

# Chapter 2

## Financials





## MEMORANDUM

**DATE:** November 14, 2023

**TO:** Dr. Dan Reed  
Chair  
National Science Board

Dr. Sethuraman Panchanathan  
Director  
National Science Foundation

**FROM:** Allison C. Lerner  
Inspector General



**SUBJECT:** Audit Report No. 23-2-002, *Audit of the National Science Foundation's Fiscal Years 2023 and 2022 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 2023, which includes FY 2022 comparative information.

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

The *Chief Financial Officers Act of 1990* (CFO Act, 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, 2023, and for the fiscal year then ended. The contract requires that the audit be performed in accordance with GAS; Office of Management and Budget Bulletin 24-01, *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 FY 2023, 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, 2023 and 2022, 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.<sup>1</sup>
- Identified no instances in which NSF's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996* (FFMIA, Pub. L. No. 104-208).
- 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, 2023, follows Kearney's reports.

Kearney is responsible for the attached auditor's reports dated November 14, 2023, 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 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).

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 Theresa S. Hull, Assistant Inspector General, Office of Audits, at 703-292-7100 or [OIGpublicaffairs@nsf.gov](mailto:OIGpublicaffairs@nsf.gov).

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<sup>1</sup> 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.

## INDEPENDENT AUDITOR'S REPORT

To the Director and Inspector General of the National Science Foundation

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the National Science Foundation (NSF), which comprise the Balance Sheets as of September 30, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NSF as of September 30, 2023 and 2022 and its net cost of operations, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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. 24-01, *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 the NSF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for: 1) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 2) the preparation, measurement, and presentation of Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles; 3) the preparation and presentation of Other Information included in the NSF's Agency Financial Report (AFR), as well as ensuring the consistency of that information with the audited financial statements and the RSI; and 4) the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *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 *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 *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 the NSF'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 the NSF'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.

*RSI*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Deferred Maintenance and Repairs, Combining Statement of Budgetary Resources by Major Budget Accounts, and other RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 basic financial statements, and other knowledge we obtained during our audits of the basic 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 AFR. The Other Information comprises the Summary of Financial Statement Audit and Management Assurances, Management Challenges, Payment Integrity Reporting, Fraud Reduction Report, Undisbursed Balances in Expired Grants Accounts, Grant Oversight and New Efficiency Act Requirements, Reduce the Footprint, Awards to Affiliated Institutions, Awards to Assistant Director Intergovernmental Personnel Act's Home Institutions, and Patents and Inventions Resulting from NSF Support, 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. 24-01, we have also issued reports, dated November 14, 2023, on our consideration of the NSF's internal control over financial reporting and on our tests of the NSF's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters for the year ended September 30, 2023. 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. 24-01 and should be considered in assessing the results of our audits.

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Alexandria, Virginia  
November 14, 2023



## 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. 24-01, *Audit Requirements for Federal Financial Statements*, the financial statements of the National Science Foundation (NSF) as of and for the year ended September 30, 2023; and the related notes to the financial statements, which collectively comprise the NSF's basic financial statements, and we have issued our report thereon dated November 14, 2023.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NSF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NSF's internal control. Accordingly, we do not express an opinion on the effectiveness of the NSF's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 24-01. 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 the NSF's management in a separate letter.



### **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 the NSF's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-01 in considering the entity's internal control. Accordingly, this report is not suitable for any other purpose.

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Alexandria, Virginia  
November 14, 2023

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

To the Director and Inspector General of 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; Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*; the financial statements of the National Science Foundation (NSF) as of and for the year ended September 30, 2023; and the related notes to the financial statements, which collectively comprise the NSF's basic financial statements, and we have issued our report thereon dated November 14, 2023.

**Report on 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 its 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 the financial statement, and 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 the NSF. However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 24-01.

The results of our tests of compliance with FFMIA disclosed no instances in which the 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. 24-01 in considering the entity's compliance. Accordingly, this report is not suitable for any other purpose.

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

Alexandria, Virginia  
November 14, 2023

**Attachment I –  
National Science Foundation’s  
Management Response**



**National Science Foundation**  
Office of Budget, Finance & Award Management

**M E M O R A N D U M**

**Date:** November 14, 2023

**To:** Allison Lerner, Inspector General

**From:** Janis Coughlin-Piester *Janis Coughlin-Piester*  
Office Head and Chief Financial Officer  
Office of Budget, Finance, and Award Management

**Subject:** Management's Response to Independent Auditor's Report for Fiscal Year (FY) 2023

I am pleased that the Independent Public Auditor's Report on the FY 2023 financial statements has resulted in an unmodified opinion. This is a significant achievement that showcases the flexibility and expertise of NSF's staff in successfully navigating challenges while upholding the highest standards of financial stewardship. I appreciate the innovation and professionalism that your staff and Kearney & Company have demonstrated during the audit. The strong foundation of cooperation established, together with constructive audit input, has facilitated NSF's progress in achieving excellent audit results.

We look forward to working with the Office of Inspector General and Kearney in future audits. 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](mailto:mwetklow@nsf.gov).



National Science Foundation

## FINANCIAL STATEMENTS

As of and for the Fiscal Years ended  
September 30, 2023 and 2022

**National Science Foundation  
Balance Sheet  
As of September 30, 2023 and 2022  
(Amounts in Thousands)**

<b>Assets</b>	<u><b>2023</b></u>	<u><b>2022</b></u>
Intragovernmental Assets		
Fund Balance With Treasury (Note 2)	\$ 19,692,930	\$ 18,711,159
Accounts Receivable, Net		
Assets for Custodial and Non-Entity Liabilities -	7,692	10,827
Other Than the General Fund of the US Government (Note 7)		
Accounts Receivable, Net	6,149	6,782
Total Accounts Receivable, Net	<u>13,841</u>	<u>17,609</u>
Advances and Prepayments (Note 8B)	30,679	24,144
Total Intragovernmental Assets	<u>19,737,450</u>	<u>18,752,912</u>
Other Than Intragovernmental Assets		
Cash and Other Monetary Assets	92	25
Accounts Receivable, Net	1,577	2,426
Property, Plant, and Equipment, Net (Note 3)	488,074	477,798
Total Other Than Intragovernmental Assets	<u>489,743</u>	<u>480,249</u>
<b>Total Assets</b>	<u><b>\$ 20,227,193</b></u>	<u><b>\$ 19,233,161</b></u>
<b>Liabilities</b>		
Intragovernmental Liabilities		
Accounts Payable		
Accounts Payable	\$ 56,280	\$ 61,120
Total Accounts Payable	<u>56,280</u>	<u>61,120</u>
Advances from Others and Deferred Revenue	2,215	-
Other Liabilities		
Other Liabilities (Without Reciprocals)	2,485	2,428
Liability to the General Fund of US Government -	1,545	2,037
for Custodial and Other Non-Entity Assets		
Other Current Liabilities - Benefit Contributions Payable	1,337	1,399
Other Liabilities - Reimbursable Activities	2,271	2,526
Total Other Liabilities	<u>7,638</u>	<u>8,390</u>
Total Intragovernmental Liabilities	<u>66,133</u>	<u>69,510</u>
Other Than Intragovernmental Liabilities		
Accounts Payable	113,285	76,386
Federal Employee Benefits Payable	29,063	27,748
Environmental and Disposal Liabilities (Note 6)	12,342	13,139
Other Liabilities		
Accrued Grant Liabilities	533,495	524,199
Accrued Payroll	5,242	5,105
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections (Note 2)	70,836	79,442
Total Other Liabilities	<u>609,573</u>	<u>608,746</u>
Total Other Than Intragovernmental Liabilities	<u>764,263</u>	<u>726,019</u>
<b>Total Liabilities</b>	<u><b>\$ 830,396</b></u>	<u><b>\$ 795,529</b></u>



**Net Position**

Unexpended Appropriations		
Unexpended Appropriations - Funds from Other Than Dedicated Collections	\$ 18,190,172	\$ 17,249,150
Total Unexpended Appropriations	18,190,172	17,249,150
Cumulative Results of Operations		
Cumulative Results of Operations - Funds from Dedicated Collections (Note 7)	703,470	715,947
Cumulative Results of Operations - Funds from Other Than Dedicated Collections	503,155	472,535
Total Cumulative Results of Operations	1,206,625	1,188,482
<b>Total Net Position</b>	<b>\$ 19,396,797</b>	<b>\$ 18,437,632</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 20,227,193</b>	<b>\$ 19,233,161</b>

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

**National Science Foundation  
Statement of Net Cost  
For the Fiscal Years Ended September 30, 2023 and 2022  
(Amounts in Thousands)**

Program Costs	<u>2023</u> <u>(Note 12)</u>	<u>2022</u>
Research and Related Activities		
Gross Costs	\$ 7,728,989	\$ 7,076,948
Less: Earned Revenue	(120,476)	(92,339)
<b>Net Research and Related Activities</b>	<b><u>\$ 7,608,513</u></b>	<b><u>\$ 6,984,609</u></b>
 STEM Education		
Gross Costs	\$ 1,118,744	\$ 921,660
Less: Earned Revenue	(6,837)	(6,131)
<b>Net STEM Education</b>	<b><u>\$ 1,111,907</u></b>	<b><u>\$ 915,529</u></b>
 Major Research Equipment and Facilities Construction		
Gross Costs	\$ 147,704	\$ 149,567
Less: Earned Revenue	-	-
<b>Net Major Research Equipment and Facilities Construction</b>	<b><u>\$ 147,704</u></b>	<b><u>\$ 149,567</u></b>
 CHIPS for America Workforce and Education		
Gross Costs	\$ 840	\$ -
Less: Earned Revenue	-	-
<b>Net CHIPS for America Workforce and Education</b>	<b><u>\$ 840</u></b>	<b><u>\$ -</u></b>
 Donations and Dedicated Collections		
Gross Costs	\$ 160,257	\$ 140,556
Less: Earned Revenue	-	-
<b>Net Donations and Dedicated Collections</b>	<b><u>\$ 160,257</u></b>	<b><u>\$ 140,556</u></b>
 <b>Net Cost of Operations (Note 10)</b>	<b><u>\$ 9,029,221</u></b>	<b><u>\$ 8,190,261</u></b>

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

**National Science Foundation  
Statement of Changes in Net Position  
For the Fiscal Year Ended September 30, 2023  
(Amounts in Thousands)**

	<u>2023</u>		
	<u>Funds from Dedicated Collections (Notes 7 &amp; 12)</u>	<u>Funds from Other Than Dedicated Collections (Note 12)</u>	<u>Total (Note 12)</u>
<b>Unexpended Appropriations</b>			
<b>Beginning Balances</b>	\$ -	\$ 17,249,150	\$ 17,249,150
Appropriations Received	-	9,901,511	9,901,511
Other Adjustments (Canceled Authority)	-	(94,626)	(94,626)
Appropriations Used	-	(8,865,863)	(8,865,863)
<b>Net Change in Unexpended Appropriations</b>	<u>-</u>	<u>941,022</u>	<u>941,022</u>
<b>Total Unexpended Appropriations</b>	<u>\$ -</u>	<u>\$ 18,190,172</u>	<u>\$ 18,190,172</u>
<b>Cumulative Results of Operations</b>			
<b>Beginning Balances</b>	\$ 715,947	\$ 472,535	\$ 1,188,482
Adjustments	-	-	-
Change in Accounting Principle	-	-	-
<b>Beginning Balances, Adjusted</b>	<u>715,947</u>	<u>472,535</u>	<u>1,188,482</u>
Appropriations Used	-	8,865,863	8,865,863
Non-Exchange Revenue	-	3	3
Donations (Note 10)	-	27,743	27,743
Transfers In / (Out) Without Reimbursement	134,939	-	134,939
Imputed Financing (Note 10)	-	22,099	22,099
Other	-	(3,283)	(3,283)
Net Cost of Operations (Note 10)	(147,416)	(8,881,805)	(9,029,221)
<b>Net Change in Cumulative Results of Operations</b>	<u>(12,477)</u>	<u>30,620</u>	<u>18,143</u>
<b>Total Cumulative Results of Operations</b>	<u>\$ 703,470</u>	<u>\$ 503,155</u>	<u>\$ 1,206,625</u>
<b>Net Position</b>	<u>\$ 703,470</u>	<u>\$ 18,693,327</u>	<u>\$ 19,396,797</u>

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

National Science Foundation  
Statement of Changes in Net Position  
For the Fiscal Year Ended September 30, 2022  
(Amounts in Thousands)

	<u>2022</u>		
	<u>Funds From Dedicated Collections (Note 7)</u>	<u>Funds from Other Than Dedicated Collections</u>	<u>Total</u>
<b>Unexpended Appropriations</b>			
<b>Beginning Balances</b>	\$ -	\$ 16,561,541	\$ 16,561,541
Appropriations Received	-	8,863,000	8,863,000
Other Adjustments (Canceled Authority)	-	(87,830)	(87,830)
Appropriations Used	-	(8,087,561)	(8,087,561)
<b>Net Change in Unexpended Appropriations</b>	-	<b>687,609</b>	<b>687,609</b>
<b>Total Unexpended Appropriations</b>	<b>\$ -</b>	<b>\$ 17,249,150</b>	<b>\$ 17,249,150</b>
<b>Cumulative Results of Operations</b>			
<b>Beginning Balances</b>	\$ 657,863	\$ 464,243	\$ 1,122,106
Adjustments			
Change in Accounting Principle	-	(48,717)	(48,717)
<b>Beginning Balances, Adjusted</b>	<b>657,863</b>	<b>415,526</b>	<b>1,073,389</b>
Appropriations Used	-	8,087,561	8,087,561
Non-Exchange Revenue	-	9	9
Donations (Note 10)	-	20,230	20,230
Transfers In / (Out) Without Reimbursement	189,940	2	189,942
Imputed Financing (Note 10)	-	14,439	14,439
Other	-	(6,827)	(6,827)
Net Cost of Operations (Note 10)	(131,856)	(8,058,405)	(8,190,261)
<b>Net Change in Cumulative Results of Operations</b>	<b>58,084</b>	<b>57,009</b>	<b>115,093</b>
<b>Total Cumulative Results of Operations</b>	<b>\$ 715,947</b>	<b>\$ 472,535</b>	<b>\$ 1,188,482</b>
 <b>Net Position</b>	 <b>\$ 715,947</b>	 <b>\$ 17,721,685</b>	 <b>\$ 18,437,632</b>

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

**National Science Foundation  
Statement of Budgetary Resources  
For the Fiscal Years Ended September 30, 2023 and 2022  
(Amounts in Thousands)**

	<u>2023</u>	<u>2022</u>
<b>Budgetary Resources</b>		
Unobligated Balance from Prior Year Budget Authority, Net	\$ 874,793	\$ 1,054,941
Appropriations	10,067,328	9,071,091
Spending Authority from Offsetting Collections	132,585	91,462
<b>Total Budgetary Resources (Note 8C)</b>	<b><u>\$ 11,074,706</u></b>	<b><u>\$ 10,217,494</u></b>
 <b>Status of Budgetary Resources</b>		
New Obligations and Upward Adjustments (Note 8C)	\$ 9,861,960	\$ 9,523,708
Unobligated Balance, End of Period		
Apportioned, Unexpired (Note 2)	781,785	326,625
Unapportioned, Unexpired (Note 2)	222,712	183,877
Unobligated Balance, Unexpired, End of Period	1,004,497	510,502
Unobligated Balance, Expired, End of Period (Note 2)	208,249	183,284
Total Unobligated Balance, End of Period	1,212,746	693,786
<b>Total Status of Budgetary Resources</b>	<b><u>\$ 11,074,706</u></b>	<b><u>\$ 10,217,494</u></b>
 <b>Net Outlays (Notes 8C &amp; 10)</b>		
Net Outlays	\$ 8,982,258	\$ 8,159,356
Distributed Offsetting Receipts	(31,489)	(26,554)
<b>Net Agency Outlays</b>	<b><u>\$ 8,950,769</u></b>	<b><u>\$ 8,132,802</u></b>

*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 United States Code (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 (U.S.) 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 at <https://www.kc.fiscal.treasury.gov/files/reports-statements/combined-statement/cs2022/2022-cs-final.pdf>.

NSF is led by a presidentially-appointed, Senate-confirmed Director and a 24-member National Science Board (NSB). As of September 30, 2023, there were 25 members serving on the NSB, including the 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. The NSF workforce, including staff in the NSB Office and the Office of the Inspector General, is comprised of approximately 1,500 federal employees and 200 scientists from research institutions in temporary positions. 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 from Intergovernmental Personnel Act (IPA) assignments 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.

In accordance with Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standard (SFFAS) No. 47, *Reporting Entity*, financial information for the Arctic Research Commission (ARC), a consolidation entity for which NSF is accountable, is included in the accompanying financial statements and footnotes. ARC is an independent federal agency funded through NSF's appropriation, specifically as an activity in the Research and Related Activities account.

### **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 May 19, 2023. While the statements have been prepared from the books and records of NSF in accordance with U.S. Generally Accepted Accounting Principles (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.

In fiscal year (FY) 2023, NSF renamed the Directorate of Education and Human Resources to the Directorate of Science, Technology, Engineering, and Mathematics Education (EDU) which has been reflected in the accompanying financial statements and footnotes accordingly.

### **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.

In FY 2022, NSF implemented a prospective change in accounting principle to record and report foreign contributions in a Department of Treasury (Treasury) deposit fund account that were previously recorded in a trust fund account. NSF coordinated with OMB and Treasury to discuss the presentation and reporting requirements outlined in OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, OMB Circular No. A-136, *Financial Reporting Requirements*, and SFFAS No. 21, *Reporting Corrections of Errors and Changes in Accounting Principles*.

### **D. Budgetary Terms**

The purpose of federal budgetary accounting is to control, monitor, and report on funds made available to federal agencies by law and help ensure compliance with the law. The following Budgetary Terms are commonly used:

Appropriations are a provision of law authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

Budgetary Resources are amounts available to incur obligations in a given year.

Offsetting Collections are payments to the government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress. Offsetting collections usually result from business-like transactions with the public, including

payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the government and from intragovernmental transactions with other government accounts.

Offsetting Receipts are payments to the government that are credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. They are usually deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the government as a whole. Offsetting receipts are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, offsetting receipts usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the government, and from intragovernmental transactions with other government accounts.

Obligations are binding agreements that will result in outlays, immediately or in the future.

Outlays are payments to liquidate an obligation. Outlays generally are equal to cash disbursements but are also recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of government spending.

For further information about *Budgetary Terms* and concepts, please refer to the "Budget Concepts" chapter of the Analytical Perspectives volume of the President's Budget at <https://www.whitehouse.gov/omb/analytical-perspectives/>.

### ***E. Revenues and Other Financing Sources***

NSF receives a 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 reported as Nonimmigrant Petitioner Account (H-1B) funds. Additional amounts are obtained from reimbursements for services performed for other federal agencies, and receipts to the NSF Donations Account. NSF also receives interest earned on overdue receivables, which is subsequently returned to the Treasury at the end of each fiscal year.

In FY 2023, the Consolidated Appropriations Act, 2023 under Public Law (P.L. 117-328), provided funding for NSF's appropriations. In addition, the Science Appropriations Act, 2023 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. Donations are recognized as revenues when funds are received.

Revenues from reimbursable agreements are recognized when the services are performed and the



related expenditures are incurred. Reimbursable agreements are mainly for grant administrative services provided by NSF on behalf of other federal agencies.

In FY 2022, the CHIPS and Science Act, 2022 under Public Law (P.L. 117-167) provided NSF funding for Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Workforce and Education Fund beginning in FY 2023. The CHIPS appropriation provides funding to support the domestic enhancement, development, and production of microelectronics and its workforce.

In accordance with 42 U.S.C. Section 1862 (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. Section 1870 (f), NSF is authorized to receive and use funds donated by others. These funds must be donated without restriction other than that they must be used in furtherance of one or more of the general purposes of the Foundation and are made available for obligations as necessary to support NSF programs. Donations may be received from private companies, academic institutions, non-profit foundations, and individuals.

NSF accepts contributions from foreign governments in support of various NSF-funded projects and the use of these funds is restricted to the awardee for which it is contributed. NSF does not retain ownership of funds contributed by foreign governments and solely acts as an intermediary to transfer the funds from foreign partners to the awardee. In accordance with OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, funds received by NSF from foreign governments are deposited and held in a deposit fund account at Treasury.

***F. 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 and non-appropriated funding sources from donations and foreign contributions. Foreign contributions are considered non-entity assets and are used to support awardees pursuant to agreements between NSF and foreign governments. *Cash and Other Monetary Assets* consist of undeposited collections, which are funds received by NSF, but not remitted to Treasury by September 30th. FBWT is an asset to NSF and a liability of the General Fund. *FBWT* is primarily increased by appropriations and decreased by disbursements. When disbursements are made, Treasury finances those disbursements using a combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit). Cash receipts and disbursements are processed by Treasury.

***G. Accounts Receivable, Net***

*Accounts Receivable, Net* consists of amounts due from governmental agencies, private organizations, and individuals. It includes debts related to criminal restitutions adjudicated by the Department of Justice, where NSF is identified as the payee. Additionally, NSF has the right to conduct audits of 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 that are deemed uncollectible in accordance with SFFAS 1, *Accounting for Selected Assets and Liabilities* and FASAB Technical Bulletin 2020-1, *Loss for Intragovernmental Receivables*. 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. NSF's intragovernmental receivables are not written off, but rather the allowance is used to present the net realizable value.

*Assets for Custodial and Non-Entity Liabilities – Other Than the General Fund of the US Government* consist of a receivable of sequestered H-1B funds due from the Department of Homeland Security.

#### **H. Advances and Prepayments**

*Advances and Prepayments* 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. Payments are only made within the amount of the recorded obligation.

#### **I. General Property, Plant, and Equipment, Net**

NSF capitalizes Property, Plant, and Equipment (PP&E) with costs exceeding \$25 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 value; 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 includes 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 United States 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 method with a half-year convention. The half-year convention recognizes one-half of the annual depreciation expense in both the first and last years of an asset's useful life regardless of when it is placed in service. 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, air traffic control, weather forecasting aids, and landing systems equipment
20 years	Movable buildings (e.g., trailers)

Aircraft and Satellites

7 years            Aircraft, aircraft standardizations, and satellites

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 is leased through GSA under a non-cancelable occupancy agreement. 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 SFFAS No. 10, *Accounting for Internal Use Software*. NSF identifies software investments as capital property for items that, in the aggregate, cost \$500 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.

***J. General Property, Plant, and Equipment 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 custody 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 FASAB. This guidance stipulates that NSF should disclose the value of Federally Owned Property (FOP) held by others in its financial statements based on information contained in the audited financial statements of these entities (if available). Entities that separately present net book value (NBV) of NSF-owned property in their audited financial statements are listed in Note 4, *Property, Plant, and Equipment in the Custody of Other Entities*, along with the NBV of the property held. Entities which hold FOP but do not separately present the NBV of NSF-owned property in their audited financial statements are also listed in Note 4, *Property, Plant, and Equipment in the Custody of Other Entities*, with a notation as "Unavailable."

#### ***K. Accounts Payable***

*Accounts Payable* consists of liabilities to commercial vendors, contractors, and federal agencies. *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 and contractors for which invoices have not been received, but goods and services have been delivered and performed.

#### ***L. Other Intragovernmental Liabilities***

*Other Intragovernmental Liabilities* consist primarily of the employer portion of payroll taxes and benefits, payroll taxes associated with unfunded leave, unfunded Federal Employees' Compensation Act (FECA), liabilities for non-entity assets, and reimbursable activities. A liability is recorded for payments made for workers' compensation pursuant to the FECA because NSF will reimburse the U.S. Department of Labor (DOL) 2 years after the payment of expenses. Liabilities for non-entity assets are recorded to offset accounts receivable balances associated with canceled appropriations. *Other Liabilities - Reimbursable Activities* consist of a rental credit liability.

#### ***M. Federal Employee Benefits Payable***

*Federal Employee Benefits Payable* primarily consists of liabilities for actuarial FECA and unfunded employee leave. An actuarial liability is recorded for estimated future payments for workers' compensation pursuant to the FECA. The actuarial FECA liability is the present value of estimated future payments calculated by DOL and is recorded as an unfunded liability. Future 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 appropriations. Sick leave and other types of non-vested leave are expensed as taken.

#### ***N. Liabilities Not Covered by Budgetary Resources***

*Liabilities Not Covered by Budgetary Resources* may include liabilities associated with future environmental cleanup, legal claims, FECA, unfunded leave, and a rental credit liability.

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.

***O. Other Liabilities (Other Than Intragovernmental)***

*Other Liabilities (Other Than Intragovernmental)* consist of *Accrued Grant Liabilities*, *Accrued Payroll*, and a *Liability for Non-Fiduciary Deposit Funds and Undeposited Collections*.

*Accrued Grant Liabilities* consist of estimated liabilities to grantees for expenses incurred but not reported (IBNR) by September 30th. For standard grants and cooperative agreements, 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.

*Accrued Grant Liabilities* also consist of an accrual specifically for Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants. SBIR and STTR awards have unique terms and conditions compared to standard NSF grants and cooperative agreements. This methodology calculates any SBIR and STTR funds approved for payment, but not yet disbursed to the grantee as of September 30th.

*Accrued Payroll* relates to services performed by NSF employees and the Department of Interior's Business Center is NSF's payroll service provider. NSF accrues the amount of salaries earned but not paid as of the end of the reporting period.

*Liability for Non-Fiduciary Deposit Funds and Undeposited Collections* consists of foreign contributions and undeposited collections. NSF does not own or use the funds contributed by its foreign partners. NSF acts solely as an intermediary to transfer the funds from the foreign partner to the awardee which manages the applicable project. The *Liability for Non-Fiduciary Deposit Funds* does not have budgetary impacts. At year end, NSF also records *Undeposited Collections* which are funds received by NSF, but not remitted to Treasury by September 30th.

***P. Net Position***

*Net Position* is the residual difference between assets and liabilities and is composed of unexpended appropriations and cumulative results of operations, presented separately by dedicated collections and all other funds. *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. *Cumulative Results of Operations* represent the net results of NSF's operations since the Foundation's inception.

**Q. Retirement Plan**

In FY 2023, approximately 2 percent of NSF employees participated in the Civil Service Retirement System (CSRS), to which NSF matches contributions up 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 to 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 OPM's Benefits Administration website: <https://www.opm.gov/retirement-center/publications-forms/benefits-administration-letters/2023/23-304.pdf>.

**R. 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 probable, 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 U.S.C. There are some cases where the likelihood of loss is deemed reasonably possible. A contingent liability is not required to be recorded but the estimated loss must be disclosed in the footnotes. In addition, there are cases where the likelihood of loss is deemed remote. A contingent liability is not required to be recorded or disclosed for these cases.

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 a 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 the

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 SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, 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.

***S. Use of Estimates***

Management has made certain estimates and assumptions when reporting assets, liabilities, revenues, expenses, and note disclosures. Estimates underlying the accompanying financial statements can 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 quarter.

***T. Permanent Indefinite Appropriations***

NSF maintains permanent indefinite appropriations for Research and Related Activities (R&RA), STEM Education (EDU), Major Research Equipment and Facilities Construction (MREFC), and Creating Helpful Incentives to Produce Semiconductors (CHIPS). The R&RA appropriation is used for polar research and operations support, reimbursements to other federal agencies for operational and science support, and logistical and other related activities for USAP. The EDU 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. The CHIPS appropriation is used to support the domestic development and production of microelectronics and to strengthen the domestic microelectronics workforce.

***U. 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)* consists of the following components as of September 30, 2023 and 2022:

(Amounts in Thousands)	2023	2022
Obligated, Not Yet Disbursed	\$ 18,409,427	\$ 17,937,943
Unobligated Available, Unexpired	781,785	326,625
Unobligated Unavailable, Unexpired	222,712	183,877
Unobligated Unavailable, Expired	208,249	183,284
Add: Non-Budgetary FBWT and Donations Sequestration	70,757	79,430
Total FBWT	<u>\$ 19,692,930</u>	<u>\$ 18,711,159</u>

*Obligated, Not Yet Disbursed* balances include obligations for which outlays have not been made. *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. *Non-Budgetary FBWT and Donations Sequestration* primarily includes a non-fiduciary deposit fund account for foreign contributions, which is a liability to NSF totaling \$71 million as of September 30, 2023 and \$79 million as of September 30, 2022. *Non-Budgetary FBWT and Donations Sequestration* are considered non-entity assets.

## Note 3. General Property, Plant, and Equipment, Net

To support the Financial Report of the U.S. Government (FR) compilation process, the Property, Plant, and Equipment, Net reconciliation as of September 30, 2023 and 2022 is below:

(Amounts in Thousands)	2023	2022
	Net PP&E	Net PP&E
Balance Beginning of Fiscal Year	\$ 477,798	\$ 439,079
Capitalized Acquisitions	142,595	56,948
Dispositions/Revaluations	(101,769)	123
Depreciation Expense	(30,550)	(18,352)
Balance as of September 30, 2023 and 2022	<u>\$ 488,074</u>	<u>\$ 477,798</u>

**Notes to the Financial Statements**  
**September 30, 2023 and 2022**

The components of *Property, Plant, and Equipment, Net* as of September 30, 2023 and 2022 are shown below. As of September 30, 2023, NSF determined that scheduled maintenance or repairs on one item of Antarctic capital equipment in poor condition was not completed and was deferred or delayed for a future period. Further details on asset impairments and deferred maintenance are included in the Required Supplementary Information.

(Amounts in Thousands)	2023		
	Acquisition Value	Accumulated Depreciation/ Amortization	NBV
Equipment	\$ 167,616	\$ (143,956)	\$ 23,660
Aircraft and Satellites	13,180	(13,180)	-
Buildings and Structures	373,933	(192,612)	181,321
Leasehold Improvements	30,584	(12,832)	17,752
Construction in Progress	147,630	-	147,630
Internal Use Software	194,502	(98,328)	96,174
Software in Development	21,537	-	21,537
<b>Total PP&amp;E</b>	<b>\$ 948,982</b>	<b>\$ (460,908)</b>	<b>\$ 488,074</b>

(Amounts in Thousands)	2022		
	Acquisition Value	Accumulated Depreciation/ Amortization	NBV
Equipment	\$ 183,571	\$ (157,388)	\$ 26,183
Aircraft and Satellites	13,180	(13,180)	-
Buildings and Structures	376,365	(186,597)	189,768
Leasehold Improvements	29,729	(10,808)	18,921
Construction in Progress	120,967	-	120,967
Internal Use Software	87,642	(87,642)	-
Software in Development	121,959	-	121,959
<b>Total PP&amp;E</b>	<b>\$ 933,413</b>	<b>\$ (455,615)</b>	<b>\$ 477,798</b>

#### **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 1). *Property, Plant, and Equipment in the Custody of Other Entities*). The FASAB guidance requires NSF FOP 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 NBV 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.

Major facilities with significant FOP are required to disclose in their audited financial statements the value of FOP in their custody. With the exception of these major facilities, other entities which received NSF funding are not required to report FOP separately in their audited financial statements. For entities that hold FOP but do not disclose the NBV in their audited financial statements, the value of FOP will be listed as unavailable below.

*Notes to the Financial Statements  
September 30, 2023 and 2022*

**Entities with Audited and Separately Reported NSF Federally Owned Property**

(Amounts in Thousands)

	NBV	Fiscal Year Ending
Associated Universities, Inc.	\$ 252,780	9/30/2022
Association of Universities for Research in Astronomy, Inc.	\$ 1,228,235	9/30/2022
California Institute of Technology	Unavailable	9/30/2022
Dartmouth College	Unavailable	6/30/2022
Earthscope Consortium Inc.	\$ 11,081	6/30/2022
Oregon State University	Unavailable	6/30/2022
SRI International	Unavailable	12/31/2022
University Corporation for Atmospheric Research	\$ 50,637	9/30/2022
University of Alaska Fairbanks	\$ 128,200	6/30/2022
University of California San Diego	Unavailable	6/30/2022
University of Central Florida Board of Trustees, The	Unavailable	6/30/2022
University of Hawaii System	Unavailable	6/30/2022
University of Rhode Island	Unavailable	6/30/2022
University of Washington	Unavailable	6/30/2022
University of Wisconsin System	\$ 1,000	6/30/2022
Woods Hole Oceanographic Institution	Unavailable	12/31/2022

**Note 5. Leases**

NSF currently has an occupancy agreement with GSA for its headquarters in Alexandria, VA. This agreement is non-cancelable and active through FY 2032. In addition, this agreement contains escalation clauses tied to operating expenses and taxes. The following is a schedule of future minimum rental payments for the NSF headquarters:

(Amounts in Thousands)

Fiscal Year	Building Operating Lease Amount (Federal)
2024	25,125
2025	25,254
2026	25,386
2027	25,522
2028	25,663
2029 through 2032	101,563
<b>Total Minimum Non-Cancelable Lease Payments</b>	<b>\$ 228,513</b>

NSF also has an occupancy agreement with GSA for warehouse space in Springfield, VA that will expire in FY 2029. The cancellation clauses with the agreements allow NSF to terminate use with 120-day notice. This agreement contains an escalation clause tied to operating expenses. In addition, the Springfield agreement contains a contingent rental based on re-appraised rental rates.

## Note 6. Environmental and Disposal Liabilities

### Restoration Projects

After an extensive evaluation process, NSF decided to cease scientific observations from the Sondrestrom Research Facility, a geophysical observatory in Kangerlussuaq, Greenland and to proceed with actions to restore the location. In FY 2019, NSF recorded an initial total estimated liability for the restoration project costs of \$2 million to decommission and decontaminate the site. The estimated liability was \$182 thousand and \$1 million, respectively, as of September 30, 2023 and 2022.

### 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. Changes to NSF's estimated asbestos liability consisted of the impact of asbestos remediation cost re-estimates since FY 2022. The asbestos liability was \$12 million as of September 30, 2023 and 2022.

## 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:

- Scholarships in Science, Technology, Engineering, and Mathematics
- 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 U.S. 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*. As of September 30, 2023 and 2022, NSF was subject to H-1B sequestrations of \$8 million and \$11 million, respectively, for each year.

*Notes to the Financial Statements  
September 30, 2023 and 2022*

**Balance Sheet as of September 30, 2023 and 2022**

(Amounts in Thousands)	2023	2022
<b>Assets</b>		
Intragovernmental Assets		
Fund Balance With Treasury	\$ 713,128	\$ 723,813
Accounts Receivable, Net		
Asset for Custodial and Non-Entity Liabilities - Other Than the General Fund of the US Government	7,692	10,827
Total Accounts Receivable, Net	<u>7,692</u>	<u>10,827</u>
Total Intragovernmental Assets	<u>720,820</u>	<u>734,640</u>
<b>Total Assets</b>	<b><u>\$ 720,820</u></b>	<b><u>\$ 734,640</u></b>
<b>Other Than Intragovernmental Liabilities</b>		
Accounts Payable	\$ 303	\$ 262
Other Liabilities		
Accrued Grant Liabilities	17,047	18,431
Total Other Liabilities	<u>17,047</u>	<u>18,431</u>
<b>Total Other Than Intragovernmental Liabilities</b>	<u>17,350</u>	<u>18,693</u>
<b>Total Liabilities</b>	<b><u>\$ 17,350</u></b>	<b><u>\$ 18,693</u></b>
<b>Net Position</b>		
Cumulative Results of Operations	\$ 703,470	\$ 715,947
<b>Total Net Position</b>	<b><u>\$ 703,470</u></b>	<b><u>\$ 715,947</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 720,820</u></b>	<b><u>\$ 734,640</u></b>

**Statement of Net Cost for the Years Ended September 30, 2023 and 2022**

(Amounts in Thousands)	2023	2022
Gross Costs	\$ 147,416	\$ 131,856
Less: Earned Revenue	-	-
<b>Net Cost of Operations</b>	<b><u>\$ 147,416</u></b>	<b><u>\$ 131,856</u></b>

**Statement of Changes in Net Position for the Years Ended September 30, 2023 and 2022**

(Amounts in Thousands)	2023	2022
<b>Beginning Balances</b>	<b>\$ 715,947</b>	<b>\$ 657,863</b>
Transfer In / (Out) Without Reimbursement	134,939	189,940
Net Cost of Operations	<u>(147,416)</u>	<u>(131,856)</u>
Net Change in Cumulative Results of Operations	(12,477)	58,084
<b>Net Position</b>	<b><u>\$ 703,470</u></b>	<b><u>\$ 715,947</u></b>

**Note 8. Notes Related to the Statement of Budgetary Resources**

**A. Adjustments to Unobligated Balances Brought Forward**

In accordance with SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, NSF is required to disclose adjustments made during the current reporting period to budgetary resources available at the beginning of the year. In FY 2023, NSF recorded adjustments to reclassify obligations between expired and unexpired treasury account symbols resulting in a \$3 million net adjustment to the "Unobligated Balance from Prior Year Budget Authority, Net" line on the Statement of Budgetary Resources. These adjustments are also reflected on NSF's SF-133, *Report on Budget Execution and Budgetary Resources*.

**B. Undelivered Orders at the End of the Year**

In accordance with SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, the amount of budgetary resources obligated for undelivered orders was \$18 billion and \$17 billion for the years ended September 30, 2023 and 2022.

(Amounts in Thousands)	2023	2022
Undelivered Orders, Unpaid - Non-Federal	\$ 17,585,754	\$ 17,166,067
Undelivered Orders, Paid - Federal	30,679	24,144
Undelivered Orders, Unpaid - Federal	238,805	222,380
Total Undelivered Orders - Federal	269,484	246,524
Total Undelivered Orders	\$ 17,855,238	\$ 17,412,591

**C. 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 Statement of Budgetary Resources (SBR) and the actual balances published in the President's Budget. The FY 2025 President's Budget will include FY 2023 budget execution information and is scheduled for publication in the spring of 2024 and can be found upon publication on the OMB website at: <http://www.whitehouse.gov/omb>.

Balances reported in the FY 2022 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.

*Notes to the Financial Statements  
September 30, 2023 and 2022*

(Amounts in Thousands)	2022			
	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 10,217,494	\$ 9,523,708	\$ 26,554	\$ 8,159,356
Expired Accounts	(255,782)	(72,498)	-	-
Budget of the U.S. Government	\$ 9,961,712	\$ 9,451,210	\$ 26,554	\$ 8,159,356

**Note 9. 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 \$928 million to Board member affiliated institutions as of September 30, 2023. 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 1 percent of the prior year current plan of the awarding directorate/office, or 0.1 percent of the prior year enacted NSF budget level;
- 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 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 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 or delegee. Prior to Board meetings, all NSB action items are screened for conflict of interest/impartiality concerns by the NSB Counsel and a Legal Administrative Specialist in the NSB. Members who have conflicts are either recused from the matter or receive a waiver from the Deputy Ethics Official to participate. NSB did not approve any awards to Board member affiliated institutions in FY 2023.



**Note 10. Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation)**

The Reconciliation of Net Cost to Net Outlays reconciles the net costs for a federal entity's programs and operations to the net outlays for that entity. The reconciliation validates the relationship between budgetary and proprietary accounting information. Examples of the reconciling items identified are: (1) transactions which resulted in an outlay but did not result in a cost; (2) unpaid expenses included in the net cost in this reporting period but not yet included in outlays; and (3) other temporary timing differences such as special adjustments including prior period adjustments due to correction of errors.

(Amounts in Thousands)

	2023		
	Federal	Public	Total
<b>Net Cost</b>	<b>\$ 181,220</b>	<b>8,848,001</b>	<b>9,029,221</b>
<b>Components of Net Cost Not Part of Net Agency Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(30,550)	(30,550)
Applied Overhead / Cost Capitalization Offset	-	40,854	40,854
Increase / (Decrease) in Assets:			
Accounts Receivable, Net	(633)	(850)	(1,483)
Other Assets	6,535	67	6,602
(Increase) / Decrease in Liabilities:			
Accounts Payable	5,157	(46,196)	(41,039)
Environmental and Disposal Liabilities	-	796	796
Federal Employee and Veteran Benefits Payable	-	(1,315)	(1,315)
Other Liabilities	(2,272)	(203)	(2,475)
Financing Sources:			
Imputed Costs	(22,099)	-	(22,099)
<b>Total Components of Net Cost Not Part of Net Agency Outlays</b>	<b>(13,312)</b>	<b>(37,397)</b>	<b>(50,709)</b>
<b>Components of Net Agency Outlays Not Part of Net Cost</b>			
Donated Revenue	-	(27,743)	(27,743)
Transfers Out (In) Without Reimbursement	-	-	-
<b>Total Components of Net Agency Outlays Not Part of Net Cost</b>	<b>-</b>	<b>(27,743)</b>	<b>(27,743)</b>
<b>Miscellaneous Items</b>			
Custodial / Non-Exchange Revenue	-	-	-
<b>Total Miscellaneous Items</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Agency Outlays</b>	<b>\$ 167,908</b>	<b>8,782,861</b>	<b>8,950,769</b>
<b>Related Amounts on the Statement of Budgetary Resources</b>			
Net Outlays			\$ 8,982,258
Distributed Offsetting Receipts			(31,489)
<b>Net Agency Outlays</b>			<b>\$ 8,950,769</b>

*Notes to the Financial Statements  
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(Amounts in Thousands)	2022		
	Federal	Public	Total
<b>Net Cost</b>	<b>\$ 215,562</b>	<b>7,974,699</b>	<b>8,190,261</b>
<b>Components of Net Cost Not Part of Net Outlays</b>			
Property, Plant, and Equipment Depreciation	-	(18,352)	(18,352)
Applied Overhead / Cost Capitalization Offset	-	57,071	57,071
Increase/(Decrease) in Assets:			
Accounts Receivable	(4,074)	1,527	(2,547)
Other Assets	(8,584)	9	(8,575)
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable	(28,656)	(28,472)	(57,128)
Federal Employee and Veteran Benefits Payable	-	(133)	(133)
Environmental and Disposal Liabilities	-	50	50
Other Liabilities	383	7,149	7,532
Other Financing Sources:			
Imputed Financing	(14,439)	-	(14,439)
<b>Total Components of Net Cost Not Part of the Net Outlays</b>	<b>(55,370)</b>	<b>18,849</b>	<b>(36,521)</b>
<b>Components of Net Outlays Not Part of Net Cost</b>			
Donated Revenue	-	(20,230)	(20,230)
Transfers Out (In) Without Reimbursement	(2)	-	(2)
<b>Total Components of Net Outlays Not Part of Net Cost</b>	<b>(2)</b>	<b>(20,230)</b>	<b>(20,232)</b>
<b>Miscellaneous Items</b>			
Custodial / Non-Exchange Revenue	(706)	-	(706)
<b>Total Miscellaneous Items</b>	<b>(706)</b>	<b>-</b>	<b>(706)</b>
<b>Net Agency Outlays</b>	<b>\$ 159,484</b>	<b>7,973,318</b>	<b>8,132,802</b>
<b>Related Amounts on the Statement of Budgetary Resources</b>			
Net Outlays			\$ 8,159,356
Distributed Offsetting Receipts			(26,554)
<b>Net Agency Outlays</b>			<b>\$ 8,132,802</b>

**Note 11. COVID-19 Activity**

As part of the American Rescue Plan (ARP) Act of 2021 (P.L. 117-2), the National Science Foundation (NSF) received \$600 million "to fund or extend new and existing research grants, cooperative agreements, scholarships, fellowships, and apprenticeships, and related administrative expenses to prevent, prepare for, and respond to coronavirus." NSF allocated the funding as shown in the table below.

(Amounts in Thousands)	2022
NSF by Account	ARP Act Amount
R&RA <sup>1</sup>	\$ 472,000
EDU	61,000
MREFC <sup>1</sup>	55,000
AOAM	12,000
<b>Total</b>	<b>\$ 600,000</b>

<sup>1</sup>Reflects \$5 million reallocated from the MREFC account to the R&RA account that occurred in FY 2022.

The budget authority of ARP Act funds expired at the end of FY 2022 for new obligations. The status of budgetary resources as of September 30, 2023 and 2022 was as follows:

(Amounts in Thousands)	2023		
NSF by Account	Unpaid Obligations	Outlays	Unobligated Balance (Expired)
R&RA	\$ 243,931	\$ 149,401	\$ 1,206
EDU	41,592	14,186	-
MREFC	15,090	28,884	1
AOAM	-	-	-
<b>Total</b>	<b>\$ 300,613</b>	<b>\$ 192,471</b>	<b>\$ 1,207</b>

(Amounts in Thousands)	2022		
NSF by Account	Unpaid Obligations	Outlays	Unobligated Balance (Unexpired)
R&RA	\$ 394,420	\$ 74,904	\$ 119
EDU	55,778	5,221	-
MREFC	43,974	3,867	-
AOAM	-	3,368	-
<b>Total</b>	<b>\$ 494,172</b>	<b>\$ 87,360</b>	<b>\$ 119</b>

NSF continues to invest its base appropriations in programs that, while not expressly intended to address COVID-19, nonetheless support individuals and institutions disproportionately impacted by the coronavirus pandemic. In particular, NSF is structuring the investments to: (i) reach the most strongly affected groups; (ii) support individuals at vulnerable career transition points; and (iii) ensure broad distribution.

*Notes to the Financial Statements*  
*September 30, 2023 and 2022*

Obligations for COVID-19 activities, by funding source, as of September 30, 2023 and 2022:

(Amounts in Thousands)

2023

NSF by Account	ARP Act	Base Appropriation	CHIPS	H-1B Fees Mandatory+ Reimbursable+ Donations	Total
R&RA	\$ -	\$ 721,894	\$ -	\$ 768	\$ 722,662
EDU	-	199,454	-	12,470	211,924
MREFC	-	24,120	-	-	24,120
CHIPS	-	-	3,000	-	3,000
AOAM	-	1	-	-	1
Donations	-	-	-	359	359
<b>Total</b>	<b>\$ -</b>	<b>\$ 945,469</b>	<b>\$ 3,000</b>	<b>\$ 13,597</b>	<b>\$ 962,066</b>

(Amounts in Thousands)

2022

NSF by Account	ARP Act	Base Appropriation	CHIPS	H-1B Fees Mandatory+ Reimbursable	Total
R&RA	\$ 277,114	\$ 814,172	\$ -	\$ 2,662	\$ 1,093,948
EDU	37,005	180,150	-	27,085	244,240
MREFC	46,529	21	-	-	46,550
CHIPS	-	-	-	-	-
AOAM	-	2	-	-	2
Donations	-	-	-	-	-
<b>Total</b>	<b>\$ 360,648</b>	<b>\$ 994,345</b>	<b>\$ -</b>	<b>\$ 29,747</b>	<b>\$ 1,384,740</b>

**Note 12. Reclassification of Financial Statement Line Items for FR Compilation Process**

To prepare the 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 Statement of Net Cost, and a Reclassified Statement of Changes in Net Position. Treasury eliminates intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows NSF's financial statements and reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2022 FR can be found on the FR website and a copy of the 2023 FR will be posted to this site as soon as it is released: <https://www.fiscal.treasury.gov/reports-statements/>

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

**Reclassification of Statement of Net Cost (SNC) to Line Items Used for the  
Government-wide SNC for the Year Ending September 30, 2023  
(Amounts in Thousands)**

FY 2023 National Science Foundation SNC		Line Items Used to Prepare FY 2023 Government-wide SNC			
Financial Statement Line	Amount	Dedicated Collections	Other Than Dedicated Collections	Total	Reclassified Financial Statement Line
<b>GROSS COSTS</b>					<b>GROSS COSTS</b>
Research and Related Activities	\$ 7,728,989	\$ 147,416	8,703,839	\$ 8,851,255	Non-Federal Gross Cost
		147,416	8,703,839	8,851,255	Total Non-Federal Gross Cost
STEM Education	1,118,744		54,191	54,191	Benefit Program Costs
Major Research Equipment and Facilities Construction	147,704		22,099	22,099	Imputed Costs
CHIPS for America Workforce and Education	840		212,680	212,680	Buy/Sell Costs
Donations and Dedicated Collections	160,257		16,309	16,309	Other Expenses (Without Reciprocals)
			305,279	305,279	Total Federal Gross Cost
<b>TOTAL GROSS COSTS</b>	<b>\$ 9,156,534</b>	<b>\$ 147,416</b>	<b>9,009,118</b>	<b>\$ 9,156,534</b>	<b>TOTAL GROSS COSTS</b>
<b>EARNED REVENUE</b>					<b>EARNED REVENUE</b>
Research and Related Activities	\$ (120,476)		(3,253)	\$ (3,253)	Non-Federal Earned Revenue
			(3,253)	(3,253)	Total Non-Federal Earned Revenue
STEM Education	(6,837)		(124,060)	(124,060)	Buy/Sell Revenue (Exchange)
			(124,060)	(124,060)	Total Federal Earned Revenue
<b>TOTAL EARNED REVENUE</b>	<b>\$ (127,313)</b>		<b>(127,313)</b>	<b>\$ (127,313)</b>	<b>TOTAL EARNED REVENUE</b>
<b>NET COST OF OPERATIONS</b>	<b>\$ 9,029,221</b>	<b>\$ 147,416</b>	<b>8,881,805</b>	<b>\$ 9,029,221</b>	<b>NET COST OF OPERATIONS</b>

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, 2023  
(Amounts in Thousands)

FY 2023 National Science Foundation SCNP		Line Items Used to Prepare FY 2023 Government-wide SCNP			
Financial Statement Line	Amount	Dedicated Collections	Other Than Dedicated Collections	Total	Reclassified Financial Statement Line
<b>UNEXPENDED APPROPRIATIONS</b>					
<b>Beginning Balance</b>	<b>\$ 17,249,150</b>	<b>\$ 715,947</b>	<b>17,721,685</b>	<b>\$ 18,437,632</b>	<b>Net Position, Beginning of Period (Includes Cumulative Results of Operations and Unexpended Appropriations)</b>
Appropriations Received	9,901,511		9,806,885	9,806,885	Appropriations Received as Adjusted
Other Adjustments (Canceled Authority)	(94,626)				
Appropriations Used	(8,865,863)		(8,865,863)	(8,865,863)	Appropriations Used
<b>Net Change in Unexpended Appropriations</b>	<b>941,022</b>				
<b>TOTAL UNEXPENDED APPROPRIATIONS</b>	<b>\$ 18,190,172</b>				
<b>CUMULATIVE RESULTS OF OPERATIONS</b>					
<b>Beginning Balance</b>	<b>\$ 1,188,482</b>				
Appropriations Used	8,865,863		8,865,863	8,865,863	Appropriations Expended
Non-Exchange Revenue	3		27,717	27,717	Other Taxes and Receipts
Donations	27,743				
Other (1 of 2)	(29)				
Total Non-Exchange Revenues	27,717		27,717	27,717	Total Non-Federal Non-Exchange Revenues
		(3,135)	-	(3,135)	Accruals for Entity Amounts to be Collected in a TAS Other Than the General Fund of the U.S. Government - Non-Exchange (RC 16)
		145,765	-	145,765	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
		(7,691)	-	(7,691)	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
Transfers In / (Out) Without Reimbursement	134,939	134,939	-	134,939	Total Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
Imputed Financing	22,099		22,099	22,099	Imputed Financing Sources
			(3,746)	(3,746)	Non-Entity Collections Transferred to the General Fund of the U.S. Government
			492	492	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
Other (2 of 2)	(3,254)		(3,254)	(3,254)	Total Non-Entity Collections Transferred and Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
Net Cost of Operations	(9,029,221)	(147,416)	(8,881,805)	(9,029,221)	Net Cost of Operations
<b>Net Change in Cumulative Results of Operations</b>	<b>18,143</b>				
<b>TOTAL CUMULATIVE RESULTS OF OPERATIONS</b>	<b>\$ 1,206,625</b>				
<b>NET POSITION</b>	<b>\$ 19,396,797</b>	<b>\$ 703,470</b>	<b>18,693,327</b>	<b>\$ 19,396,797</b>	<b>NET POSITION</b>

## REQUIRED SUPPLEMENTARY INFORMATION

### **Deferred Maintenance and Repairs**

For the Fiscal Years ended September 30, 2023 and 2022

## Deferred Maintenance and Repairs

NSF performs condition assessment surveys in accordance with SFFAS No. 42, *Deferred Maintenance and Repairs*, for capitalized PP&E, including fully depreciated 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 the fiscal years ended September 30, 2023 and 2022. 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 disclosed the beginning and ending balances for deferred maintenance. NSF determined that scheduled maintenance or repairs on one item of Antarctic capital equipment in poor condition was not completed and was deferred or delayed for a future period. The dollar amount of the deferred maintenance for this item remained \$300 thousand as of the fiscal years ended September 30, 2023 and 2022. The item was heavy mobile equipment and was considered critical to NSF operations.



## 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, 2023 and 2022, as presented in the Statement of Budgetary Resources, is disaggregated for each of NSF's major budget accounts.

Combined Statement of Budgetary Resources

2023

(Amounts in Thousands)

	<u>R&amp;RA</u>	<u>EDU</u>	<u>MREFC</u>	<u>CHIPS</u>	<u>OIG, AOAM, and NSB</u>	<u>Special and Donated</u>	<u>Total</u>
<b>Budgetary Resources</b>							
Unobligated Balance from Prior Year Budget Authority, Net Appropriations	\$ 375,625	62,157	335,449	-	19,495	82,067	874,793
Spending Authority from Offsetting Collections	7,841,799	1,371,000	187,230	25,000	476,483	165,816	10,067,328
	107,375	16,408	-	-	8,802	-	132,585
<b>Total Budgetary Resources</b>	<b>\$ 8,324,799</b>	<b>1,449,565</b>	<b>522,679</b>	<b>25,000</b>	<b>504,780</b>	<b>247,883</b>	<b>11,074,706</b>
<b>Status of Budgetary Resources</b>							
New Obligations and Upward Adjustments	\$ 7,740,435	1,301,054	161,362	25,000	493,766	140,343	9,861,960
Unobligated Balance, End of Period:							
Apportioned, Unexpired	406,843	104,371	186,434	-	664	83,473	781,785
Unapportioned, Unexpired	10,965	9,224	174,882	-	3,574	24,067	222,712
Unobligated Balance, Unexpired, End of Period	417,808	113,595	361,316	-	4,238	107,540	1,004,497
Unobligated Balance, Expired, End of Period	166,556	34,916	1	-	6,776	-	208,249
Total Unobligated Balance, End of Period	584,364	148,511	361,317	-	11,014	107,540	1,212,746
<b>Total Status of Budgetary Resources</b>	<b>\$ 8,324,799</b>	<b>\$ 1,449,565</b>	<b>\$ 522,679</b>	<b>\$ 25,000</b>	<b>\$ 504,780</b>	<b>\$ 247,883</b>	<b>\$ 11,074,706</b>
<b>Net Outlays</b>							
Net Outlays	\$ 7,158,000	1,057,433	157,076	135	455,199	154,415	8,982,258
Distributed Offsetting Receipts	-	-	-	-	-	(31,489)	(31,489)
<b>Net Agency Outlays</b>	<b>7,158,000</b>	<b>1,057,433</b>	<b>157,076</b>	<b>135</b>	<b>455,199</b>	<b>122,926</b>	<b>8,950,769</b>

Combined Statement of Budgetary Resources

2022

(Amounts in Thousands)

	<u>R&amp;RA</u>	<u>EDU</u>	<u>MREFC</u>	<u>CHIPS</u>	<u>OIG, AOAM, and NSB</u>	<u>Special and Donated</u>	<u>Total</u>
<b>Budgetary Resources</b>							
Unobligated Balance from Prior Year Budget Authority, Net	\$ 556,200	82,820	255,790	-	7,460	152,671	1,054,941
Appropriations	6,999,520	1,149,460	265,520	-	448,500	208,091	9,071,091
Spending Authority from Offsetting Collections	79,242	4,950	-	-	7,270	-	91,462
<b>Total Budgetary Resources</b>	<b>\$ 7,634,962</b>	<b>1,237,230</b>	<b>521,310</b>	<b>-</b>	<b>463,230</b>	<b>360,762</b>	<b>10,217,494</b>
<b>Status of Budgetary Resources</b>							
New Obligations and Upward Adjustments	\$ 7,400,190	1,196,006	190,581	-	451,426	285,505	9,523,708
Unobligated Balance, End of Period:							
Apportioned, Unexpired	78,870	4,735	175,745	-	5,279	61,996	326,625
Unapportioned, Unexpired	8,755	6,877	154,984	-	-	13,261	183,877
Unobligated Balance, Unexpired, End of Period	87,625	11,612	330,729	-	5,279	75,257	510,502
Unobligated Balance, Expired, End of Period	147,147	29,612	-	-	6,525	-	183,284
Total Unobligated Balance, End of Period	234,772	41,224	330,729	-	11,804	75,257	693,786
<b>Total Status of Budgetary Resources</b>	<b>\$ 7,634,962</b>	<b>1,237,230</b>	<b>521,310</b>	<b>-</b>	<b>463,230</b>	<b>360,762</b>	<b>10,217,494</b>
<b>Net Outlays</b>							
In : Net Outlays	\$ 6,573,104	872,450	155,535	-	427,119	131,148	8,159,356
Distributed Offsetting Receipts	-	-	-	-	-	(26,554)	(26,554)
<b>Net Agency Outlays</b>	<b>\$ 6,573,104</b>	<b>872,450</b>	<b>155,535</b>	<b>-</b>	<b>427,119</b>	<b>104,594</b>	<b>8,132,802</b>

