



FEDERAL COMMUNICATIONS COMMISSION

Second Quarter Financial Statements (Unaudited) Fiscal Years 2010 and 2009

The following pages provide the Federal Communications Commission's Unaudited Balance Sheet as of March 31, 2010 and 2009, Unaudited Statement of Net Cost for the Periods (Quarters) Ending March 31, 2010 and 2009, and Unaudited Statement of Budgetary Resources for the Periods (Quarters) Ending March 31, 2010 and 2009.

Balance Sheet

The Consolidated Balance Sheet presents the total amount available for use by the Commission (total assets) and the amounts owed by the Commission (total liabilities). Investments and Accounts Receivable represent approximately 88% of total assets as of March 31, 2010.

Significant changes on the Balance Sheet year over year in Intragovernmental Other Assets and Deferred Revenue were a result of approximately \$371 million in Auction #73 (700 MHz Band) licenses being granted during FY 2009. As these licenses are granted, the revenue is recognized by the Commission on the Statement of Custodial Activity.

Statement of Net Cost

The Consolidated Statement of Net Cost presents the cost of operating Commission programs. Gross cost less any offsetting revenue for each program is used to arrive at the net cost of specific program operations. The Consolidated Statement of Net Cost is aligned with the six strategic goals of the Commission: Broadband, Competition, Spectrum, Media, Public Safety and Homeland Security, and Modernize the FCC. The program costs for the USF, TRS and NANP are included within the Competition strategic goal. Contributions received for the USF and TRS programs are shown on the Statement of Changes in Net Position and do not directly offset the costs of these programs on the Statement of Net Cost. As a result of the accounting for these activities, the cost for this goal is significantly higher than the cost of the five other goals.

Statement of Budgetary Resources

The Combined Statement of Budgetary Resources provides information on how budgetary resources were made available to the Commission through the second quarter and the status of those budgetary resources at the end of the second quarter. The Commission receives most of its budgetary authority from appropriations. Budgetary resources consist of the resources available to the Commission at the beginning of the year, plus appropriations, spending authority from offsetting collections, and other budgetary resources received during the year. The Commission had \$9,258 million in budgetary resources of which \$5,863 million was obligated and \$3,395 million remained unobligated at quarter end.

Significant changes on the Statement of Budgetary Resources year over year in Obligations Incurred were a result of more funding of obligations for the USF support mechanism of Schools and Libraries incurred during FY 2010; approximately \$1,267 million. This universal service support mechanism provides support for discounts to schools and libraries.

Interim Financial Statements

The comparative interim quarterly financial statements, as required by OMB Circular No. A-136, Section IV, for the second quarter of fiscal years 2010 and 2009 are presented on the following pages of this report.

Federal Communications Commission
Consolidated Balance Sheet (Unaudited)
As of March 31, 2010 and March 31, 2009
(dollars in thousands)

	FY 2010	FY 2009
ASSETS		
Intragovernmental		
Fund Balance with Treasury	\$ 670,423	\$ 591,735
Investments	5,990,384	5,697,176
Accounts Receivable	829	2,804
Other	33,838	404,618
Total Intragovernmental	<u>6,695,474</u>	<u>6,696,333</u>
Cash and Other Monetary Assets	69,197	57,508
Accounts Receivable, net	807,404	658,046
Loans Receivable, net	84,677	189,269
General Property, Plant, and Equipment, net	59,843	40,014
Other	19,416	4,425
Total Assets	<u>\$ 7,736,011</u>	<u>\$ 7,645,595</u>
LIABILITIES		
Intragovernmental		
Debt	\$ 46,484	\$ 112,711
Other		
Custodial	244,234	145,229
Other	6,075	6,435
Total Other	<u>250,309</u>	<u>151,664</u>
Total Intragovernmental	296,793	264,375
Accounts Payable	52,003	58,177
Other		
Deferred Revenue	132,074	489,093
Prepaid Contributions	27,007	16,800
Accrued Liabilities for Universal Service	628,209	489,485
Other	44,585	44,459
Total Other	<u>831,875</u>	<u>1,039,837</u>
Total Liabilities	<u>\$ 1,180,671</u>	<u>\$ 1,362,389</u>
NET POSITION		
Unexpended Appropriations - Other Funds	\$ 210,990	\$ 200,773
Cumulative Results of Operations - Earmarked Funds	6,180,681	5,845,291
Cumulative Results of Operations - Other Funds	163,669	237,142
Total Net Position	<u>\$ 6,555,340</u>	<u>\$ 6,283,206</u>
Total Liabilities and Net Position	<u>\$ 7,736,011</u>	<u>\$ 7,645,595</u>

Federal Communications Commission
Consolidated Statement of Net Cost (Unaudited)
For the Periods Ended March 31, 2010 and March 31, 2009
(dollars in thousands)

	FY 2010	FY 2009
PROGRAM COSTS:		
Broadband:		
Gross costs	\$ 42,666	\$ 10,876
Less: Earned Revenue	(7,988)	(3,516)
Net Program Costs	34,678	7,360
Competition:		
Gross costs	4,389,381	4,120,267
Less: Earned Revenue	(10,538)	(8,475)
Net Program Costs	4,378,843	4,111,792
Spectrum:		
Gross costs	65,553	60,516
Less: Earned Revenue	(28,032)	(28,067)
Net Program Costs	37,521	32,449
Media:		
Gross costs	24,319	61,942
Less: Earned Revenue	(4,053)	(5,884)
Net Program Costs	20,266	56,058
Homeland Security:		
Gross costs	15,653	15,209
Less: Earned Revenue	(4,484)	(1,810)
Net Program Costs	11,169	13,399
Modernize the FCC:		
Gross costs	29,639	23,014
Less: Earned Revenue	(6,721)	(7,490)
Net Program Costs	22,918	15,524
Total Net Program Costs	4,505,395	4,236,582
Cost not Assigned to Programs:		
Telecommunications Development Fund	5	-
Other Expenses	3,805	1,005
Less: Earned Revenues not Attributed to Programs:		
Telecommunications Development Fund	(5)	-
Net Cost of Operations	\$ 4,509,200	\$ 4,237,587

Federal Communications Commission
Combined Statement of Budgetary Resources (Unaudited)
For the Periods Ended March 31, 2010 and March 31, 2009
(dollars in thousands)

	FY 2010		FY 2009	
	Budgetary	Non Budgetary Credit Program Financing Acct	Budgetary	Non Budgetary Credit Program Financing Acct
Budgetary Resources:				
Unobligated balance, brought forward, October 1:	\$ 3,035,116	\$ 12,344	\$ 2,282,036	\$ 53,904
Recoveries of prior year unpaid obligations	911,054	-	759,168	-
Budget authority:				
Appropriations received	4,688,127	-	4,506,389	-
Borrowing authority	-	-	-	-
Contract authority:	-	-	-	-
Spending authority from offsetting collections	-	-	-	-
Earned:				
Collected	48,708	1	42,515	71
Change in receivables from Federal sources	227	-	(15)	-
Change in unfilled customer orders:				
Advance received	273	-	-	-
Without advance from Federal sources	192	-	-	-
Anticipated for rest of year, without advances	562,295	-	478,334	-
Previously unavailable	-	-	-	-
Budget authority subtotal	5,299,822	1	5,027,223	71
Nonexpenditure transfers, net, anticipated and actual	-	-	-	-
Temporarily not available pursuant to Public Law	-	-	-	-
Permanently not available	-	-	-	-
Total Budgetary Resources	\$ 9,245,992	\$ 12,345	\$ 8,068,427	\$ 53,975
Status of Budgetary Resources:				
Obligations incurred:				
Direct	\$ 5,861,383	\$ -	\$ 4,584,864	\$ -
Reimbursable	1,717	-	174	-
Subtotal	5,863,100	-	4,585,038	-
Unobligated balance:				
Apportioned	961,713	-	671,571	-
Exempt from apportionment	2,212,839	-	2,578,206	-
Unobligated balance not available	208,340	12,345	233,612	53,975
Total, Status of Budgetary Resources	\$ 9,245,992	\$ 12,345	\$ 8,068,427	\$ 53,975
Change in Obligated Balance:				
Obligated balance, net				
Unpaid Obligations, brought forward, October 1	\$ 3,157,411	\$ -	\$ 3,588,774	\$ -
Uncollected customer payments from Federal sources, brought forward, October 1	-	-	(15)	-
Total unpaid obligated balance, brought forward, net	3,157,411	-	3,588,759	-
Obligations incurred net (+/-)	5,863,100	-	4,585,038	-
Gross outlays	(4,592,781)	-	(4,381,605)	-
Recoveries of prior year unpaid obligations, actual	(911,054)	-	(759,168)	-
Change in uncollected customer payments from Federal sources	(420)	-	15	-
Total, unpaid obligated balance, net, end of period	3,516,256	-	3,033,039	-
Obligated balance, net, end of period				
Unpaid obligations	3,516,676	-	3,033,039	-
Uncollected customer payments from Federal sources	(420)	-	-	-
Total, unpaid obligated balance, net, end of period	3,516,256	-	3,033,039	-
Net Outlays				
Net Outlays:				
Gross outlays	\$ 4,592,781	\$ -	\$ 4,381,605	\$ -
Offsetting collections	(48,982)	(1)	(42,515)	(71)
Distributed Offsetting receipts	(21,338)	-	(56,490)	-
Net Outlays	\$ 4,522,461	\$ (1)	\$ 4,282,600	\$ (71)

Abbreviations

FCC—Federal Communications Commission

FY—Fiscal Year

NANP—North American Numbering Plan

OMB—Office of Management and Budget

TRS—Telecommunications Relay Service

USF—Universal Service Fund