

## **II. FINANCIAL STATEMENTS**

as of and for the years ended  
September 30, 2001 and 2000





**National Science Foundation**  
**Balance Sheets**  
**As of September 30, 2001 and 2000**  
(Amounts in Thousands)

**ASSETS**

	<u>2001</u>	<u>2000</u>
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 5,720,311	\$ 4,892,765
Accounts Receivable (Note 3)	5,588	3,997
Total Intragovernmental Assets	<u>5,725,899</u>	<u>4,896,762</u>
Cash	5,744	5,835
Accounts Receivable, Net (Note 3)	875	658
Advances (Note 4)	66,138	69,696
General Property, Plant and Equipment, Net (Notes 5 and 13)	<u>203,242</u>	<u>167,362</u>
<b>Total Assets</b>	<u>\$ 6,001,898</u>	<u>\$ 5,140,313</u>

**LIABILITIES**

Intragovernmental Liabilities		
Advances From Others	\$ 115,125	\$ 96,383
Other Intragovernmental Liabilities (Note 6)	108	1,219
Employee Benefits (Notes 7 and 8)	296	335
Total Intragovernmental Liabilities	<u>115,529</u>	<u>97,937</u>
Accounts Payable	284,386	266,478
Other Liabilities (Note 6)	3,207	3,890
Employee Benefits (Notes 7 and 8)	1,806	1,767
Lease Liabilities (Notes 7 and 9)	451	602
Accrued Annual Leave (Note 7)	<u>9,660</u>	<u>9,295</u>
<b>Total Liabilities</b>	<u>415,039</u>	<u>379,969</u>

**NET POSITION**

Unexpended Appropriations (Note 10)	5,343,547	4,541,631
Cumulative Results of Operations (Note 13)	<u>243,312</u>	<u>218,713</u>
<b>Total Net Position</b>	<u>5,586,859</u>	<u>4,760,344</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 6,001,898</u>	<u>\$ 5,140,313</u>

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

**National Science Foundation  
Statement of Net Cost  
For the Year Ended September 30, 2001  
(Amounts in Thousands)**

**Program Costs**

	<b><u>2001</u></b>
<b>People</b>	
Intragovernmental	
Program Cost	\$ 1,454
Salary & Expense and Inspector General Cost	493
<b>Total Intragovernmental Cost</b>	<u>1,947</u>
With the Public	
Program Cost	703,495
Salary & Expense and Inspector General Cost	27,808
<b>Total Public Cost</b>	<u>731,303</u>
Total People Program Cost	733,250
Less: Earned Revenues	9,832
<b>Net People Program Cost</b>	<u>723,418</u>
<b>Ideas</b>	
Intragovernmental	
Program Cost	10,419
Salary & Expense and Inspector General Cost	3,528
<b>Total Intragovernmental Cost</b>	<u>13,947</u>
With the Public	
Program Cost	1,964,948
Salary & Expense and Inspector General Cost	77,670
<b>Total Public Cost</b>	<u>2,042,618</u>
Total Ideas Program Cost	2,056,565
Less: Earned Revenues	54,125
<b>Net Ideas Program Cost</b>	<u>2,002,440</u>
<b>Tools</b>	
Intragovernmental	
Program Cost	82,119
Salary & Expense and Inspector General Cost	27,810
<b>Total Intragovernmental Cost</b>	<u>109,929</u>
With the Public	
Program Cost	846,178
Salary & Expense and Inspector General Cost	33,448
<b>Total Public Cost</b>	<u>879,626</u>
Total Tools Program Cost	989,555
Less: Earned Revenues	17,272
<b>Net Tools Program Cost</b>	<u>972,283</u>
<b>Net Cost of Operations</b> (Note 11)	<u>\$ 3,698,141</u>

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

**National Science Foundation  
Statement of Net Cost  
For the Year Ended September 30, 2000  
(Amounts in Thousands)**

**Program Costs**

	<u>2000</u>
Research Programs:	
Intragovernmental	
Program Cost	\$ 101,304
Salary & Expense and Inspector General Cost	28,652
Total Intragovernmental Cost	<u>129,956</u>
With the Public	
Program Cost	2,708,885
Salary & Expense and Inspector General Cost	113,426
Total Public Cost	<u>2,822,311</u>
 Total Research Program Cost	 2,952,267
Less: Earned Revenues	76,372
Net Research Program Cost	<u>2,875,895</u>
 Education Programs:	
Intragovernmental	
Program Cost	2,262
Salary & Expense and Inspector General Cost	572
Total Intragovernmental Cost	<u>2,834</u>
With the Public	
Program Cost	594,255
Salary & Expense and Inspector General Cost	19,370
Total Public Cost	<u>613,625</u>
 Total Education Program Cost	 616,459
Less: Earned Revenues	7,844
Net Education Program Cost	<u>608,615</u>
 <b>Net Cost of Operations</b> (Notes 11 and 13)	 <b>\$ 3,484,510</b>

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

**National Science Foundation**  
**Statement of Changes in Net Position**  
**For the Years Ended September 30, 2001 and 2000**  
(Amounts in Thousands)

	<u>2001</u>	<u>2000</u>
<b>Net Cost of Operations</b>	\$ <u>3,698,141</u>	\$ <u>3,484,510</u>
<b>Financing Sources:</b>		
Appropriations Used	3,688,983	3,461,834
Donations	27,955	39,371
Interest and Penalties	139	298
Imputed Financing	5,663	4,774
Transfers in (Note 12)	<u>-</u>	<u>227</u>
<b>Total Financing Sources</b>	<u>3,722,740</u>	<u>3,506,504</u>
<b>Net Results of Operations</b>	\$ <u>24,599</u>	\$ <u>21,994</u>
Prior Period Adjustment (Note 13)	-	24,557
Net Change in Cumulative Results of Operations	\$ 24,599	\$ 46,551
Increase in Unexpended Appropriations	<u>801,916</u>	<u>473,233</u>
<b>Change in Net Position</b>	826,515	519,784
<b>Net Position – Beginning of Period</b>	<u>4,760,344</u>	<u>4,240,560</u>
<b>Net Position – End of Period</b>	\$ <u>5,586,859</u>	\$ <u>4,760,344</u>

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

**National Science Foundation**  
**Statements of Budgetary Resources**  
**For the Years Ended September 30, 2001 and 2000**  
(Amounts in Thousands)

	<u>2001</u>	<u>2000</u>
<b>Budgetary Resources</b>		
Budgetary Authority (Note 14)	\$ 4,547,001	\$ 4,001,238
Unobligated Balances – Beginning of Period	247,076	187,607
Spending Authority from Offsetting Collections	101,144	85,498
Adjustments:		
Recoveries of Prior Year Obligations	46,954	76,574
Cancelled Authority Returned to Treasury	<u>(28,023)</u>	<u>(26,689)</u>
	<u>18,931</u>	<u>49,885</u>
<b>Total Budgetary Resources</b>	<u>\$ 4,914,152</u>	<u>\$ 4,324,228</u>
<b>Status of Budgetary Resources:</b>		
Obligations Incurred	\$ 4,674,880	\$ 4,077,152
Unobligated Balances – End of Period – Available	152,249	144,593
Unobligated Balances – End of Period – Not Available	<u>87,023</u>	<u>102,483</u>
<b>Total Status of Budgetary Resources</b>	<u>\$ 4,914,152</u>	<u>\$ 4,324,228</u>
<b>Outlays</b>		
Obligations Incurred	\$ 4,674,880	\$ 4,077,152
Less: Spending Authority from Offsetting Collections and Recoveries of Prior Year Obligations	148,098	162,072
Obligated Balance, Net – Beginning of Period	4,645,202	4,217,513
Less: Obligated Balance, Net – End of Period	<u>5,480,812</u>	<u>4,645,202</u>
<b>Total Outlays</b>	<u>\$ 3,691,172</u>	<u>\$ 3,487,391</u>

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

**National Science Foundation**  
**Statement of Financing**  
**For the Years Ended September 30, 2001 and 2000**  
(Amounts in Thousands)

	<u>2001</u>	<u>2000</u>
<b>Obligations and Nonbudgetary Resources</b>		
Obligations Incurred	\$ 4,674,880	\$ 4,077,152
Less: Spending Authority for Offsetting Collections and Adjustments	(148,098)	(162,072)
Imputed Financing	5,663	4,774
Transfers in (Note 12)	-	227
Exchange Revenue Not in the Budget	(218)	(395)
Nonexchange Revenue Not in the Budget	89	310
Total Obligations and Nonbudgetary Resources	<u>4,532,316</u>	<u>3,919,996</u>
<b>Resources That Do Not Fund Net Cost of Operations</b>		
Changes in Amount of Goods, Services, and Benefits Ordered but not yet Received or Provided	(818,552)	(396,144)
Change in Unfilled Customer Orders	20,141	1,592
Net Cost Capitalized on the Balance Sheet	(47,422)	(76,620)
Prior Period Adjustments	-	24,557
Total Resources That Do Not Fund Net Cost of Operations	<u>(845,833)</u>	<u>(446,615)</u>
<b>Costs That Do Not Require Resources</b>		
Depreciation and Amortization	11,493	10,300
(Gain)/Loss on Disposition of Assets, net	(49)	102
Total Costs that Do Not Require Resources	<u>11,444</u>	<u>10,402</u>
<b>Change in Financing Sources Yet to be Provided</b> (Note 15)	<u>214</u>	<u>727</u>
<b>Net Cost of Operations</b>	<u>\$ 3,698,141</u>	<u>\$ 3,484,510</u>

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

## **Note 1. Summary of Significant Accounting Policies**

### **A. Reporting Entity**

The National Science Foundation ("NSF" or "Foundation") is an independent Federal agency created by the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-75). Its aim is to promote and advance scientific progress in the United States. NSF initiates and supports basic scientific research and research fundamental to the engineering process and programs to strengthen scientific and engineering research potential. NSF also supports science and engineering education programs at all levels in all fields of science and engineering. NSF funds research and education in science and engineering by awarding grants and contracts to educational and research institutions in all parts of the United States. NSF, by law, cannot operate research facilities. By award, NSF enters into relationships to fund the research operations conducted by grantees.

NSF is led by a presidentially-appointed director and the policy-making National Science Board ("The Board"). This Board, composed of 24 members, represents a cross section of American leaders in science and engineering research and education, who are appointed by the President for six-year terms. The NSF Director is a member *ex officio* of the Board.

NSF is authorized by section 11(f) of the NSF Act [42 U.S.C. 1870(f)], to receive and use funds donated by others, if such funds are donated without restriction other than they be used in the furtherance of the mission of the Foundation. These donations are funds received from foreign governments, private companies, academic institutions, non-profit foundations, and individuals. Donated funds are accepted into the NSF Trust Fund account either as unrestricted or as earmarked contributions to specific NSF programs that the Foundation holds in trust for disbursement to its awardees. Foreign donations are deposited initially in a commercial bank as a convenient wire-transfer depository. When needed for program support purposes, they are transferred into an account at the U.S. Treasury. Interest earnings on the commercial bank deposits are used for the same purposes as the principal donations. Funds are made available for obligation as necessary to support NSF programs.

### **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, and the Reports Consolidation Act of 2000. They have been prepared from the books and records of NSF in accordance with generally accepted accounting principles in the United States of America. These statements are therefore different from the financial reports, also prepared by NSF pursuant to OMB directives, that are used to monitor and control NSF's use of budgetary resources.

### **C. Basis of Accounting**

The accompanying financial statements have been prepared using the accrual method in addition to recognizing certain budgetary transactions. 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. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. NSF records grant expenses from expenditure reports submitted by the grantees. Grantees may be on either an accrual or cash basis of accounting, and NSF records amounts as reported.

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

NSF receives the majority of its funding through appropriations contained in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act. NSF receives both annual and multi-year appropriations that may be expended, within statutory limits. Additional amounts are obtained through reimbursements for services provided to and allocation transfers

from other federal agencies and donations to the Trust Fund account. Also, NSF receives interest earned on overdue receivables and excess cash advances to grantees. The interest earned on overdue receivables is returned to the Treasury. Interest earned on excess cash advances to grantees is sent directly to the Department of Health and Human Services (HHS) in accordance with OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non Profit Organizations*.

Appropriations are recognized as a financing source at the time the related “funded” program or administrative expenses are incurred. Appropriations are recognized when used to purchase property, plant and equipment. “Unfunded” liabilities result from Liabilities Not Covered by Budgetary Resources and will be paid when future appropriations are made available for these purposes. Donations are recognized as revenues when funds are received. Revenues from reimbursable agreements are recognized when the services are provided and the related expenditures are incurred. Reimbursable agreements are mainly for grant administrative services provided by NSF on behalf of other federal agencies.

### **E. Fund Balance with Treasury and Cash**

Cash receipts and disbursements are processed by the Treasury. The Fund Balance with Treasury is comprised primarily of appropriated funds that are available to pay current liabilities and finance authorized purchase commitments, but also includes non-appropriated funding sources from donations and other revenue received from an NSF cooperative agreement to register Internet domain names.

NSF has also established commercial bank accounts to hold some donated funds in trust, in interest bearing accounts as permitted by the contributors. These funds are collateralized by the bank through the U.S. Treasury.

### **F. Accounts Receivable, Net**

Accounts Receivable consists of amounts due from governmental agencies, private organizations, and individuals. NSF establishes an allowance for accounts receivable from private sources that are deemed uncollectible, but regards amounts due from other federal agencies as fully collectible. Due to the small number and dollar amount of the private receivables, NSF analyzes each account independently to assess collectability and the need for an offsetting allowance or write-off.

### **G. Advances**

Advances consist of advances to grantees, contractors and employees. Advance payments are made to grant recipients so that recipients may incur expenses related to the approved grant. Payments are only made within the amount of the recorded grant obligation and are intended to cover immediate cash needs. At the end of the fiscal year, the total amount paid to the grantees is compared with total grant expenditures for the year. Total grant expenditures for the year includes an estimate of fourth quarter amounts due and payable to grantees. The estimate is compiled using historical grantee expenditure data. For those grantees with advance payments exceeding expenditures, the aggregate difference is reported as an advance. Additionally, for those grantees with expenditures exceeding advance payments, the aggregate difference is reported as a grant liability. Advances to contractors are payments made in advance of incurring expenses. Advances to employees are related to travel. Advances are reduced when documentation supporting expenditures is received.

## **H. General Property, Plant and Equipment (PP&E)**

### General Property

NSF capitalizes acquisitions with costs exceeding \$25,000 and useful lives exceeding two years. Acquisitions not meeting these criteria are recorded as operating expenses. NSF currently reports capitalized PP&E at original acquisition cost; assets acquired from General Services Administration's (GSA) excess property schedules are recorded at the value assigned by the donating agency; assets transferred in from other agencies are at the cost recorded by the transferring entity for the asset net of accumulated depreciation or amortization. Depreciation expense is calculated using the straight-line method. The economic 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 years - generators, Department of Defense equipment

#### Aircraft and Satellites

- 7 years - aircraft and satellites

#### Buildings and Structures

- 31.5 years - buildings and structures placed in service prior to 1993
- 39 years - buildings and structures placed in service after 1993

#### Internal Use Software

- 5 years - internal use software

#### Leasehold Improvements

The economic life of Leasehold Improvements is amortized over the number of years remaining on the lease for the NSF headquarters building. In FY 2001, Leasehold Improvements completed during FY 2000 were amortized over 12 years, which represents the remaining years on NSF's lease with GSA.

The PP&E balance consists of Equipment, Aircraft and Satellites, Buildings and Structures, Leasehold Improvements, and Construction in Progress (CIP). Costs are accumulated in construction in progress until such time as the project is completed and at that time capitalized and depreciated over the respective useful life of the assets. These balances are comprised of PP&E maintained "in-house" by NSF to support agency operations and PP&E under the U.S. Antarctic Program (USAP). The majority of USAP property is currently the custodial responsibility of Raytheon Technical Services Company, the NSF contractor for the program. Additionally, the U.S. Navy's Space and Naval Warfare Center also has custodial responsibility for some USAP property.

#### Office Space

The NSF headquarters building is leased through the General Services Administration (GSA). NSF is billed by GSA for the leased space as rent based upon estimated lease payments made by

GSA plus an administrative fee. The cost of the headquarters building is not capitalized by NSF. The cost of leasehold improvements performed by GSA are financed with NSF appropriated funds. The leasehold improvements are capitalized by NSF as they are transferred from CIP upon completion, if the leasehold improvements meet NSF's capitalization threshold. Amortization is calculated using the straight-line method over the lesser of their useful lives or the unexpired lease term.

#### Internal Use Software

Effective October 1, 2000, NSF began to control, value and report purchased or developed software as tangible property assets, in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) No. 10 – "Accounting for Internal Use Software". NSF identifies software investments as accountable property for items that, in the aggregate cost \$500,000 or more to purchase, develop, enhance or modify a new or existing NSF system. All internal use software meeting the capitalization threshold is amortized over a five-year period using the straight-line method.

#### Assets Owned by NSF in the Custody of Other Entities

NSF supports five Federally Funded Research and Development Centers (FFRDC's). In accomplishing its mission, NSF engages organizations in cooperative agreements to manage, operate, and maintain research facilities for the benefit of the scientific community. NSF funds the acquisition of property and transfers control to the FFRDC's. NSF is prohibited from operating such property directly. In practice, NSF's ownership interest in the PP&E is similar to a reversionary interest. In accordance with agency specific guidance provided by the Federal Accounting Standards Advisory Board (FASAB), NSF is including the acquisition costs of FFRDC property in the Research and Human Capital Activities costs in the Stewardship Investments section as part of the Required Supplementary Stewardship Information. NSF does not capitalize the carrying value of the FFRDC's PP&E, but discloses such information in its financial statements (Note 5) based on information provided by the organizations holding the assets.

### **I. Advances from Others**

Advances from Others consist of amounts obligated and advanced by other federal entities to NSF for grant administration and other services to be furnished under reimbursable agreements. Balances at the end of the year are adjusted by an allocated amount from the fourth quarter grantee expenditure estimate described under Note G, Advances. The amount to be allocated is based on a percentage of the reimbursable grant expenditures, by partner agencies to NSF, to the total grant expenditures.

### **J. Accounts Payable**

Accounts Payable consist of grant liabilities and liabilities to commercial vendors. Grant liabilities are grantee expenses not yet reimbursed by NSF. Accounts payable to commercial vendors are expenses for goods and services received but not yet paid by NSF at the end of the fiscal year. At year end, NSF accrues for the amount of estimated unreimbursed grantee expenses and estimated unpaid expenses to commercial vendors.

### **K. Annual, Sick and Other Leave**

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, 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 Salaries and Expenses appropriations. Sick leave and other types of nonvested leave are expensed as taken.

## **L. Employee Benefits**

A liability is recorded for estimated and actual future payments to be made for workers' compensation pursuant to the Federal Employees' Compensation Act (FECA). The liability consists of the net present value of estimated future payments calculated by the U.S. Department of Labor (DOL) and the actual unreimbursed cost paid by DOL for compensation paid to recipients under FECA. The actual costs incurred are reflected as a liability because NSF will reimburse DOL two years after the actual payment of expenses. Future Salaries and Expenses Appropriations will be used for DOL's estimated reimbursement.

## **M. Net Position**

Net position is the residual difference between assets and liabilities and is composed of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended 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 is the net result of NSF's operations since inception.

## **N. Retirement Plan**

In FY 2001, approximately 35 percent of NSF employees participated in the Civil Service Retirement System (CSRS), to which NSF made matching contributions equal to 8.51 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 that it offers a thrift savings plan to which NSF automatically contributes 1 percent of pay and matches employee contributions up to an additional 4 percent of pay. NSF also contributes the employer's matching share for Social Security for FERS participants.

Although NSF funds a portion of the benefits under FERS and CSRS relating to its employees and withholds the necessary payroll deductions, the agency has no liability for future payments to employees under these plans, nor does NSF report CSRS, FERS, or 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 (FRTIB). In FY 2001, NSF's contributions to CSRS and FERS were \$3,082,234 and \$5,506,810, respectively. In FY 2000, NSF's contributions to CSRS and FERS were \$3,215,242 and \$5,124,803, respectively.

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 communicate these factors to the agency for current period expense reporting. Information was also provided by OPM regarding the full cost of health and life insurance benefits. In FY 2001, NSF, utilizing cost factors dated October 15, 2001, recognized \$2,731,233 of pension expenses, \$2,915,028 of post-retirement health benefits expenses and \$17,110 of post-retirement life insurance expenses, beyond amounts actually paid. NSF recognized an offsetting revenue of \$5,663,371 as an imputed financing source to the extent that these intragovernmental expenses will be paid by OPM. In FY 2000, NSF recognized \$2,108,336 of pension expenses, \$2,649,643 of post-retirement health benefits expenses and \$15,999 of post-retirement life insurance expenses, beyond amounts actually paid. NSF recognized an offsetting revenue of \$4,773,978 as imputed financing sources to the extent that these intragovernmental expenses will be paid by OPM.

## **O. Commitments, Contingencies and Possible Future Costs**

### Commitments

Commitments are contractual agreements involving financial obligations. NSF is committed for goods and services that have been ordered, but have not yet been delivered.

### 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 the actions and claims will not materially affect the financial position or operations of the Foundation. NSF discloses and recognizes the loss in the financial statements when claims are expected to result in a material loss, whether from the Foundation's appropriations or the "Judgment Fund" administered by the Department of Justice under Section 1304 of Title 31 of the United States Code, and, the payment amounts can be reasonably estimated.

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

### Environmental Costs

NSF manages the U.S. Antarctic Program. The Antarctic Conservation Act and its implementing regulations impose requirements for environmental cleanup in the Antarctica. NSF continually monitors the U.S. Antarctic Program in regards to environmental issues. Each year NSF puts forth a plan to assess and correct environmental concerns for projects that took place prior to NSF's operation of the Antarctic Program.

A significant project NSF is currently undertaking is limited clean up of a former research station at Cape Hallett, in cooperation with Antarctic New Zealand. The station was jointly operated by the U.S. and New Zealand from 1957 to 1973. The full extent of the clean up activities required at Cape Hallett has yet to be determined in the context of the Antarctic Conservation Act.

## **P. Use of Estimates**

The preparation of the accompanying financial statements requires management to make estimates and assumptions about certain estimates included in the financial statements. Actual results will invariably differ from those estimates.

## **Q. Tax Status**

NSF, as a federal agency, is not subject to federal, state, or local income taxes and, accordingly, no provision for income taxes is recorded.

## **R. Reclassifications**

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

**S. Accounting Standards Adopted in FY 2001**

Effective October 1, 2000, NSF adopted the provision of SFFAS No. 10, *Accounting for Internal Use Software*, and SFFAS No. 21, *Reporting Corrections of Errors and Changes in Accounting Principles*.

**Note 2. Fund Balance with Treasury**

Fund Balance with Treasury consisted of the following components as of September 30, 2001 and 2000:

	<i>(Amounts in Thousands)</i>				
	<u>2001</u>				<u>2000</u>
	Appropriated Funds	Trust Funds	Other Funds	Total	Total
Obligated	\$ 5,449,887	\$ 12,429	\$ 18,202	\$ 5,480,518	\$ 4,644,881
Unobligated Available	135,034	17,675	318	153,027	164,574
Unobligated Unavailable	86,539	-	227	86,766	83,310
<b>Total Fund Balance</b>	<b>\$ 5,671,460</b>	<b>\$ 30,104</b>	<b>\$ 18,747</b>	<b>\$ 5,720,311</b>	<b>\$ 4,892,765</b>

"Other Funds" consists of \$18,202,155 and \$28,405,674, as of September 30, 2001 and 2000, respectively, received from a corporation that registered second level Internet domain names under NSF cooperative agreement and nonexpenditure transfer authorizations, deposits, holdings, and miscellaneous receipt accounts. The nonexpenditure transfer authorizations are appropriation allocations from other government agencies and include 14,926,765 and 15,826,073 Indian rupees converted as of September 30, 2001 and 2000, respectively, to U.S. dollars at the prevailing Treasury rate of 47 rupees to \$1 US, or \$317,591 and 45.6 rupees to \$1 US, or \$347,063, respectively.

The Trust Fund includes amounts donated to NSF. Other Funds and Trust Funds are restricted for intended purposes. Unavailable balances include recovered expired appropriations and other amounts related to expired authority and holdings, which are unavailable for NSF use.

**Note 3. Accounts Receivable, Net**

*Intragovernmental*

The Intragovernmental Accounts Receivable consists of reimbursements and repayments due from other government agencies. As of September 30, 2001 and 2000, the amount of intragovernmental accounts receivable was \$5,587,648 and \$3,996,660, respectively.

*Public*

As of September 30, 2001 and 2000, Accounts Receivable (net) due from private organizations and individuals consisted of:

*(Amounts in Thousands)*

	<u>2001</u>	<u>2000</u>
Accounts Receivable	\$ 9,058	\$ 8,841
Allowance for Uncollectible Accounts	(8,183)	(8,183)
Net Amount Due	<u>\$ 875</u>	<u>\$ 658</u>

As of September 30, 2001 and 2000, the reconciliation of the allowance for uncollectible accounts is as follows:

*(Amounts in Thousands)*

	<u>2001</u>	<u>2000</u>
Beginning Allowance	\$ 8,183	\$ 298
Additions	26	7,929
Reduction (write-offs)	(26)	(44)
Ending Allowance	<u>\$ 8,183</u>	<u>\$ 8,183</u>

An allowance was set up in FY 2000 for \$7,929,465, which represents the allowance for a receivable from a grantee that filed for dissolution. The receivable has been forwarded to the Department of Justice, as required by OMB Circular A-129 and U.S.C. 31 Section 3711, for concurrence on the termination of debt.

**Note 4. Advances**

As of September 30, 2001 and 2000, Advances consisted of the following components:

*(Amounts in Thousands)*

	<u>2001</u>	<u>2000</u>
Advances to Grantees	\$ 63,004	\$ 50,634
Advances to Contractors	677	15,359
Advances to Employees	-	7
Advances to Others – Federal	2,457	3,696
Total Advances	<u>\$ 66,138</u>	<u>\$ 69,696</u>

**Note 5. General Property, Plant and Equipment, Net**

The components of General Property, Plant and Equipment as of September 30, 2001 and 2000 were:

	<i>(Amounts in Thousands)</i>			
	<u>2001</u>			<u>2000</u>
	Acquisition Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment	\$ 62,822	49,518	13,304	\$ 11,590
Aircraft and Satellites	94,207	87,185	7,022	11,928
Buildings and Structures	84,691	36,786	47,905	49,514
Construction in Progress	133,054	-	133,054	94,330
Internal Use Software	2,175	218	1,957	-
Total PP&E	<u>\$ 376,949</u>	<u>173,707</u>	<u>203,242</u>	<u>\$ 167,362</u>

As of September 30, 2001 and 2000, the book values (net of accumulated depreciation) of PP&E owned by NSF but in the custody of FFRDC's included the following.

	<i>(Amounts in Thousands)</i>	
<u>FFRDC</u>	<u>2001</u>	<u>2000</u>
National Astronomy and Ionosphere Center (NAIC)	\$ 41,053	\$ 43,832
National Center for Atmospheric Research (NCAR)	20,977	25,933
National Optical Astronomy Observatories (NOAO)	37,419	40,974
National Radio Astronomy Observatories (NRAO)	102,829	96,309
The Science and Technology Policy Institute (STPI)	-	-
Total	<u>\$ 202,278</u>	<u>\$ 207,048</u>

**Note 6. Other Liabilities**

Other Liabilities represent current accrued employer contributions for payroll and benefits, disbursements in transit, accrued payroll and benefits, and various employee related liabilities for payroll and benefit deductions. As of September 30, 2001 and 2000, Other Liabilities consisted of the following:

	<i>(Amounts in Thousands)</i>	
	<u>2001</u>	<u>2000</u>
<u>Intragovernmental</u>		
Employer Contributions for Payroll Benefits	\$ 244	\$ 219
(Deposits)/Disbursements in Transit	(136)	1,000
Total Other Intragovernmental Liabilities	<u>108</u>	<u>1,219</u>
<u>Other Liabilities</u>		
Accrued Payroll and Benefits	2,707	3,312
State and Other Income Taxes Withheld	217	480
Disbursements in Transit	275	91
Employee Deductions for U.S. Savings Bonds	8	7
Total Other Liabilities	<u>\$ 3,207</u>	<u>\$ 3,890</u>

**Note 7. Liabilities Not Covered by Budgetary Resources**

Certain liabilities are not funded by current budgetary resources. As of September 30, 2001 and 2000, Liabilities Not Covered by Budgetary Resources consisted of the following:

	<i>(Amounts in Thousands)</i>	
	<u>2001</u>	<u>2000</u>
Intragovernmental: Employee Benefits	\$ 296	\$ 335
Employee Benefits	1,806	1,767
Accrued Annual Leave	9,660	9,295
Liabilities Not Covered by Budgetary Resources to Fund Cost of Operations	<u>\$ 11,762</u>	<u>\$ 11,397</u>
Lease Liabilities	451	602
Total Liabilities Not Covered By Budgetary Resources	<u>\$ 12,213</u>	<u>\$ 11,999</u>

**Note 8. Employee Benefits**

Employee Benefits consisted of the following components as of September 30, 2001 and 2000:

	<i>(Amounts in Thousands)</i>	
	<u>2001</u>	<u>2000</u>
Intragovernmental: Unreimbursed Actual Costs	\$ 296	\$ 335
Estimated Liability	1,806	1,767
Total Workers' Compensation Benefits	<u>\$ 2,102</u>	<u>\$ 2,102</u>

For FYs 2001 and 2000, these amounts represent \$296,462 and \$335,204 respectively, of unreimbursed cost to the Department of Labor (DOL) for actual compensation paid to recipients under Federal Employee's Compensation Act (FECA). FECA provides income and medical cost protection to cover federal employees injured on the job or who have a work-related injury or occupational disease, and beneficiaries of employees whose death is attributable to a job related injury or occupational disease. The U.S. Department of Labor initially pays valid claims and then bills the employing federal agency.

As of September 30, 2001 and 2000 the estimated liability of \$1,806,000 and \$1,767,000, respectively, are for future worker's compensation calculated by DOL and includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period and annual benefit payments discounted to present value using OMB's economic assumptions for 10-year Treasury notes and bonds. To account for the effects of inflation on the liability, wage and medical inflation factors are applied to the calculation of future benefits.

**Note 9. Lease Liabilities**

NSF maintains capital leases for certain equipment. The lease periods range from four to five years and the capitalized cost of the lease payments are amortized over the life of the lease. As of September 30, 2001 and 2000, the capitalized cost of equipment under lease was approximately \$797,000. Related accumulated amortization as of September 30, 2001 and 2000, was approximately \$372,000 and \$211,000, respectively. Capital lease liabilities are considered unfunded as of September 30, 2001 and 2000. As of September 30, 2000, the total Capital Lease Liability was \$602,000. Future payments under capital leases as of September 30, 2001 are:

<i>(Amount in thousands)</i>	
Future Lease Payments:	
Fiscal Year 2002	209
Fiscal Year 2003	165
Fiscal Year 2004	123
Fiscal Year 2005	28
Total	<u>525</u>
Less: Imputed Interest	74
Total Capital Lease Liability	<u>\$ 451</u>

**Note 10. Unexpended Appropriations**

Unexpended Appropriations consisted of the following components as of September 30, 2001 and 2000:

*(Amounts in Thousands)*

	<u>2001</u>	<u>2000</u>
Unobligated:		
Available	\$ 135,058	\$ 143,010
Unavailable	86,539	82,823
Undelivered Orders	5,121,949	4,315,798
Total Unexpended Appropriations	<u>\$ 5,343,547</u>	<u>\$ 4,541,631</u>

The Undelivered Orders balance, in the above table, does not include the Undelivered Orders balances of the Trust Fund account. Total undelivered orders as of September 30, 2001 and 2000 amounted to \$5,138,405 and \$4,329,524, respectively.

**Note 11. Statement of Net Cost**

Major Program Descriptions

NSF's primary business is to make merit-based grants and cooperative agreements to individual researchers and groups, in partnership with colleges, universities, and other public, private, state, local, and federal institutions, throughout the U.S. By providing these resources, NSF contributes to the health and vitality of the U.S. research and educational systems, which enables and enhances the Nation's capacity to sustain growth and prosperity. These grants are managed through eight programmatic organizations within NSF that review and evaluate competitive proposals submitted by the science and engineering community for its consideration.

NSF is a singular entity for net cost reporting purposes. The NSF programmatic organizations are the Directorates for the Biological Sciences; Computer and Information Science and Engineering; Education and Human Resources; Engineering; Geosciences; Mathematical and Physical Sciences; Social, Behavioral and Economic Sciences; and the Office of Polar Programs.

The Statement of Net Cost was updated in FY 2001 to align with NSF's new strategic outcome goals of People, Ideas and Tools, which represents a change in the cost categorization utilized in FY 2000. These FY 2001 goals are outlined in NSF's Strategic Plan for 2001-2006 ([www.nsf.gov/od/grpa](http://www.nsf.gov/od/grpa)) and FY 2001 Budget Request ([www.nsf.gov/bfa](http://www.nsf.gov/bfa)). In pursuit of its mission, NSF organizations make investments in:

- PEOPLE - to develop a diverse, internationally competitive and globally engaged workforce of scientists, engineers and well-prepared citizens. This goal supports the parts of NSF's mission that are directed at (1) programs to strengthen scientific and engineering research potential; and (2) science and engineering education programs at all levels and in all fields of science and engineering.
- IDEAS - to provide a deep and broad fundamental science and engineering knowledge base. This goal supports the parts of NSF's mission directed at basic scientific research and research fundamental to the engineering process.

*National Science Foundation  
Notes to the Financial Statements  
For the Years Ended September 30, 2001 and 2000*

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- TOOLS - to provide widely accessible, state-of-the-art science and engineering infrastructure. This goal supports the parts of NSF's mission directed at (1) programs to strengthen scientific and engineering research potential; and (2) an information base on science and engineering appropriate for development of national and international policy.

Over 95 percent of NSF's investments are directly related to the People, Ideas, and Tools (PIT) strategic areas of focus. A fourth investment is made to support management and administrative activities of NSF. All costs are assigned to the three strategic PIT areas.

In FY 2000, NSF organizations made investments in science and engineering in two functional program areas: (1) research projects and related programs and (2) education programs. Over 95 percent of NSF's costs are directly related to these investments. A third investment is made to support management and administration activities of NSF. All costs are assigned to these two functional program areas.

- Research programs provide investments in cutting edge research that yields new discoveries. These investments help to maintain the Nation's capacity to excel in science and engineering, particularly in academic institutions. NSF provides support for large, state-of-the-art multi-user research facilities that otherwise would be unavailable to academic scientists, and for staff and support personnel to assist scientists and engineers in conducting research at facilities.
- Education programs help ensure that an adequate, well-prepared workforce of scientists and engineers can maintain leadership in science and technology, both now and in the future and help all students to achieve the mathematics and science skills needed to thrive in an increasingly technological society.

In both FYs 2001 and 2000, support management and administration activities include Salary & Expenses and Inspector General (IG) investments. Salary & Expenses and IG investments provide for salaries and benefits of persons employed at the NSF; general operating expenses, including key activities to advance the NSF information systems technology and to enhance staff training, audit and Inspector General activities, and OPM and DOL benefits costs paid on behalf of NSF. These indirect costs are allocated to NSF programs based on each program's direct costs.

In accordance with crosswalks issued by the Department of the Treasury for this statement in TFM S2-01-02, costs incurred for services provided by other federal entities are reported in the full costs of NSF programs and are identified as "intragovernmental." All earned revenues are funding sources provided through reimbursable agreements with other federal entities and are retained by NSF. Earned revenues are recognized when the related program or administrative expenses are incurred and are deducted from the full cost of the programs to arrive at the net cost of operating NSF's programs.

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For the Years Ended September 30, 2001 and 2000*

Gross Cost and Earned Revenue by Budget Functional Classification

Total Gross Cost and Earned Revenue by Budget Functional Classification for FYs 2001 and 2000 were as follows:

(Amounts in Thousands)

<u>Budget Functional Classification</u>	<u>Gross Cost</u>	<u>2001</u>	
		<u>Earned Revenue</u>	<u>Net Cost</u>
NSF – General Science, Space and Technology (Code 250)	\$ <u>3,779,370</u>	<u>81,229</u>	\$ <u>3,698,141</u>
		<u>2000</u>	
<u>Budget Functional Classification</u>	<u>Gross Cost</u>	<u>Earned Revenue</u>	<u>Net Cost</u>
NSF – General Science, Space and Technology (Code 250)	\$ <u>3,568,726</u>	\$ <u>84,216</u>	\$ <u>3,484,510</u>

Intra-governmental Gross Cost and Earned Revenue by Budget Functional Classification for FYs 2001 and 2000 were as follows:

(Amounts in Thousands)

<u>Budget Functional Classification</u>	<u>Gross Cost</u>	<u>2001</u>	
		<u>Earned Revenue</u>	<u>Net Cost</u>
NSF – General Science, Space and Technology (Code 250)	\$ <u>125,823</u>	\$ <u>81,229</u>	\$ <u>44,594</u>
		<u>2000</u>	
<u>Budget Functional Classification</u>	<u>Gross Cost</u>	<u>Earned Revenue</u>	<u>Net Cost</u>
NSF – General Science, Space and Technology (Code 250)	\$ <u>132,790</u>	\$ <u>84,216</u>	\$ <u>48,574</u>

**Note 12. Transfers In**

In FY 2000, the National Oceanic and Atmospheric Administration transferred to NSF the control over a satellite (GOES-3) with a book value of \$226,805 (cost \$22,680,503; accumulated depreciation \$22,453,695). The GOES-3 provides wideband communications in support of scientific research and mission operations for NSF's U.S. Antarctic Program (USAP).

**Note 13. Prior Period Adjustment**

FY 2000 financial statements have been restated to capitalize costs amounting to approximately \$32,861,000 related to aircraft conversion and modification costs that were previously expensed. Of the capitalized costs, approximately \$8,300,000 was incurred in FY 2000 and \$24,557,000 was incurred prior to FY 2000. In previous years these costs were expensed as incurred based on the determination that the conversion and modification costs did not meet the criteria for capitalization. The initial book value of the aircraft was determined through independent appraisal evaluation in December of 1998. Conversion costs incurred after the initial valuation appraisal are accumulated in construction in progress until the aircraft modifications are completed and then capitalized and depreciated.

**Note 14. Budget Authority**

Budget Authority includes \$28,093,355 and \$39,668,734 of donations and interest as of September 30, 2001 and 2000, respectively. Budget Authority was increased for non-expenditure transfers from the U.S. Agency for International Development for \$14,000,000 in 2001, and \$15,675,000 in 2000. Budget Authority as of September 30, 2001 and 2000 was also adjusted for Congressional initiated rescissions contained in P.L. 106-554 totaling \$9,736,000 and P.L. 106-113 totaling \$14,866,000, respectively.

NSF maintains permanent indefinite appropriations for Research and Related Activities - 49x0100, Major Research Equipment - 49x0551, H-1B Nonimmigrant Petitioner fees - 49x5176, and Trust Fund donations - 49x8960.

The status of Budgetary Resources as of September 30, 2001 and 2000, consisted of Budgetary Resources obligated of \$4,674,880,022 and \$4,077,151,700 respectively, available authority of \$152,248,733 and \$144,593,277, respectively, and unavailable authority of \$87,023,596 and \$102,482,687, respectively.

**Note 15. Change in Financing Sources Yet to Be Provided**

For the years ended September 30, 2001 and 2000, the Changes in Financing Sources Yet to be Provided are represented by changes in Liabilities Not Covered by Budgetary Resources to Fund Cost of Operations as follows:

<i>(Amounts in Thousands)</i>	<u>2001</u>	<u>2000</u>
Total Liabilities Not Covered by Budgetary Resources, End of year (see Note 7)	\$ 12,213	\$ 11,999
Less: Total Liabilities Not Covered by Budgetary, Beginning of year (see Note 7)	<u>11,999</u>	<u>11,272</u>
Change in Financing Sources Yet to be Provided	<u>\$ 214</u>	<u>\$ 727</u>

**Required Supplementary Information**  
Budgetary Resources by Major Budgetary Accounts

In the following table, NSF budgetary information for the fiscal years ended September 30, 2001 and 2000, as presented in the Statement of Budgetary Resources, is disaggregated for each of NSF's major budgetary accounts.

*National Science Foundation  
Required Supplementary Information  
For the Years Ended September 30, 2001 and 2000*

**Budgetary Resources by Major Budgetary Accounts (Unaudited)**

	2001				2000	
	(Amounts in Thousands)					
	Research and Related	Education	Major Research Equipment	OIG and Salary Expense	Total	Total
<b>Budgetary Resources</b>						
Budget Authority	\$ 3,384,377	873,940	121,332	167,352	4,547,001	\$ 4,001,238
Unobligated Balances – Beginning of Period	79,702	94,228	70,975	2,171	247,076	187,607
Spending Authority from Offsetting Collections	76,514	20,806	-	3,824	101,144	85,498
Adjustments	15,038	3,558	28	307	18,931	49,885
<b>Total Budgetary Resources</b>	<b>\$ 3,555,631</b>	<b>992,532</b>	<b>192,335</b>	<b>173,654</b>	<b>4,914,152</b>	<b>\$ 4,324,228</b>
<b>Status of Budgetary Resources</b>						
Obligations Incurred	\$ 3,486,830	897,348	119,242	171,460	4,674,880	\$ 4,077,152
Unobligated Balances – End of Period – Available	19,146	59,928	73,093	82	152,249	144,593
Unobligated Balances – End of Period – Not Available	49,655	35,256	-	2,112	87,023	102,483
<b>Total Status of Budgetary Resources</b>	<b>\$ 3,555,631</b>	<b>992,532</b>	<b>192,335</b>	<b>173,654</b>	<b>4,914,152</b>	<b>\$ 4,324,228</b>
<b>Outlays</b>						
Obligations Incurred	\$ 3,486,830	897,348	119,242	171,460	4,674,880	\$ 4,077,152
Less: Spending Authority from Offsetting Collections and Adjustments	106,277	36,198	28	5,595	148,098	162,072
Obligated Balance, Net – Beginning of Period	3,483,268	1,048,392	86,476	27,066	4,645,202	4,217,513
Less: Obligated Balance, Net – End of Period	3,996,637	1,300,605	158,613	24,957	5,480,812	4,645,202
<b>Total Outlays</b>	<b>\$ 2,867,184</b>	<b>608,937</b>	<b>47,077</b>	<b>167,974</b>	<b>3,691,172</b>	<b>\$ 3,487,391</b>

**Required Supplementary Information**  
Intragovernmental Balances and Deferred Maintenance

*National Science Foundation  
 Required Supplementary Information  
 For the Years Ended September 30, 2001 and 2000*

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**Intragovernmental Assets by Partner Agency (Unaudited)**

Intragovernmental assets on this schedule support the intragovernmental asset line items on NSF's Balance Sheets as of September 30, 2001 and 2000. Intragovernmental balances included in Fund Balance with Treasury as of September 30, 2001 and 2000, consisted of the following:

<u>Agency</u>	<i>(Amounts in Thousands)</i>	
	<u>2001</u>	<u>2000</u>
Department of the Treasury	\$ 5,719,993	\$ 4,892,598
Department of State	318	167
Total	<u>\$ 5,720,311</u>	<u>\$ 4,892,765</u>

Intragovernmental Accounts Receivable balances as of September 30, 2001 and 2000, consisted of the following:

<u>Agency</u>	<u>2001</u>	<u>2000</u>
Department of the Air Force	\$ 5,155	\$ 3,782
Department of Defense	206	182
Department of the Navy	185	17
U.S. Army Corp. Of Engineers	24	-
Department of the Army	18	8
Other	-	8
Total	<u>\$ 5,588</u>	<u>\$ 3,997</u>

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For the Years Ended September 30, 2001 and 2000*

**Intragovernmental Liabilities by Partner Agency (Unaudited)**

Agency	2001			2000		
	Advances From Others	Accounts Payable	Employee Benefits	Advances from Others	Accounts Payable	Employee Benefits
Department of Education	\$ 34,639	\$ -	\$ -	\$ 20,235	\$ -	\$ -
National Aeronautics and Space Administration	22,499	(80)	-	15,998	-	-
Department of Health and Human Services	19,022	-	-	17,736	-	-
Department of Energy	11,017	-	-	8,012	1,000	-
Department of Commerce	6,072	-	-	7,321	-	-
Office of the Secretary – Defense Agencies	5,664	-	-	10,571	-	-
Department of the Army	2,813	-	-	3,190	-	-
Department of Housing and Urban Development	1,922	-	-	1,525	-	-
Environmental Protection Agency	1,683	-	-	1,342	-	-
Department of the Air Force	1,618	-	-	910	-	-
Department of Transportation	1,490	-	-	1,319	-	-
General Services Administration	1,049	(51)	-	456	-	-
Department of Agriculture	999	(1)	-	1,219	-	-
Department of the Interior	891	-	-	876	-	-
Department of State	677	-	-	597	-	-
Department of the Navy	608	-	-	1,211	-	-
National Foundation on the Arts and Humanities	443	-	-	1,214	-	-
National Archives and Records Administration	414	-	-	402	-	-
Department of Labor	331	-	296	470	-	335
Department of Justice	327	-	-	451	-	-
Federal Emergency Management Agency	277	-	-	476	-	-
Department of the Treasury	180	(4)	-	250	-	-
Central Intelligence Agency	126	-	-	274	-	-
Office of Personnel Management	-	244	-	-	219	-
Other	364	-	-	328	-	-
Total	\$ <u>115,125</u>	\$ <u>108</u>	\$ <u>296</u>	\$ <u>96,383</u>	\$ <u>1,219</u>	\$ <u>335</u>

**Deferred Maintenance (Unaudited)**

NSF performs condition assessment surveys of capitalized property, plant and equipment to determine if any maintenance is needed to keep an asset in an acceptable condition or restore an asset to a specific level of performance. NSF considers deferred maintenance to be any maintenance that is not performed on schedule, unless it is determined from the condition of the asset that scheduled maintenance does not have to be performed. Also, deferred maintenance includes any other type of maintenance 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. Maintenance is not considered deferred if an asset is classified as non-critical and non-operational.

NSF considered whether any scheduled maintenance necessary to keep fixed assets of the agency in an acceptable condition was deferred at the end of FYs, 2001 and 2000. NSF defines acceptable operating condition in accordance with standards comparable to those used in the private industry.

In FY 2000, the total amount of deferred maintenance was \$7,000 for one item of heavy mobile equipment.

During FY 2001, NSF completed the maintenance deferred from FY 2000. In addition, NSF determined that scheduled maintenance on twelve items of equipment was not completed and was deferred or delayed for a future period. The items included, four pieces of heavy mobile equipment, seven pieces of light mobile equipment and one generator. All the equipment is considered to be in fair condition and critical to NSF's operations. NSF estimated that the equipment requires \$84,050 in maintenance.

**Required Supplementary Stewardship Information**  
Stewardship Investments

*National Science Foundation  
Required Supplementary Stewardship Information  
For the Years Ended September 30, 2001 and 2000*

**Stewardship Investments  
Research and Human Capital**

(Amounts in Thousands)  
(Unaudited)

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>Research and Human Capital Activities</b>				
Basic Research	\$ 2,692,243	\$ 2,636,518	\$ 2,507,569	\$ 2,411,774
Applied Research	211,421	173,670	188,742	209,719
Education and Training	704,949	596,517	599,323	588,158
Non-Investing Activities	<u>170,757</u>	<u>162,021</u>	<u>143,980</u>	<u>147,617</u>
<b>Total Research and Human Capital Activities</b>	<u>\$ 3,779,370</u>	<u>\$ 3,568,726</u>	<u>\$ 3,439,614</u>	<u>\$ 3,357,268</u>

**Inputs, Outputs and/or Outcomes**

**Research and Human Capital Activities**

Investments In:

Universities	\$ 2,631,405	\$ 2,470,300	\$ 2,385,492	\$ 2,215,535
Industry	162,176	160,573	154,555	151,064
Federal Agencies	125,823	132,790	150,959	163,101
Small Business	130,977	119,345	110,884	105,247
Others	728,989	685,718	637,724	722,321
	<u>\$ 3,779,370</u>	<u>\$ 3,568,726</u>	<u>\$ 3,439,614</u>	<u>\$ 3,357,268</u>

Support to:

Scientist	\$ 355,261	\$ 359,228	\$ 350,841	\$ 352,513
Postdoctoral Programs	128,499	117,504	120,386	120,862
Graduate Students	362,820	315,583	323,324	322,298
	<u>\$ 846,580</u>	<u>\$ 792,315</u>	<u>\$ 794,551</u>	<u>\$ 795,673</u>

Outputs & Outcomes:

Number of:

Awards	20,357	19,673	19,518	17,994
Years of Scientist Support	5,759	5,518	5,054	5,056
Scientists Supported	27,215	24,134	23,108	23,213
Postdoctorals Supported	5,576	4,781	4,391	4,459
Graduate Students Supported	25,479	21,663	20,156	19,517

NSF's role in achieving performance goals in science and engineering leads to investments in integrative research and human capital activities to enhance the potential for important discoveries or new knowledge with expected future benefits to our society. Because of the close connections between the investments in performing research and building a research base of skilled scientist and engineers through academic and training opportunities, expenses incurred by NSF are presented as overall stewardship investments for NSF for performance measurement. The outputs and outcomes of NSF investments in the research and academic community resulted in a number of grants awarded and scientists and students supported.

