308,487
Cumulative Results of Operations - Dedicated Collections (Note 7)	587,970	563,507
Total Net Position	<u>\$ 14,753,427</u>	<u>\$ 13,859,419</u>
Total Liabilities and Net Position	<u>\$ 15,294,732</u>	<u>\$ 14,351,989</u>

The accompanying notes are an integral part of these statements.

National Science Foundation
Statement of Net Cost
For the Years Ended September 30, 2019 and 2018
(Amounts in Thousands)

Program Costs (Note 8)	<u>2019</u>	<u>2018</u>
Research and Related Activities		
Gross Costs	\$ 6,224,198	\$ 6,137,371
Less: Earned Revenue	<u>(76,590)</u>	<u>(80,482)</u>
Net Research and Related Activities	<u>6,147,608</u>	<u>6,056,889</u>
 Education and Human Resources		
Gross Costs	\$ 886,650	\$ 827,570
Less: Earned Revenue	<u>(7,041)</u>	<u>(4,925)</u>
Net Education and Human Resources	<u>879,609</u>	<u>822,645</u>
 Major Research Equipment and Facilities Construction		
Gross Costs	\$ 127,841	\$ 177,708
Less: Earned Revenue	<u>-</u>	<u>-</u>
Net Major Research Equipment and Facilities Construction	<u>127,841</u>	<u>177,708</u>
 Donations and Dedicated Collections		
Gross Costs	\$ 165,090	\$ 174,564
Less: Earned Revenue	<u>-</u>	<u>-</u>
Net Donations and Dedicated Collections	<u>165,090</u>	<u>174,564</u>
 Net Cost of Operations (Note 8)	<u>\$ 7,320,148</u>	<u>\$ 7,231,806</u>

The accompanying notes are an integral part of these statements.

Financial Statements
September 30, 2019 and 2018

National Science Foundation
Statement of Changes in Net Position
For the Year Ended September 30, 2019
(Amounts in Thousands)

	<u>2019</u>		Total
	Funds From Dedicated Collections (Note 7)	All Other Funds	
Unexpended Appropriations			
Beginning Balances	\$ -	12,987,425	12,987,425
Budgetary Financing Sources			
Appropriations Received	-	8,075,000	8,075,000
Cancelled Authority Adjustments	-	(60,156)	(60,156)
Appropriations Used	-	(7,189,829)	(7,189,829)
Total Budgetary Financing Sources	-	825,015	825,015
Total Unexpended Appropriations	\$ -	13,812,440	13,812,440
Cumulative Results of Operations			
Beginning Balances	\$ 563,507	308,487	871,994
Budgetary Financing Sources			
Appropriations Used	-	7,189,829	7,189,829
Non-exchange Revenue	-	131	131
Donations	-	32,227	32,227
Funds from Dedicated Collections Transferred In / (Out)	157,298	-	157,298
Other Financing Sources			
Imputed Financing From Costs Absorbed By Others	-	14,953	14,953
Other	-	(5,297)	(5,297)
Total Financing Sources	157,298	7,231,843	7,389,141
Net Cost of Operations (Note 8)	(132,835)	(7,187,313)	(7,320,148)
Cumulative Results of Operations	\$ 587,970	353,017	940,987
Net Position	\$ 587,970	14,165,457	14,753,427

The accompanying notes are an integral part of these statements.

Financial Statements
September 30, 2019 and 2018

National Science Foundation
Statement of Changes in Net Position
For the Year Ended September 30, 2018
(Amounts in Thousands)

	<u>2018</u>		
	Funds From Dedicated Collections (Note 7)	All Other Funds	Total
Unexpended Appropriations			
Beginning Balances	\$ -	12,328,610	12,328,610
Budgetary Financing Sources			
Appropriations Received	-	7,783,656	7,783,656
Cancelled Authority Adjustments	-	(74,039)	(74,039)
Appropriations Used	-	(7,050,802)	(7,050,802)
Total Budgetary Financing Sources	-	658,815	658,815
Total Unexpended Appropriations	\$ -	12,987,425	12,987,425
 Cumulative Results of Operations			
Beginning Balances	\$ 533,394	325,069	858,463
Budgetary Financing Sources			
Appropriations Used	-	7,050,802	7,050,802
Non-exchange Revenue	-	55	55
Donations	-	28,223	28,223
Funds from Dedicated Collections Transferred In / (Out)	155,429	-	155,429
Other Financing Sources			
Imputed Financing From Costs Absorbed By Others	-	13,799	13,799
Other	-	(2,971)	(2,971)
Total Financing Sources	155,429	7,089,908	7,245,337
Net Cost of Operations (Note 8)	(125,316)	(7,106,490)	(7,231,806)
Cumulative Results of Operations	\$ 563,507	308,487	871,994
 Net Position	\$ 563,507	13,295,912	13,859,419

The accompanying notes are an integral part of these statements.

National Science Foundation
Statement of Budgetary Resources
For the Years Ended September 30, 2019 and 2018
(Amounts in Thousands)

	<u>2019</u>	<u>2018</u>
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net	\$ 417,890	\$ 402,816
Appropriations	8,264,651	7,967,360
Spending Authority from Offsetting Collections	105,117	89,692
Total Budgetary Resources (Note 10)	\$ <u>8,787,658</u>	\$ <u>8,459,868</u>
 Status of Budgetary Resources		
New Obligations and Upward Adjustments (Note 10)	\$ 8,449,543	\$ 8,132,724
Unobligated Balance, End of Year		
Apportioned, Unexpired (Note 2)	145,862	142,749
Unapportioned, Unexpired (Note 2)	25,160	31,610
Unobligated Balance, Unexpired, End of Year	171,022	174,359
Unobligated Balance, Expired, End of Year (Note 2)	167,093	152,785
Total Unobligated Balance, End of Year	338,115	327,144
Total Status of Budgetary Resources	\$ <u>8,787,658</u>	\$ <u>8,459,868</u>
 Net Outlays		
Net Outlays (Note 10)	\$ 7,292,246	\$ 7,197,800
Distributed Offsetting Receipts (Note 10)	(37,741)	(31,459)
Net Agency Outlays	\$ <u>7,254,505</u>	\$ <u>7,166,341</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE PRINCIPAL FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The National Science Foundation (NSF or “Foundation”) is an independent federal agency created by the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-75). Its primary mission is to promote the progress of science; to advance the national health, prosperity, and welfare; and to secure the national defense. NSF initiates and supports scientific research and research fundamental to the engineering process and programs to strengthen the Nation’s science and engineering potential. NSF also supports critical education programs in science, technology, engineering, and mathematics (STEM) fields, which help prepare future generations of scientists and engineers. NSF funds research and education in science and engineering by awarding grants and contracts to educational and research institutions throughout the United States and its territories. NSF, by law, cannot operate research facilities except in the polar regions. NSF enters into relationships through awards, to fund the research operations conducted by grantees. Information on NSF funding by institution can be found on the website.¹

NSF is led by a presidentially-appointed, Senate confirmed, Director and the 25-member National Science Board (NSB), including the NSF Director. The NSB members represent a cross section of prominent leaders in science and engineering research and education, and are appointed by the President for 6-year terms. The NSF Director is an *ex officio* member of the Board. NSF has a total workforce of about 2,100 at its Alexandria, VA, headquarters, including the staff of the NSB Office and the Office of the Inspector General (OIG). The NSF workforce includes approximately 1,400 career employees, 200 rotator scientists from research institutions in temporary positions, and 450 contract workers. NSF provides the opportunity for scientists, engineers, and educators to join the Foundation as temporary program directors and advisors. These "rotators" provide input during the merit review process of proposals; provide insight for new directions in the fields of science, engineering, and education; and support cutting-edge interdisciplinary research. Rotators can come to NSF under multiple mechanisms. The largest numbers come on Intergovernmental Personnel Act assignments, or IPAs, and remain employees of their home institutions. NSF facilitates IPA assignments through grants to their institution as a reimbursement in whole or in part for salary and benefits, and that reimbursement is then paid by the institution to their employee. All rotators are subject to criminal conflict of interest statutes as well as the government-wide Standards of Ethical Conduct of Employees of the Executive Branch, which prohibit them from participating in NSF proposals and awards affecting themselves and their home organizations.

B. Basis of Presentation

These financial statements have been prepared to report the financial position and results of operations of NSF as required by the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, the Reports Consolidation Act of 2000, and the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, revised June 28, 2019. While the statements have been prepared from the books and records of NSF in accordance with United States Generally Accepted

¹ NSF Funding by Institution: <https://www.fiscal.treasury.gov/reports-statements/>

Accounting Principles (U.S. GAAP) for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

C. Basis of Accounting

The accompanying financial statements have been prepared in accordance with U.S. GAAP for federal entities using the accrual method of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The accompanying financial statements also include budgetary accounting transactions that ensure compliance with legal constraints and controls over the use of federal funds.

D. Revenues and Other Financing Sources

NSF receives the majority of its funding through appropriations contained in the Commerce, Justice, Science, and Related Agencies Appropriations Act. NSF receives annual, multi-year, and no-year appropriations that may be expended within statutory limits. NSF also receives funding via warrant from a receipt account for dedicated collections that is reported as H-1B Nonimmigrant Petitioner Account (H-1B) funds. Additional amounts are obtained from reimbursements for services provided to other federal agencies as well as from receipts to the NSF Donations Account. NSF also receives interest earned on overdue receivables, which is subsequently returned to Treasury at the end of each fiscal year.

In FY 2019, the Science Appropriations Act, 2019 under Public Law 116-6, provided funding for NSF's appropriations. In addition, the Science Appropriations Act provided an administrative provision allowing NSF to transfer up to 5 percent of current year funding between appropriations, but no appropriation may be increased by more than 10 percent. Appropriations are recognized as a financing source at the time the related "funded" program or administrative expenditures are incurred. Appropriations are also recognized when used to purchase Property, Plant and Equipment (PP&E). Donations are recognized as revenues when funds are received. Revenues from reimbursable agreements are recognized when the services are provided and the related expenditures are incurred. Reimbursable agreements are mainly for grant administrative services provided by NSF on behalf of other federal agencies.

Under the general authority of the Foundation, NSF is authorized to accept and use both U.S. and foreign funds in the NSF Donations Account. In accordance with 42 U.S.C. 1862 Section 3 (a)(3), NSF has authority "to foster the interchange of scientific and engineering information among scientists and engineers in the United States and foreign countries" and in 42 U.S.C. 1870 Section 11 (f), NSF is authorized to receive and use funds donated by others. Donations may be received from foreign governments, private companies, academic institutions, non-profit foundations, and individuals. These funds must be donated without restriction other than that they be used in furtherance of one or more of the general purposes of the Foundation. Funds are made available for obligations as necessary to support NSF programs.

E. Fund Balance with Treasury and Cash and Other Monetary Assets

Fund Balance with Treasury (FBWT) is composed of appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. *Cash and Other Monetary Assets* include non-appropriated funding sources from donations and undeposited collections. *Undeposited Collections* are funds received by NSF, but not remitted to Treasury prior to September 30. Cash receipts and disbursements are processed by Treasury.

F. Accounts Receivable

Accounts Receivable consist of amounts due from governmental agencies, private organizations, and individuals. Additionally, NSF has the right to conduct audits on awardees to verify billed amounts. These audits may result in monies owed back to NSF. Upon resolution of the amount owed by the awardee to NSF, a receivable is recorded.

NSF establishes an allowance for loss on accounts receivable from non-federal sources that are deemed uncollectible but regards amounts due from other federal agencies as fully collectible. NSF analyzes each account independently to assess collectability and the need for an offsetting allowance or write-off. NSF writes off delinquent debt from non-federal sources that is more than 2 years old.

G. Advances to Others

Advances to Others consist of advances to federal agencies which are issued when agencies are operating under working capital funds or are unable to incur costs on a reimbursable basis. Advances are reduced when documentation supporting expenditures is received. Additionally, some NSF grantees receive advanced funds prior to incurring expenses. Payments are only made within the amount of the recorded grant obligation and are intended to cover immediate cash needs.

H. General Property, Plant and Equipment, Net

NSF capitalizes PP&E with costs exceeding \$25.0 thousand and useful lives of 2 or more years; items not meeting these criteria are recorded as operating expenses. NSF currently reports capitalized PP&E at original acquisition cost; assets acquired from the General Services Administration (GSA) excess property schedules are recorded at the value assigned by the donating agency; and assets transferred in from other agencies are valued at the cost recorded by the transferring entity for the asset net of accumulated depreciation or amortization.

The PP&E balance consists of Equipment, Aircraft and Satellites, Buildings and Structures, Leasehold Improvements, Construction in Progress, Internal Use Software, and Software in Development. These balances are comprised of PP&E maintained “in-house” by NSF to support operations and PP&E under the U.S. Antarctic Program (USAP). The majority of USAP property is under the custodial responsibility of the NSF prime contractor for the program. The USAP is undergoing a multi-year modernization project initiated in FY 2019.

Depreciation expense is calculated using the straight-line half-year convention. The economic useful life classifications for capitalized assets are as follows:

Equipment

5 years	Computers and peripheral equipment, fuel storage tanks, laboratory equipment, and vehicles
7 years	Communications equipment, office furniture and equipment, pumps and compressors
10 or 15 years	Generators, Department of Defense equipment
20 years	Movable buildings (e.g., trailers)

Aircraft and Satellites

7 years	Aircraft, aircraft conversions, and satellites
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Buildings and Structures

31.5 years	Buildings and structures placed in service prior to 1994
39 years	Buildings and structures placed in service after 1993

Leasehold Improvements

NSF's headquarters are leased through GSA under an occupancy agreement that is non-cancelable. Leasehold improvements performed by GSA are financed with NSF appropriated funds. Amortization is calculated using the straight-line half-year convention upon transfer from construction in progress.

Construction in Progress

Costs incurred for construction projects are accumulated and tracked as construction in progress until the asset is placed in service. Beneficial Occupancy is the point in time when the facility is ready for safe occupancy and use by NSF. Items that pertain to the safety and health of any future occupants of the facility must be corrected before a Beneficial Occupancy is granted and the facility occupied. All construction efforts at the construction site may not be completed (e.g., punch list items or other minor construction activities may still be required for construction to be considered complete), but the facility space can be used for its intended purpose. When Beneficial Occupancy is granted, the project is transferred from construction in progress to real property and depreciated over the respective useful life of the asset.

Internal Use Software and Software in Development

NSF controls, values, and reports purchased or developed software as tangible property assets, in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) No. 10, *Accounting for Internal Use Software*. NSF identifies software investments as capital property for items that, in the aggregate, cost \$500.0 thousand or more to purchase, develop, enhance, or modify a new or existing NSF system, or configure a government-wide system for NSF needs. Software projects that are not completed at year end and are expected to exceed the capitalization threshold are recorded as software in development. All internal use software meeting the capitalization threshold is amortized over a 5-year period using the straight-line half-year convention.

Assets Owned by NSF in the Custody of Other Entities: NSF awards grants, cooperative agreements, and contracts to various organizations, including colleges and universities, non-profit organizations, state and local governments, Federally Funded Research and Development Centers (FFRDCs), and private entities. The funds provided may be used in certain cases to purchase or construct PP&E to be used for operations or research on projects or programs sponsored by NSF. In these instances, NSF funds the acquisition of property, but transfers control of the assets to these entities. NSF's authorizing legislation specifically prohibits the Foundation from operating such property directly.

In practice, NSF's ownership interest in such PP&E is similar to a reversionary interest. To address the accounting and reporting of these assets, specific guidance was sought by NSF and provided by the Federal Accounting Standards Advisory Board (FASAB). This guidance stipulates that NSF should: (i) disclose the value of such PP&E held by others in its financial statements based on information contained in the audited financial statements of these entities (if available); and (ii) report information on costs incurred to acquire the research facilities, equipment, and platforms in the Research and Human Capital Activity costs as required by SFFAS No. 8, *Supplementary Stewardship Reporting*. Very few entities disclose information on NSF-owned property in their audited financial statements. Entities that separately present the book value of NSF-owned property in their audited financial statements are listed in Note 4, *General Property, Plant and Equipment in the Custody of Other Entities*, along with the book value of the property held.

I. Other Intragovernmental Liabilities

Other Intragovernmental Liabilities consist primarily of federal payroll payables, unfunded employment related liabilities, advances from others, and liabilities for non-entity assets. Liabilities for federal payroll payables consist of the federal portion of payroll benefits, taxes, and unfunded Federal Employees' Compensation Act (FECA) liabilities. *Advances From Others* consist of amounts obligated and advanced by other federal entities to NSF for grant administration and other services to be furnished under reimbursable agreements. Liabilities for non-entity assets are recorded to offset accounts receivable balances associated with canceled appropriations.

J. Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources may include future environmental cleanup liabilities, legal claims, pensions and other retirement benefits, workers' compensation, rental credit liability, and unfunded annual leave.

NSF cannot pay for liabilities unless authorized by law and covered by budgetary resources. Liabilities covered by budgetary resources are those for which appropriated funds are available as of the Balance Sheet date and include: new budget authority, unobligated balances of budgetary resources, spending authority from offsetting collections, and recoveries of budget authority through downward adjustments of prior year obligations.

K. Accounts Payable

Accounts Payable consist of liabilities to commercial vendors, contractors, federal agencies, and disbursements in transit. *Accounts Payable* are expenses for goods and services received but not yet paid for by NSF. At year end, NSF accrues for the amount of estimated unpaid expenses to vendors, contractors, and federal agencies for which invoices have not been received, but goods and services have been delivered and rendered.

L. Accrued Grant Liabilities

Accrued Grant Liabilities consist of estimated liabilities to grantees for expenses incurred but not reported (IBNR) by September 30. NSF's grant accrual methodology utilizes a linear regression model based on the statistical correlation between prior year unliquidated obligations and prior year expenses IBNR. NSF utilizes the Award Cash Management Service (ACM\$), a grantee cash request and expenditure reporting system. ACM\$ enables all grantee institutions to request funds at the award level to support project needs.

M. Accrued Payroll and Other Liabilities

Accrued Payroll and Other Liabilities consist of accrued payroll and undeposited collections. NSF's payroll services are provided by the Department of the Interior's Business Center. *Accrued Payroll* relates to services performed by NSF employees, for which they have not yet been paid. NSF accrues the amount of salaries and benefits earned, but not yet paid. At year end, NSF also records *Undeposited Collections* which are funds received by NSF, but not remitted to Treasury prior to September 30.

N. Employee Benefits

A liability is recorded for actual and estimated future payments to be made for workers' compensation pursuant to the FECA. The actual costs incurred are reflected as a liability because NSF will reimburse the U.S. Department of Labor (DOL) 2 years after the actual payment of expenses. The estimated actuarial FECA liability consists of the net present value of estimated future payments calculated by the DOL and is recorded as an unfunded liability. Future NSF Agency Operations and Award Management (AOAM) appropriations will be used for DOL's estimated reimbursement.

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each quarter, the balance in the accrued annual leave account is adjusted to reflect changes. To the extent current and prior-year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future AOAM appropriations. Sick leave and other types of non-vested leave are expensed as taken.

O. Net Position

Net Position is the residual difference between assets and liabilities and is composed of unexpended appropriations and cumulative results of operations. *Unexpended Appropriations* represent the amount of undelivered orders and unobligated balances of budget authority. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The *Cumulative Results of Operations* represent the net results of NSF's operations since the Foundation's inception.

P. Retirement Plan

In FY 2019, approximately 4 percent of NSF employees participated in the Civil Service Retirement System (CSRS), to which NSF matches contributions equal to 7 percent of pay. The majority of NSF employees are covered by the Federal Employees Retirement System (FERS) and Social Security. A primary feature of FERS is the thrift savings plan to which NSF automatically contributes 1 percent of pay. The maximum NSF matching contribution is 5 percent of employee pay, of which 3 percent is fully matched, and 2 percent is matched at 50 percent. NSF also contributes the employer's matching share for Social Security for FERS participants.

Although NSF funds a portion of the benefits under FERS and CSRS relating to its employees and withholds the necessary payroll deductions, the Foundation has no liability for future payments to employees under these plans, nor does NSF report CSRS, FERS, Social Security assets, or accumulated plan benefits on its financial statements. Reporting such amounts is the responsibility of the Office of Personnel Management (OPM) and the Federal Retirement Thrift Investment Board.

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future, and provide these factors to the agency for current period expense reporting. Information is also provided by OPM regarding the full cost of health and life insurance benefits on the OPM Benefit Administration website.²

² OPM Benefit Administration website:
<https://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/2019/19-101.pdf>

Q. Contingencies and Possible Future Costs

Contingencies - Claims and Lawsuits: NSF is a party to various legal actions and claims brought against it. In the opinion of NSF management and legal counsel, the ultimate resolution of these actions and claims will not materially affect the financial position or operations of the Foundation. NSF recognizes the contingency in the financial statements when claims are expected to result in a material loss (and the payment amounts can be reasonably estimated), whether from NSF's appropriations or the Judgment Fund, administered by the Department of Justice under Section 1304 of Title 31 of the United States Code.

Claims and lawsuits can also be made and filed against awardees of the Foundation by third parties. NSF is not a party to these actions and NSF believes there is no possibility that NSF will be legally required to satisfy such claims. Judgments or settlements of the claims against awardees that impose financial obligation on them may be claimed as costs under the applicable contract, grant, or cooperative agreement and thus may affect the allocation of program funds in future fiscal years. In the event that the claim becomes probable and amounts can be reasonably estimated, the claim will be recognized.

Contingencies – Unasserted Claims: For claims and lawsuits that have not been made and filed against the Foundation, NSF management and legal counsel determine, in their opinion, whether resolution of the actions and claims they are aware of will materially affect the Foundation's financial position or operations. NSF recognizes a contingency in the financial statements if unasserted claims are probable of assertion, and if asserted, would be probable of an unfavorable outcome and expected to result in a measurable loss, whether from NSF's appropriations or the Judgment Fund. NSF discloses unasserted claims if the loss is more likely than not to occur, but the materiality of a potential loss cannot be determined.

Termination Claims: NSF engages organizations, including FFRDCs, in cooperative agreements and contracts to manage, operate, and maintain research facilities for the benefit of the scientific community. As part of these agreements and contracts, NSF funds on a pay-as-you-go basis certain employee benefit costs (accrued vacation and other employee related liabilities, severance pay and medical insurance), long-term leases, and vessel usage and drilling. In some instances, an award decision is made to continue operation of a facility with a different entity performing operation and management duties. In such an occurrence, NSF does not classify the facility as terminated. Claims submitted by the previous managing entity for expenditures not covered by the indirect cost rate included in the initial award are subject to audit and typically paid with existing program funds.

Agreements with FFRDCs include a clause that commits NSF to seek appropriations for termination expenses, if necessary, in the event a facility is terminated. NSF considers termination of these facilities only remotely possible. Should a facility be terminated, NSF is obligated to seek termination expenses for FFRDCs in excess of the limitation of funds set forth in the agreements, including any Post-Retirement Benefit liabilities, from Congress. Nothing in these agreements can be construed as implying that Congress will appropriate funds to meet the terms of any claims. Termination costs that may be payable to an FFRDC operator cannot be estimated until such time as the facility is terminated.

Environmental and Disposal Liabilities: NSF assesses the likelihood of required cleanup and establishes its environmental liability estimates in accordance with the requirements of the SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, and as amended by SFFAS No. 12, *Recognition of Contingent Liabilities Arising from Litigation*, and the Federal Financial Accounting and Auditing Technical Release

No. 2, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government.

Special attention is paid to USAP to ensure compliance with the Antarctic Conservation Act requirements for environmental cleanup in Antarctica. NSF continually monitors USAP in regards to environmental issues. While NSF is not legally liable for environmental cleanup costs in the Antarctic, there are occasions when the NSF Office of Polar Programs chooses to accept responsibility and commit funds toward cleanup efforts of various sites as resources permit. Decisions to commit funds are in no way driven by concerns of probable legal liability for failure to engage in such efforts, but rather a commitment to environmental stewardship of Antarctic natural resources. Environmental cleanup projects started and completed during the year are reflected in NSF's financial statements as expenses for the current fiscal year. An estimated cost would be accrued for approved projects that are anticipated to be performed after the fiscal year end or will take more than one fiscal year to complete.

R. Use of Estimates

Management has made certain estimates and assumptions when reporting assets, liabilities, revenues, and expenses, and also in the note disclosures. Estimates underlying the accompanying financial statements include accounting for grant liabilities, accounts payable, environmental liabilities, payroll, and PP&E. Actual results may differ from these estimates, and the difference will be adjusted for and included in the financial statements of the following fiscal year.

S. Permanent Indefinite Appropriations

NSF maintains permanent indefinite appropriations for Research and Related Activities (R&RA), Education and Human Resources (EHR), and Major Research Equipment and Facilities Construction (MREFC). The R&RA appropriation is used for polar research and operations support, and for reimbursement to other federal agencies for operational and science support, and logistical and other related activities for USAP. The EHR appropriation is used to support science and engineering education, and human resources programs and activities. The MREFC appropriation supports the procurement and construction of unique national research platforms, major research equipment, and USAP modernization projects.

T. 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.

Note 2. Fund Balance with Treasury

Fund Balance with Treasury (FBWT) consisted of the following components as of September 30, 2019 and 2018:

(Amounts in Thousands)	2019
	Total
Obligated	\$ 14,582,018
Unobligated Available, Unexpired	145,862
Unobligated Unavailable, Unexpired	25,160
Unobligated Unavailable, Expired	167,093
Less: Cash and Other Monetary Assets	(22,662)
Add: Undeposited Collections and Donations Sequestration	370
Total FBWT	\$ 14,897,841

(Amounts in Thousands)	2018
	Total
Obligated	\$ 13,680,740
Unobligated Available, Unexpired	142,749
Unobligated Unavailable, Unexpired	31,610
Unobligated Unavailable, Expired	152,785
Less: Cash and Other Monetary Assets	(28,385)
Add: Undeposited Collections and Donations Sequestration	80
Total FBWT	\$ 13,979,579

Unobligated Available balances include current-period amounts available for obligation or commitment. *Unobligated Unavailable* balances include recoveries of prior year obligations and other unobligated expired funds that are unavailable for new obligations. Donations are reported as *Cash and Other Monetary Assets* and represent cash held outside of Treasury at a commercial bank in interest bearing accounts and may be subject to sequestration. *Undeposited Collections* are funds received by NSF, but not remitted to Treasury prior to September 30.

Note 3. General Property, Plant and Equipment, Net

The components of *General Property, Plant and Equipment, Net* as of September 30, 2019 and 2018 are shown below. As of September 30, 2019, NSF had not identified any asset impairments.

(Amounts in Thousands)	2019		
	Acquisition Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 159,298	\$ (146,869)	\$ 12,429
Aircraft and Satellites	115,806	(115,806)	-
Buildings and Structures	315,080	(163,244)	151,836
Leasehold Improvements	29,569	(4,841)	24,728
Construction in Progress	57,391	-	57,391
Internal Use Software	88,295	(82,676)	5,619
Software in Development	75,824	-	75,824
Total PP&E	\$ 841,263	\$ (513,436)	\$ 327,827

(Amounts in Thousands)	2018		
	Acquisition Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 163,691	\$ (149,343)	\$ 14,348
Aircraft and Satellites	115,806	(115,806)	-
Buildings and Structures	315,005	(155,154)	159,851
Leasehold Improvements	29,389	(2,869)	26,520
Construction in Progress	6,439	-	6,439
Internal Use Software	88,294	(74,394)	13,900
Software in Development	60,153	-	60,153
Total PP&E	\$ 778,777	\$ (497,566)	\$ 281,211

Note 4. General Property, Plant and Equipment in the Custody of Other Entities

NSF received a ruling from FASAB on accounting for non-USAP PP&E owned by NSF but in the custody of and used by others (see Note 1H. *General Property, Plant and Equipment, Net*). The FASAB guidance requires PP&E in the custody of others be excluded from NSF PP&E as defined in the SFFAS No. 6, *Accounting for Property, Plant and Equipment*. NSF is required to disclose the dollar amount of PP&E held by others for any entity which separately discloses NSF property in the most recently issued audited financial statements of the organization holding the assets.

Large facilities with significant NSF property are required to disclose in their audited financial statements the value of NSF-owned property in their custody. With the exception of these large facilities, other entities which received NSF funding are not required to report NSF-owned property separately in their audited financial statements. The amount of PP&E owned by NSF but in the custody of an NSF awardee which is separately disclosed in the awardee's audited financial statements is identified in the table below.

(Amounts in Thousands)

<i>Entities with Audited and Separately Reported NSF-Owned Equipment</i>	Amount	Fiscal Year Ending
Association of Universities for Research in Astronomy, Inc. - AURA	\$957,528	9/30/18
Incorporated Research Institutions for Seismology - IRIS	\$809	6/30/18
National Radio Astronomy Observatory - AUI	\$371,117	9/30/18
University of Alaska	\$160,100	6/30/18
University Corporation for Atmospheric Research - UCAR	\$218,837	9/30/18

Note 5. Leases

NSF currently has federal leases with GSA for office space in Denver, Colorado and warehouse space in Springfield, Virginia. These leases are cancelable and expire in 2028 and 2024, respectively. The cancellation clauses within the agreements allow NSF to terminate use with 120-day notice. These leases contain escalation clauses tied to operating expenses. In addition, both the Denver and Springfield leases contain a contingent rental based on re-appraised rental rates.

NSF also leases its current headquarters in Alexandria, VA under a federal operating lease with GSA. This lease is non-cancelable and active through 2032. In addition, this lease contains escalation clauses tied to operating expenses and taxes. The following is a schedule of future minimum lease payments for the NSF headquarters:

(Amounts in Thousands)

Fiscal Year	Building Operating Lease Amount
2020	\$ 24,648
2021	24,762
2022	24,879
2023	25,001
2024	25,125
2025 through 2032	203,387
Total Minimum Non-Cancelable Lease Payments	\$ 327,802

Note 6. Environmental and Disposal Liabilities

Restoration Projects

NSF recorded a total estimated liability for a known restoration project of \$2.2M in FY 2019, resulting from the cleanup estimate for the decontamination and decommissioning of the Sondrestrom Research Facility, a geophysical observatory in Kangerlussuaq, Greenland. After an extensive evaluation process, NSF decided to no longer conduct scientific observations from that site and will proceed with actions to restore the location.

Asbestos

Pursuant to FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, federal entities are required to recognize a liability for federal property asbestos cleanup costs. Some NSF owned buildings and structures used to support USAP have been identified as having, or expecting to have, friable and non-friable asbestos containing material.

As required by SFFAS No. 6, *Accounting for Property, Plant and Equipment*, NSF works with the current USAP contractor through the Antarctic Support Contract (ASC) to determine the need for asbestos liability adjustments based on actual asbestos costs incurred on an annual basis. Actual asbestos remediation costs are submitted by the ASC and the asbestos liability is adjusted for the impact. Asbestos remediation costs were incurred as of September 30, 2019. During FY 2019, changes to NSF's estimated asbestos liability consisted of the impact of asbestos remediation and cost re-estimates, resulting in a net increase from \$10.3 million in FY 2018 to \$10.5 million in FY 2019.

Note 7. Funds from Dedicated Collections

In FY 1999, Title IV of the American Competitiveness and Workforce Improvement Act of 1998 (P.L. 105-277) established the H-1B Nonimmigrant Petitioner Account in the General Fund of the U.S. Treasury. Funding is established from fees collected for alien, nonimmigrant status petitions. This law requires that a prescribed percentage of the funds in the account be made available to NSF for the following activities:

- Computer Science, Engineering, and Mathematics Scholarship
- Grants for Mathematics, Engineering, or Science Enrichment Courses
- Systemic Reform Activities

The H-1B Nonimmigrant Petitioner fees are available to the Director of NSF until expended. The funds may be used for scholarships to low income students, or to carry out a direct or matching grant program to support private and/or public partnerships in K-12 education. The H-1B fund is set up as a permanent indefinite appropriation by NSF. These funds are described in the Budget of the United States Government (President's Budget). *Funds from Dedicated Collections* are accounted for in a separate Treasury Account Symbol (TAS), and the budgetary resources are recorded as *Funds from Dedicated Collections Transferred In / (Out)*. *Funds from Dedicated Collections* are reported in accordance with SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*. For the years ended September 30, 2019 and 2018, NSF was subject to H-1B sequestrations in the amount of \$9.7 million and \$10.3 million, respectively.

*Notes to the Financial Statements
September 30, 2019 and 2018*

(Amounts in Thousands)	2019	2018
Balance Sheet as of September 30, 2019 and 2018		
Fund Balance With Treasury	\$ 603,934	\$ 579,176
Total Assets	<u>603,934</u>	<u>579,176</u>
Accounts Payable	121	48
Accrued Grant Liabilities	15,843	15,621
Total Liabilities	<u>15,964</u>	<u>15,669</u>
Cumulative Results of Operations	587,970	563,507
Total Liabilities and Net Position	<u>\$ 603,934</u>	<u>\$ 579,176</u>
Statement of Net Cost for the Years Ended September 30, 2019 and 2018		
Program Costs	\$ 132,835	\$ 125,316
Net Cost of Operations	<u>\$ 132,835</u>	<u>\$ 125,316</u>
Statement of Changes in Net Position for the Years Ended September 30, 2019 and 2018		
Net Position Beginning of Period	\$ 563,507	\$ 533,394
Funds from Dedicated Collections Transferred In / (Out)	157,298	155,429
Net Cost of Operation	<u>(132,835)</u>	<u>(125,316)</u>
Change in Net Position	24,463	30,113
Net Position End of Period	<u>\$ 587,970</u>	<u>\$ 563,507</u>

Note 8. Statement of Net Cost

The Statement of Net Cost presents NSF's support for research and education awards as a single program with three primary appropriations: R&RA, EHR, and MREFC. *Donations and Dedicated Collections* are also presented in the Statement of Net Cost and in the tables below.

In pursuit of its mission, NSF incurs costs in line with the Foundation's strategic plan for 2018-2022: *Building the Future: Investing in Discovery and Innovation*. The Plan lays out three strategic goals. The first, "Expand knowledge in science, engineering, and learning," is aligned with the first part of NSF's mission, "to promote the progress of science." It aims to advance knowledge through investments in ideas, people, and infrastructure, and to advance the practice of research. The second strategic goal, "Advance the capability of the Nation to meet current and future challenges," flows from the latter part of the NSF mission statement—"to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes." It focuses on societal impacts and the STEM workforce. The third goal, "Enhance NSF's performance of its mission," includes strategies to attract, retain, and empower a talented and diverse workforce, and to continually improve agency operations.

Stewardship costs directly reflect the third strategic goal, "Enhance NSF's performance of its mission", and are prorated among the Net Cost programs. Stewardship costs include expenditures incurred from the AOAM, NSB, and OIG appropriations. These appropriations support salaries and benefits of persons employed at NSF; general operating expenses, including support of NSF's information systems technology; staff training, audit and OIG activities; and OPM and DOL benefits costs paid on behalf of NSF.

As of September 30, 2019 and 2018, approximately 95 percent of NSF's expenses totaling to \$7.1 billion and \$6.9 billion, respectively, were directly related to the "Expand Knowledge in science, engineering, and learning" and "Advance the capability of the Nation to meet current and future challenges" strategic outcome goals. As of September 30, 2019 and 2018, costs related to the stewardship activities totaled \$372.0 million and \$395.0 million, respectively.

In accordance with OMB Circular No. A-136, costs incurred for services provided to other federal entities are reported in the full costs of NSF programs and are separately identified in this note as "Federal." Costs incurred with non-federal entities are identified in this note as "Public." Earned revenues from other federal entities are offsetting collections provided through reimbursable agreements and are retained by NSF. Earned revenues are recognized when the related program or administrative expenses are incurred and are deducted from the full cost of the programs to arrive at the net cost of operating NSF's programs. NSF applies a cost recovery fee on other federal entities consistent with applicable legislation and U.S. Government Accountability Office decisions. NSF recovers the costs incurred in the management, administration, and oversight of activities authorized and/or funded by interagency agreements where NSF is the performing agency.

*Notes to the Financial Statements
September 30, 2019 and 2018*

Intragovernmental and Public Costs and Earned Revenue by Program

(Amounts in Thousands)	2019		
	Federal	Public	Total
Research and Related Activities			
Gross Costs	\$ 265,421	\$ 5,958,777	\$ 6,224,198
Less: Earned Revenue	(71,761)	(4,829)	(76,590)
Net Research and Related Activities	<u>193,660</u>	<u>5,953,948</u>	<u>6,147,608</u>
Education and Human Resources			
Gross Costs	\$ 8,989	\$ 877,661	\$ 886,650
Less: Earned Revenue	(6,597)	(444)	(7,041)
Net Education and Human Resources	<u>2,392</u>	<u>877,217</u>	<u>879,609</u>
Major Research Equipment and Facilities Construction			
Gross Costs	\$ 449	\$ 127,392	\$ 127,841
Less: Earned Revenue	-	-	-
Net Major Research Equipment and Facilities Construction	<u>449</u>	<u>127,392</u>	<u>127,841</u>
Donations and Dedicated Collections			
Gross Costs	\$ 132	\$ 164,958	\$ 165,090
Less: Earned Revenue	-	-	-
Net Donations and Dedicated Collections	<u>132</u>	<u>164,958</u>	<u>165,090</u>
Net Cost of Operations	\$ 196,633	\$ 7,123,515	\$ 7,320,148

(Amounts in Thousands)	2018		
	Federal	Public	Total
Research and Related Activities			
Gross Costs	\$ 219,903	\$ 5,917,468	\$ 6,137,371
Less: Earned Revenue	(78,476)	(2,006)	(80,482)
Net Research and Related Activities	<u>141,427</u>	<u>5,915,462</u>	<u>6,056,889</u>
Education and Human Resources			
Gross Costs	\$ 13,311	\$ 814,259	\$ 827,570
Less: Earned Revenue	(4,802)	(123)	(4,925)
Net Education and Human Resources	<u>8,509</u>	<u>814,136</u>	<u>822,645</u>
Major Research Equipment and Facilities Construction			
Gross Costs	\$ 128	\$ 177,580	\$ 177,708
Less: Earned Revenue	-	-	-
Net Major Research Equipment and Facilities Construction	<u>128</u>	<u>177,580</u>	<u>177,708</u>
Donations and Dedicated Collections			
Gross Costs	\$ 219	\$ 174,345	\$ 174,564
Less: Earned Revenue	-	-	-
Net Donations and Dedicated Collections	<u>219</u>	<u>174,345</u>	<u>174,564</u>
Net Cost of Operations	\$ 150,283	\$ 7,081,523	\$ 7,231,806

Note 9. Undelivered Orders at the End of the Year

In accordance with SFFAS No. 7, *Accounting for Revenue and Other Financing Sources*, the amount of budgetary resources obligated for undelivered orders for the years ended September 30, 2019 and 2018 amounted to \$14.2 billion and \$13.4 billion, respectively.

(Amounts in Thousands)	2019	2018
Undelivered Orders as of September 30, 2019 and 2018		
Undelivered Orders, Unpaid - Non-Federal	\$ 14,035,172	\$ 13,161,220
Undelivered Orders, Paid - Federal	39,010	47,752
Undelivered Orders, Unpaid - Federal	151,488	145,379
Total Undelivered Orders - Federal	190,498	193,131
Total Undelivered Orders	\$ 14,225,670	\$ 13,354,351

Note 10. Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires explanations of material differences between amounts reported in the SBR and the actual balances published in the President's Budget. The FY 2021 President's Budget will include FY 2019 budget execution information and is scheduled for publication in the spring of 2020 and can be found upon publication on the OMB website.³

Balances reported in the FY 2018 SBR and the related President's Budget are shown in a table below for Budgetary Resources, New Obligations and Upward Adjustments, Distributed Offsetting Receipt, and Net Outlays, and any related differences. The differences reported are due to differing reporting requirements for expired and unexpired appropriations between the Treasury guidance used to prepare the SBR and the OMB guidance used to prepare the President's Budget. The SBR includes both unexpired and expired appropriations, while the President's Budget presents only unexpired budgetary resources that are available for new obligations. Additionally, the Distributed Offsetting Receipts amount on the SBR includes donations, while the President's Budget does not.

(Amounts in Thousands)				
Fiscal Year 2018				
	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 8,459,868	\$ 8,132,724	\$ 31,459	\$ 7,197,800
Expired Accounts	\$ (158,105)	\$ (5,320)	\$ -	\$ -
Other	\$ -	\$ -	\$ (28,459)	\$ -
Budget of the U.S. Government	\$ 8,301,763	\$ 8,127,404	\$ 3,000	\$ 7,197,800

³ OMB website: <https://www.whitehouse.gov/omb>

Note 11. Awards to Affiliated Institutions

NSB members may be affiliated with institutions that are eligible to receive grants and awards from NSF. NSF made awards totaling \$983.2 million to Board member affiliated institutions as of September 30, 2019. The Board does not review all NSF award actions; however, the following require NSB approval for the NSF Director to take action under delegated authority:

- Proposed awards where the average annual award amount is the greater of one percent of the prior year current plan of the awarding directorate/office, or 0.1 percent of the prior year enacted NSF budget level;
- Major Research Equipment and Facilities Construction (MREFC) awards;
- Amendments to awards and procurement actions specifying a dollar amount in the Board resolution, if the amended award exceeds the lesser of \$10.0 million dollars or 20 percent of the amount specified in the Board resolution; and
- In the case of procurements when no amount was specified in the Board resolution, if the amended amount exceeds the lesser of \$10.0 million dollars or 20 percent of the contract ceiling award amount.

The Director will continue to consult with the NSB on programs which represent a significant, long-term investment, particularly those which will be funded as an ongoing NSF-wide activity or which involve substantive policy, interagency, or international issues.

The Director's Review Board (DRB) reviews proposed actions for evaluation adequacy and documentation, and compliance with Foundation policies, procedures and strategies. Items requiring DRB action include large awards and Requests for Proposal that meet or exceed a threshold of 2.5 percent of the prior year Division or Subactivity Plan. In addition, the DRB reviews all items requiring NSB action as well as NSB information items prior to submission.

NSF may fund awards meeting the above requirements to institutions affiliated with Board members. Federal conflict-of-interest rules prohibit NSB members from participating in matters where they have a conflict of interest or there is an impartiality concern without prior authorization from the Designated Agency Ethics Official (DAEO). Prior to Board meetings, all NSB action items are screened for conflict-of-interest/impartiality concerns by the Office of the General Counsel. Members who have conflicts are either recused from the matter or receive a waiver from the DAEO to participate. In FY 2019, NSB did not approve any awards to Board member affiliated institutions.

Note 12. Reconciliation of Net Cost to Net Outlays

OMB Circular No. A-136 prescribed a new disclosure for the reconciliation of net costs to net outlays to reflect the new FASAB standard, SFFAS No. 53, *Budget and Accrual Reconciliation*, effective for FY 2019 reporting. The note reconciles the net costs for a federal entity's programs and operations to the net outlays for that entity, and replaces the Reconciliation of Net Cost of Operations to Budget note.

(Amounts in Thousands)	2019		
	Federal	Public	Total
Net Cost	\$ 196,633	\$ 7,123,515	\$ 7,320,148
Components of Net Cost Not Part of Net Outlays			
Property, Plant, and Equipment Depreciation	-	(23,757)	(23,757)
Other (Cost Capitalization Offset)	-	70,398	70,398
Increase/(Decrease) in Assets:			
Accounts Receivable	(6,982)	(370)	(7,352)
Other Assets	(9,061)	285	(8,776)
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable	(1,438)	(17,386)	(18,824)
Salaries and Benefits	(384)	(1,462)	(1,846)
Environmental and Disposal Liabilities	-	(2,389)	(2,389)
Other Liabilities (Grant, Rental Credit, Unfunded Leave, FECA, and Other Misc)	(3,306)	(22,370)	(25,676)
Other Financing Sources:			
Imputed Financing (OPM and DHS)	(14,953)	-	(14,953)
Total Components of Net Cost Not Part of the Net Outlays	\$ (36,124)	\$ 2,949	\$ (33,175)
Components of Net Outlays Not Part of Net Cost			
Other (Revenue)	\$ (110)	\$ (32,358)	\$ (32,468)
Total Components of Net Outlays Not Part of Net Cost	\$ (110)	\$ (32,358)	\$ (32,468)
Net Outlays	\$ 160,399	\$ 7,094,106	\$ 7,254,505
Related Amounts on the Statement of Budgetary Resources			
Net Outlays			\$ 7,292,246
Distributed Offsetting Receipts			(37,741)
Net Agency Outlays			\$ 7,254,505

Note 13. Reclassification Adjustments of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position Due to FR Compilation

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the National Science Foundation's financial statements and the National Science Foundation's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2018 FR can be found and a copy of the 2019 FR will be posted to this site as soon as it is released.⁴

The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

⁴ 2018 FR website: <https://www.fiscal.treasury.gov/reports-statements/>

*Notes to the Financial Statements
September 30, 2019 and 2018*

**Reclassification of Balance Sheet to Line Items Used for the
Government-wide Balance Sheet as of September 30, 2019**

FY 2019 National Science Foundation Balance Sheet	Line Items Used to Prepare FY 2019 Government-wide Balance Sheet		Reclassified Financial Statement Line
Financial Statement Line	Amounts (in thousands)	Amounts (in thousands)	
ASSETS			
Intra-Governmental Assets			
Fund Balance With Treasury	\$ 14,897,841	14,897,841	Fund Balance With Treasury
Accounts Receivable	7,213	7,213	Accounts Receivable
Total Accounts Receivable	<u>7,213</u>	<u>7,213</u>	Total Accounts Receivable
Advances to Others	38,613	38,613	Advances to Others and Prepayments
Total Intra-Governmental Assets	<u>14,943,667</u>	<u>14,943,667</u>	Total Intra-Governmental Assets
Cash and Other Monetary Assets	22,662	22,662	Cash and Other Monetary Assets
Accounts Receivable, Net	576	576	Accounts and Taxes Receivable, Net
General Property, Plant, and Equipment, Net	327,827	327,827	Property, Plant, and Equipment, Net
TOTAL ASSETS	<u>\$ 15,294,732</u>	<u>\$ 15,294,732</u>	TOTAL ASSETS
LIABILITIES			
Intra-Governmental Liabilities			
Accounts Payable	\$ 9,951	\$ 13,241	Accounts Payable
Other Intragovernmental Liabilities	7,982	552	Liability to the General Fund for Custodial and Other Non-Entity Assets
		1,944	Benefit Program Contributions Payable
		<u>2,196</u>	Other Liabilities (Without Reciprocals)
Total Intra-Governmental Liabilities	<u>17,933</u>	<u>17,933</u>	Total Intra-Governmental Liabilities
Accounts Payable	65,184	65,184	Accounts Payable
Actuarial FECA Liability	1,389	1,389	Total Federal Employee and Veteran Benefits Payable
Environmental and Disposal Liabilities	12,657	12,657	Environmental and Disposal Liabilities
Accrued Grant Liabilities	413,128	444,142	Other Liabilities
Accrued Payroll and Other Liabilities	9,581		
Accrued Annual Leave	21,433		
Total Miscellaneous Liabilities	<u>444,142</u>	<u>444,142</u>	Total Other Liabilities
TOTAL LIABILITIES	<u>\$ 541,305</u>	<u>\$ 541,305</u>	TOTAL LIABILITIES
NET POSITION			
Unexpended Appropriations – Other Funds	\$ 13,812,440	\$ 14,165,457	Net Position – Funds Other than those from Dedicated Collections
Cumulative Results of Operations – Other Funds	353,017		
Cumulative Results of Operations – Dedicated	<u>587,970</u>	<u>587,970</u>	Net Position – Funds from Dedicated Collections
TOTAL NET POSITION	<u>\$ 14,753,427</u>	<u>\$ 14,753,427</u>	TOTAL NET POSITION
TOTAL LIABILITIES & NET POSITION	<u>\$ 15,294,732</u>	<u>\$ 15,294,732</u>	TOTAL LIABILITIES & NET POSITION

**Reclassification of Statement of Net Cost (SNC) to Line Items Used for the
Government-wide SNC for the Year Ending September 30, 2019**

FY 2019 National Science Foundation SNC	Line Items Used to Prepare FY 2019 Government-wide SNC		
Financial Statement Line	Amounts (in thousands)	Amounts (in thousands)	Reclassified Financial Statement Line
GROSS COSTS			GROSS COSTS
Research and Related Activities	\$ 6,224,198	\$ 7,128,787	Non-Federal Gross Cost
Education and Human Resources	886,650	35,775	Benefit Program Costs
Major Research Equipment and Facilities Construction	127,841	14,953	Imputed Costs
Donations and Dedicated Collections	165,090	211,516	Buy/Sell Costs
		12,748	Other Expenses (Without Reciprocals)
		274,992	Total Federal Gross Cost
TOTAL GROSS COSTS	\$ 7,403,779	\$ 7,403,779	TOTAL GROSS COSTS
EARNED REVENUE			EARNED REVENUE
Research and Related Activities	\$ (76,590)	\$ (5,273)	Non-Federal Earned Revenue
Education and Human Resources	(7,041)	<u>(78,358)</u>	Buy/Sell Revenue (Exchange)
		(78,358)	Total Federal Earned Revenue
TOTAL EARNED REVENUE	\$ (83,631)	\$ (83,631)	TOTAL EARNED REVENUE

*Notes to the Financial Statements
September 30, 2019 and 2018*

**Reclassification of Statement of Changes in Net Position (SCNP) to Line Items Used for the
Government-wide Statement of Operations and Changes in Net Position for the Year Ending September 30, 2019**

FY 2019 National Science Foundation SCNP	Line Items Used to Prepare FY 2019 Government-wide SCNP		
Financial Statement Line	Amounts (in thousands)	Amounts (in thousands)	Reclassified Financial Statement Line
UNEXPENDED APPROPRIATIONS			
Unexpended Appropriations, Beginning Balance	\$ 12,987,425	\$ 13,859,419	Net Position, Beginning of Period (Includes Cumulative Results of Operations, Beginning Balance)
Appropriations Received	8,075,000	8,014,844	Appropriations Received as Adjusted
Cancelled Authority Adjustments	(60,156)		
Appropriations Used	<u>(7,189,829)</u>	(7,189,829)	Appropriations Used
TOTAL UNEXPENDED APPROPRIATIONS	<u>13,812,440</u>		
CUMULATIVE RESULTS OF OPERATIONS			
Cumulative Results of Operations, Beginning Balance	\$ 871,994	\$ Included Above	Net Position, Beginning of Period (Included in Net Position, Unexpended Appropriations)
Appropriations Used	7,189,829	7,189,829	Appropriations Expended
Non-Exchange Revenue	131	32,334	Other Taxes and Receipts
Donations	32,227		
Other (1 of 2)	<u>(24)</u>		
Total Non-Exchange Revenues	32,334	32,334	Total Non-Federal Non-Exchange Revenues
		167,015	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
		(9,717)	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
Funds from Dedicated Collections Transferred In / (Out)	<u>157,298</u>	157,298	Total Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
Imputed Financing	14,953	14,953	Imputed Financing Sources
		(5,383)	Non-Entity Collections Transferred to the General Fund
		110	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
Other (2 of 2)	<u>(5,273)</u>	(5,273)	Total Non-Entity Collections and Accrual for Non-Entity Amounts to be Collected
Total Financing Sources	<u>7,389,141</u>		
Net Cost of Operations	<u>(7,320,148)</u>	(7,320,148)	Net Cost of Operations
CUMULATIVE RESULTS OF OPERATIONS, ENDING BALANCE	<u>940,987</u>		
TOTAL NET POSITION	<u>\$ 14,753,427</u>	<u>\$ 14,753,427</u>	TOTAL NET POSITION

REQUIRED SUPPLEMENTARY STEWARDSHIP
INFORMATION

Stewardship Investments

For the Fiscal Years ended September 30, 2019 and 2018

Required Supplementary Stewardship Information
September 30, 2019 and 2018

Stewardship Investments
Research and Human Capital
(Dollar Amounts in Thousands)

Research and Human Capital Activities

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Basic Research	\$ 5,464,153	\$ 5,247,173	\$ 5,213,706	\$ 5,216,976	\$ 5,202,144
Applied Research	816,299	862,049	820,635	793,519	782,986
Education and Training	751,578	813,076	821,413	775,326	801,678
Non-Investing Activities	371,749	394,915	364,024	371,217	329,685
Total Research & Human Capital Activities	\$ 7,403,779	\$ 7,317,213	\$ 7,219,778	\$ 7,157,038	\$ 7,116,493

Inputs, Outputs and/or Outcomes

Research and Human Capital Activities

Investments In:

Universities	\$ 5,430,987	\$ 5,290,399	\$ 5,260,018	\$ 5,289,267	\$ 5,201,477
Industry	278,534	272,626	169,101	300,279	365,221
Federal Agencies	199,682	174,974	229,668	178,845	167,018
Small Business	272,290	286,220	292,997	240,759	225,958
Federally Funded R&D Centers	266,077	293,884	247,549	231,977	231,813
Non-Profit Organizations	418,756	494,364	529,241	446,750	451,232
Other	537,453	504,746	491,204	469,161	473,774
	\$ 7,403,779	\$ 7,317,213	\$ 7,219,778	\$ 7,157,038	\$ 7,116,493

Support To:

Scientists	\$ 592,123	\$ 623,889	\$ 585,172	\$ 595,743	\$ 584,865
Postdoctoral Programs	203,048	208,136	200,840	195,874	203,128
Graduate Students	666,239	649,550	628,367	625,059	629,922
	\$ 1,461,410	\$ 1,481,575	\$ 1,414,379	\$ 1,416,676	\$ 1,417,915

Outputs & Outcomes (Rounded):

Number of:

Award Actions	19,000	20,000	20,000	21,000	21,000
Senior Researchers	41,000	44,000	42,000	44,000	42,000
Other Professionals	12,000	14,000	14,000	14,000	14,000
Postdoctoral Associates	5,000	6,000	6,000	6,000	6,000
Graduate Students	42,000	42,000	41,000	41,000	42,000
Undergraduate Students	38,000	38,000	38,000	38,000	36,000
K-12 Students	125,000	200,000	172,000	170,000	172,000
K-12 Teachers	40,000	42,000	40,000	44,000	41,000

NSF's mission is to support basic scientific research and research fundamental to the engineering process as well as education programs in STEM fields. NSF's Stewardship Investments fall principally into the categories of Research and Human Capital. For expenses incurred under the Research category, the majority of NSF funding is devoted to basic research, with a relatively small share going to applied research. This funding supports both the conduct of research and the necessary supporting infrastructure, including state-of-the-art instrumentation, equipment, computing resources, aircraft, and multi-user facilities such as digital libraries, observatories, and research vessels. Basic research, applied research, and education and training expenses are determined by prorating the program costs of NSF's R&RA, EHR, and MREFC appropriations, donations, and funds from dedicated collections reported on the Statement of Net Cost. The proration uses the basic research, applied research, and education and training percentages of total prior year research and development obligations reported in the FY 2020 Budget Request to Congress. The actual numbers are not available until later in the following fiscal year. Non-Investing activities reflect stewardship costs incurred from the AOAM, NSB, and OIG appropriations.

The data provided for scientists, postdoctoral associates, and graduate students are obtained from NSF's award budget information as recorded at the time the award is made. The number of award actions are actual values from NSF's Enterprise Information System (EIS). The remaining outputs and outcomes are estimates provided annually by the NSF Directorates. These estimates are reported in the annual NSF Budget Request to Congress.

NSF's Human Capital investments focus principally on education and training toward a goal of creating a diverse, internationally competitive, and globally engaged workforce of scientists, engineers and well-prepared citizens. NSF supports activities to improve formal and informal science, mathematics, engineering and technology education at all levels, as well as public science literacy projects that engage people of all ages in life-long learning. The number of K-12 students and teachers involved in NSF activities is based on a robust data collection and analysis process. Changes to NSF's support of K-12 students in FY 2019 is the result of changes to Established Program to Stimulate Competitive Research (EPSCoR) eligible jurisdictions compared to FY 2018. The reported number of K-12 students and teachers in FY 2019 excludes data from EPSCoR programs' investments in South Dakota. Reporting from this jurisdiction is expected to be final by December 2019 and will be reflected in the FY 2021 Budget Request to Congress.

REQUIRED SUPPLEMENTARY INFORMATION

Deferred Maintenance and Repairs

For the Fiscal Years ended September 30, 2019 and 2018

Deferred Maintenance and Repairs

NSF performs condition assessment surveys in accordance with SFFAS No. 42, *Deferred Maintenance and Repairs*, for capitalized general PP&E, including fully depreciated general personal property to determine if any maintenance and repairs are needed to keep an asset in an acceptable condition or restore an asset to a specific level of performance. NSF considers deferred maintenance and repairs to be any maintenance and repairs that are not performed on schedule, unless it is determined from the condition of the asset that scheduled maintenance does not have to be performed. Deferred maintenance and repairs also include any other type of maintenance or repair that, if not performed, would render the PP&E non-operational. Circumstances such as non-availability of parts or funding are considered reasons for deferring maintenance and repairs.

NSF considered whether any scheduled maintenance or repair necessary to keep fixed assets of the agency in an acceptable condition was deferred at fiscal years ended September 30, 2019 and 2018. Assets deemed to be in excellent, good, or fair condition are considered to be in acceptable condition. Assets in poor or very poor condition are in unacceptable condition and the deferred maintenance and repairs required to get them to an acceptable condition are reported. NSF determines the condition of an asset in accordance with standards comparable to those used in the private industry. Due to the environment and remote location of Antarctica, all deferred maintenance and repairs on assets in poor or very poor condition are considered critical in order to maintain operational status.

In accordance with SFFAS No. 42, NSF discloses the beginning and ending balances for the fiscal year ending September 30, 2019. At September 30, 2019 and 2018, NSF determined that there was no scheduled maintenance or repairs on Antarctic capital equipment in poor or very poor condition that were not completed and were deferred or delayed for a future period.

REQUIRED SUPPLEMENTARY INFORMATION

Combining Statement of Budgetary Resources by Major Budget Accounts

In the following tables, NSF budgetary information for the fiscal years ended September 30, 2019 and 2018, as presented in the Statement of Budgetary Resources, is disaggregated for each of NSF's major budget accounts.

The Science Appropriations Act, 2019

2019

(Amounts in Thousands)

	<u>Research and Related Activities</u>	<u>Education and Human Resources</u>	<u>Major Research Equipment</u>	<u>OIG, AOAM, and NSB</u>	<u>Special and Donated</u>	<u>Total</u>
Budgetary Resources						
Unobligated Balance from Prior Year Budget Authority, Net Appropriations	\$ 224,099	55,516	28,486	8,815	100,974	417,890
Spending Authority from Offsetting Collections	6,504,510	922,000	295,740	352,750	189,651	8,264,651
	92,992	5,344	-	6,781	-	105,117
Total Budgetary Resources	\$ 6,821,601	982,860	324,226	368,346	290,625	8,787,658
Status of Budgetary Resources						
New Obligations and Upward Adjustments	\$ 6,675,953	940,342	285,273	359,932	188,043	8,449,543
Unobligated Balance, End of Year:						
Apportioned, Unexpired	20,505	5,537	38,897	1,050	79,873	145,862
Unapportioned, Unexpired	1,310	1,081	56	4	22,709	25,160
Unobligated Balance, Unexpired, End of Year	21,815	6,618	38,953	1,054	102,582	171,022
Unobligated Balance, Expired, End of Year	123,833	35,900	-	7,360	-	167,093
Total Unobligated Balance, End of Year	145,648	42,518	38,953	8,414	102,582	338,115
Total Status of Budgetary Resources	\$ 6,821,601	982,860	324,226	368,346	290,625	8,787,658
Net Outlays						
Net Outlays	\$ 5,808,697	837,740	139,085	348,520	158,204	7,292,246
Distributed Offsetting Receipts	-	-	-	-	(37,741)	(37,741)
Net Agency Outlays	\$ 5,808,697	837,740	139,085	348,520	120,463	7,254,505

The Science Appropriations Act and Bipartisan Budget Act, 2018

2018

(Amounts in Thousands)

	<u>Research and Related Activities</u>	<u>Education and Human Resources</u>	<u>Major Research Equipment</u>	<u>OIG, AOAM, and NSB</u>	<u>Special and Donated</u>	<u>Total</u>
Budgetary Resources						
Unobligated Balance from Prior Year Budget Authority, Net Appropriations	\$ 174,361	51,536	31,928	10,780	134,211	402,816
Spending Authority from Offsetting Collections	6,350,776	902,000	182,800	348,080	183,704	7,967,360
	79,313	4,552	-	5,827	-	89,692
Total Budgetary Resources	\$ 6,604,450	958,088	214,728	364,687	317,915	8,459,868
Status of Budgetary Resources						
New Obligations and Upward Adjustments	\$ 6,461,184	909,038	186,298	354,730	221,474	8,132,724
Unobligated Balance, End of Year:						
Apportioned, Unexpired	28,015	6,877	27,863	1,004	78,990	142,749
Unapportioned, Unexpired	5,348	8,181	567	63	17,451	31,610
Unobligated Balance, Unexpired, End of Year	33,363	15,058	28,430	1,067	96,441	174,359
Unobligated Balance, Expired, End of Year	109,903	33,992	-	8,890	-	152,785
Total Unobligated Balance, End of Year	143,266	49,050	28,430	9,957	96,441	327,144
Total Status of Budgetary Resources	\$ 6,604,450	958,088	214,728	364,687	317,915	8,459,868
Net Outlays						
Net Outlays	\$ 5,691,371	783,915	170,321	385,900	166,293	7,197,800
Distributed Offsetting Receipts	-	-	-	-	(31,459)	(31,459)
Net Agency Outlays	\$ 5,691,371	783,915	170,321	385,900	134,834	7,166,341