



FEDERAL COMMUNICATIONS COMMISSION

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

The following pages provide the Federal Communications Commission's Unaudited Balance Sheet as of June 30, 2010 and 2009, Unaudited Statement of Net Cost for the Periods (Quarters) Ending June 30, 2010 and 2009, and Unaudited Statement of Budgetary Resources for the Periods (Quarters) Ending June 30, 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 89% of total assets as of June 30, 2010.

Significant changes on the Balance Sheet year over year in Intragovernmental Other Assets and Deferred Revenue were a result of approximately \$367 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 third quarter and the status of those budgetary resources at the end of the third 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 \$11,627 million in budgetary resources of which \$8,576 million was obligated and \$3,051 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 \$1,564 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 third 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 June 30, 2010 and June 30, 2009
(dollars in thousands)

	FY 2010	FY 2009
ASSETS		
Intragovernmental		
Fund Balance with Treasury	\$ 587,945	\$ 635,871
Investments	6,159,540	5,760,304
Accounts Receivable	5,007	3,705
Other	33,838	400,451
Total Intragovernmental	6,786,330	6,800,331
Cash and Other Monetary Assets	103,791	53,860
Investments (Note 5)	-	-
Accounts Receivable, net	864,467	765,544
Loans Receivable, net	83,981	190,262
General Property, Plant, and Equipment, net	62,800	48,071
Other	27,408	692
Total Assets	\$ 7,928,777	\$ 7,858,760
LIABILITIES		
Intragovernmental		
Debt	\$ 103,120	\$ 112,711
Other		
Custodial	242,069	226,878
Other	30,675	8,914
Total Other	272,744	235,792
Total Intragovernmental	375,864	348,503
Accounts Payable	78,193	50,334
Debt Held by the Public (Note 11)	-	-
Other		
Deferred Revenue	99,320	464,580
Prepaid Contributions	40,552	23,857
Accrued Liabilities for Universal Service	640,632	493,630
Other	54,281	45,829
Total Other	834,785	1,027,896
Total Liabilities	\$ 1,288,842	\$ 1,426,733
NET POSITION		
Unexpended Appropriations - Other Funds	\$ 113,498	\$ 186,509
Cumulative Results of Operations - Earmarked Funds	6,409,072	6,019,854
Cumulative Results of Operations - Other Funds	117,365	225,664
Total Net Position	\$ 6,639,935	\$ 6,432,027
Total Liabilities and Net Position	\$ 7,928,777	\$ 7,858,760

Federal Communications Commission
Consolidated Statement of Net Cost (Unaudited)
For the Periods Ended June 30, 2010 and June 30, 2009
(dollars in thousands)

	FY 2010	FY 2009
PROGRAM COSTS:		
Broadband:		
Gross costs	\$ 51,615	\$ 18,128
Less: Earned Revenue	(12,644)	(5,168)
Net Program Costs	38,971	12,960
Competition:		
Gross costs	6,634,797	6,069,183
Less: Earned Revenue	(16,070)	(16,110)
Net Program Costs	6,618,727	6,053,073
Spectrum:		
Gross costs	141,193	93,685
Less: Earned Revenue	(44,346)	(39,356)
Net Program Costs	96,847	54,329
Media:		
Gross costs	30,685	99,067
Less: Earned Revenue	(5,785)	(13,034)
Net Program Costs	24,900	86,033
Homeland Security:		
Gross costs	23,705	22,911
Less: Earned Revenue	(6,329)	(3,877)
Net Program Costs	17,376	19,034
Modernize the FCC:		
Gross costs	40,324	34,943
Less: Earned Revenue	(9,457)	(8,356)
Net Program Costs	30,867	26,587
Total Net Program Costs	6,827,688	6,252,016
Cost not Assigned to Programs:		
Telecommunications Development Fund	6	-
Other Expenses	3,417	299
Less: Earned Revenues not Attributed to Programs:		
Telecommunications Development Fund	(6)	-
Net Cost of Operations	\$ 6,831,105	\$ 6,252,315

Federal Communications Commission
Combined Statement of Budgetary Resources (Unaudited)
For the Periods Ended June 30, 2010 and June 30, 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	1,008,373	-	898,408	-
Budget authority:				
Appropriations received	7,098,986	-	6,490,899	-
Borrowing authority	-	56,636	-	-
Spending authority from offsetting collections				
Earned:				
Collected	81,217	13,465	73,275	3,261
Change in receivables from Federal sources	-	-	(15)	-
Change in unfilled customer orders:				
Advance received	17,471	-	1,040	-
Without advance from Federal sources	-	-	-	-
Anticipated for rest of year, without advances	325,905	81,704	276,205	-
Previously unavailable	-	-	54,130	-
Budget authority subtotal	<u>7,523,579</u>	<u>151,805</u>	<u>6,895,534</u>	<u>3,261</u>
Nonexpenditure transfers, net, anticipated and actual	-	-	68,705	-
Temporarily not available pursuant to Public Law	-	-	(54,130)	-
Permanently not available	-	(103,911)	-	-
Total Budgetary Resources	<u>\$ 11,567,068</u>	<u>\$ 60,238</u>	<u>\$ 10,090,553</u>	<u>\$ 57,165</u>
Status of Budgetary Resources:				
Obligations incurred:				
Direct	\$ 8,509,931	\$ 62,331	\$ 6,986,538	\$ -
Reimbursable	3,409	-	522	-
Subtotal	<u>8,513,340</u>	<u>62,331</u>	<u>6,987,060</u>	<u>-</u>
Unobligated balance:				
Apportioned	745,398	(5,221)	498,400	-
Exempt from apportionment	2,186,355	-	2,495,324	-
Unobligated balance not available	<u>121,975</u>	<u>3,128</u>	<u>109,769</u>	<u>57,165</u>
Total, Status of Budgetary Resources	<u>\$ 11,567,068</u>	<u>\$ 60,238</u>	<u>\$ 10,090,553</u>	<u>\$ 57,165</u>
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	<u>3,157,411</u>	<u>-</u>	<u>3,588,759</u>	<u>-</u>
Obligations incurred net (+/-)	8,513,340	62,331	6,987,060	-
Gross outlays	(6,930,169)	(57,111)	(6,445,919)	-
Recoveries of prior year unpaid obligations, actual	(1,008,373)	-	(898,408)	-
Change in uncollected customer payments from Federal sources	-	-	15	-
Total, unpaid obligated balance, net, end of period	<u>3,732,209</u>	<u>5,220</u>	<u>3,231,507</u>	<u>-</u>
Obligated balance, net, end of period				
Unpaid obligations	3,732,209	5,220	3,231,507	-
Uncollected customer payments from Federal sources	-	-	-	-
Total, unpaid obligated balance, net, end of period	<u>3,732,209</u>	<u>5,220</u>	<u>3,231,507</u>	<u>-</u>
Net Outlays				
Net Outlays:				
Gross outlays	\$ 6,930,169	\$ 57,111	\$ 6,445,919	\$ -
Offsetting collections	(98,687)	(13,465)	(74,315)	(3,261)
Distributed Offsetting receipts	(93,224)	-	(69,726)	-
Net Outlays	<u>\$ 6,738,258</u>	<u>\$ 43,646</u>	<u>\$ 6,301,878</u>	<u>\$ (3,261)</u>

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