National Technical Information Service

Financial Report
September 30, 2013

U.S. DEPARTMENT OF COMMERCE

Financial Statements

U. S. Department Of Commerce
National Technical Information Service
BALANCE SHEETS
As of September 30, 2013 and 2012
(In Thousands)

	FY2013	FY2012
ASSETS		
Intragovernmental		
Fund Balance With Treasury (Note 2)	$ 30,182	$ 27,935
Accounts Receivable, Net (Note 4)	5,791	5,748
Advances and Prepayments (Note 5)	480	334
Total Intragovernmental Assets	36,453	34,017
Cash And Other Monetary Assets (Note 3)	48	133
Accounts Receivable, Net (Note 4)	401	276
Inventory And Related Property, Net (Note 7)	86	119
General Property, Plant And Equipment, Net (Note 8)	1,275	1,899
Advances and Prepayments (Note 5)	237	253
Database (Note 6)	5,728	6,115
Total Assets	$ 44,228	$ 42,812
LIABILITIES		
Intragovernmental Liabilities:		
Accounts Payable (Note 9)	$ 8,930	$ 8,575
Liability For Unearned Revenue (Note 10)	5,041	4,294
Other Intragovernmental Liabilities	167	235
Total Intragovernmental Liabilities	14,138	13,104
Accounts Payable (Note 9)	3,431	2,669
Accrued Payroll and Annual Leave	1,120	1,492
Actuarial FECA Liability	942	844
Liability For Unearned Revenue (Note 10)	4,330	4,585
Total Liabilities	$ 23,961	$ 22,694
Commitments and Contingencies (Note 11)		
NET POSITION		
Cumulative Results Of Operations	$ 20,267	$ 20,118
Total Net Position	$ 20,267	$ 20,118
Total Liabilities And Net Position	$ 44,228	$ 42,812

The accompanying notes are an integral part of these statements

Financial Statements

U. S. Department Of Commerce
National Technical Information Service
STATEMENTS OF NET COST
For the Years Ended September 30, 2013 and 2012
(In Thousands)

	FY2013	FY2012
Collect and Disseminate Technical Information Clearinghouse Program		
Intragovernmental Gross Costs	$ 7,426	7,604
Gross Costs With The Public	68,451	58,453
Total	75,877	66,057
Less: Earned Revenues	75,209	68,324
Net Program Costs (Earned Revenues)	$ 668	$ (2,267)
NET COST OF OPERATIONS	$ 668	$ (2,267)

The accompanying notes are an integral part of these statements

Financial Statements

U. S. Department Of Commerce
National Technical Information Service
STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2013 and 2012
(In Thousands)

	FY2013	FY2012
Net Position-Beginning Of Year	$20,118	$16,916
Financing Sources (Other Than Exchange Revenues):		
Imputed Financing Sources from Cost Absorbed by Others (Note 1)	817	935
Total Financing Sources	817	935
Net Cost Of Operations (Earned Revenues)	(668)	2,267
Net Position-End Of Year	$ 20,267	$ 20,118

The accompanying notes are an integral part of these statements

Financial Statements

U.S. Department of Commerce
National Technical Information Service
STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2013 and 2012
(In Thousands)

Budgetary Resources:	FY2013	FY2012
Unobligated Balance:		
Brought Forward, October 1	$ 9,328	$ 7,407
Spending Authority From Offsetting Collections (Gross)	75,971	68,231
Total Budgetary Resources	$ 85,298	$ 75,638
Status Of Budgetary Resources:		
Obligations Incurred:		
Reimbursable	$ 74,549	$ 66,311
Unobligated Balances -Apportioned	10,749	9,328
Total Status Of Budgetary Resources	$ 85,298	$ 75,639
Relationship of Obligations To Outlays		
Obligated Balance, Net As Of October 1	$ 17,933	$ 19,823
Obligations Incurred	$ 74,549	$ 66,311
Less: Gross Outlays	$ (73,377)	$ (65,245)
Change in Uncollected Customer Payments	$ (199)	$ (2,956)
Unpaid Obligated Balance, Net, End of Period		
Unpaid Obligations	$ 25,392	$ 24,220
Less: Uncollected Customer Payments	(6,487)	$ (6,288)
Total Unpaid Obligated Balance, Net, End of Period	$ 18,905	$ 17,932
Net Outlays:		
Gross Outlays	$ 73,377	$ 65,245
Ofsetting Collections	(75,771)	$ (65,276)
Total Net Outlays	$ (2,394)	$ (31)

The accompanying notes are an integral part of these statements

National Technical Information Service
Notes to Financial Statements
($ in thousands)
September 30, 2013 and 2012

NOTE 1. Summary of Significant Accounting Policies

Reporting Entity

The National Technical Information Service (NTIS) was established in 1945 by Executive Order 9568 of the Publications Board to collect and declassify World War II technical data for dissemination to industry. NTIS operates under the provisions of Title 15, U.S. Code 1151-1157 and the NTIS Act of 1988 (15 U.S.C. 3701) as an agency of the U.S. Department of Commerce (The Department). Its mission is to collect, process, market, and disseminate government-sponsored and foreign scientific, technical and business information; and assist other agencies with their information programs. NTIS funds its operations through the sale of its products and services, rather than through direct appropriations. Occasional appropriation support may be required for a substantial one-time outlay for Congressionally mandated new programs and requirements.

On October 6, 1992, legislation was passed authorizing the establishment of the NTIS Revolving Fund. Upon establishing the NTIS Revolving Fund, all receipts from the sale of products and services are deposited in this fund and all expenses, including capital expenditures, are paid from it.

The accompanying financial statements present the financial position and financial activities of the NTIS Revolving Fund administered by NTIS. There were no intra-entity transactions and therefore no separate column is presented on the face of the financial statements.

Basis of Account and Presentation

Under the authority of the Chief Financial Officers (CFO) Act of 1990, the Government Accountability Office (GAO) participated with the Office of Management and Budget (OMB) and the Department of the Treasury in the establishment of the Federal Accounting Standards Advisory Board (FASAB). FASAB's purpose is to consider and recommend accounting principles, standards, and requirements to GAO, Treasury, and OMB. The Comptroller General, the Secretary of the Treasury, and the Director of OMB (the three principals of FASAB) decide upon new principles, standards, and requirements after considering FASAB's recommendation.

The financial statements of NTIS have been prepared from the accounting records of the Department in conformance with U.S. generally accepted accounting principles (GAAP) and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in Revised Circular No. A-136, *Financial Reporting Requirements*. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards

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Advisory Board, which is the official body for setting the accounting standards of the U.S. government.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, without regard to receipt or payment of cash, and expenses are recognized when goods or services are rendered. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds.

Throughout these financial statements, intragovernmental assets, liabilities, earned revenue, and costs have been classified according to the type of entity with whom the transactions were made. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental earned revenue represents collections or accruals of revenue from other federal entities, and intragovernmental costs are payments or accruals to other federal entities.

The Department is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g. budget authority, obligations, and outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. The NTIS receives an allocation transfer, as the child, from the General Services Administration. Activity relating to this child allocation transfers is not reported in NTIS' financial statements.

Budgets and Budgetary Accounting

OMB annually apportions expenditure authority to NTIS based upon NTIS' estimate of sales of products and services. Typically, the Department of Commerce's (DoC) annual budget includes NTIS for informational purposes and Congressional oversight. Unobligated funds may be carried over into the next fiscal year.

Revenues and Other Financing Sources

Operating revenues result from sales of scientific and technical products and services to business, government, and educational institutions. Additional amounts are obtained through

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reimbursements for services performed for other federal agencies. Revenues are earned as goods or services are delivered or contract terms are met.

Fund Balance with Treasury and Cash on Hand

NTIS does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Treasury. Except as restricted (Note 2), the Fund Balances with Treasury and Cash on Hand are funds that are available to pay current liabilities and finance authorized purchase commitments.

Non-Entity Assets

Non-entity assets consist of consist of cash that customers have remitted to fund future purchases of NTIS products and services.

Inventories

Inventories consist primarily of technical documents held for sale to customers. Inventories held for sale are stated at the lower of cost or market. Cost is determined principally using the first-in, first-out (FIFO) method; recorded values are adjusted to reflect the results of physical inventories; and a periodic allowance for obsolescence is expensed. See Note 7 for inventory composition. Expenses are recorded when the inventories are shipped or consumed.

Accounts Receivable

Accounts receivable result from the sale of NTIS products and services to the public and federal agencies. NTIS calculates its allowance for doubtful accounts based on historical collection data and, in some cases, specific account analysis.

Property and Equipment

Property and equipment consist of machinery and equipment, which are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. NTIS capitalizes equipment valued in excess of twenty-five thousand dollars with a useful life of two years or more.

Database

Other assets include the NTIS bibliographic database. The database is the result of NTIS' acquisition and processing of scientific and technical information products. Processing includes cataloguing, indexing, abstracting, and sorting by form and content deemed by

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NTIS to be responsive to customer demand. The result of this processing is the creation of a database of information that is used to prepare various products and services offered for sale to the public and to other federal agencies. Document registration, payroll, and computer input processing costs are capitalized as part of the database to reflect current additions and enhancements to the asset. Amortization is calculated using an accelerated method, which approximates anticipated sales volume.

Advances and Prepayments

Payments in advance of the receipt of goods and services are recorded as an advance to others or a prepaid charge, and recognized as expenditures/expenses when the goods and services are received.

Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by NTIS as the result of a transaction or event that has already occurred. All liabilities are covered by budgetary resources.

Customer deposits consist of cash that customers have remitted to fund future purchases of NTIS products and services.

Accrued payroll and benefits reflect salaries and benefits earned but not paid as of year-end.

Subscription escrow accounts are used to account for unearned revenue, or cash received prior to year-end, for subscription products to be shipped at a future date.

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 current pay rates. This balance is fully funded. Sick leave and other types of leave are expensed as taken and are considered non-vested.

Retirement Plans (CSRS and FERS)

NTIS does not report Civil Service Retirement System (CSRS) assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of the Office of Personnel Management (OPM).

Most employees of NTIS participate in either the CSRS or FERS defined-benefit pension plans. FERS went into effect on January 1, 1987. FERS and Social Security automatically

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cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 could elect to either join FERS and Social Security, or remain in CSRS.

For CSRS-covered regular employees, NTIS was required to make contributions to the plan equal to 7 percent of an employee's basic pay. Employees contributed 7 percent of basic pay. For each fiscal year, OPM calculates the U.S. government's service cost for covered employees, which is an estimate of the amount of funds that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the U.S. government's estimated service cost exceeds contributions made by employer agencies and covered employees, this plan is not fully funded by NTIS and its employees. NTIS has recognized an Imputed Cost and an Imputed Financing Source From Cost Absorbed by Others for the difference between the estimated service cost and the contributions made by NTIS and its covered employees.

For FERS-covered regular employees, for employees hired prior to January 1, 2013, NTIS was required to make contributions of 11.9 percent of basic pay. Employees contributed 0.8 percent of basic pay. Effective January 1, 2013, for new employees as defined in Public Law 112-96, Section 5001, NTIS was required to make contributions of 9.6 percent of basic pay. Employees contributed 3.1 percent of basic pay. For each fiscal year, OPM calculates the U.S. government's service cost for covered employees. Since the U.S. government's estimated service cost exceeds contributions made by employer agencies and covered employees, this plan was not fully funded by NTIS and its employees. NTIS has recognized an Imputed Cost and an Imputed Financing Source From Cost Absorbed by Others for the difference between the estimated service cost and the contributions made by NTIS and its covered employees.

Employees covered by CSRS and FERS are eligible to contribute to the U.S. government's Thrift Savings Plan (TSP), administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS-covered employees, and NTIS makes a mandatory contribution of one percent of basic pay. NTIS also makes matching contributions of up to four percent of basic pay for FERS-covered employees. FERS and CSRS-covered employees have no limit on the percentage of pay contributed to their TSP account. However, the total contribution for 2013 and 2012 may not exceed the IRS limit of $17.5 thousand and $17 thousand, respectively. NTIS makes no matching contributions for CSRS-covered employees. TSP participants age 50 or older who are already contributing the maximum amount of contributions for which they are eligible may also make catch-up contributions, subject to the IRS dollar limit for catch-up contributions.

Pension and Other Retirement Benefits Accruals

NTIS recognized an imputed financing source and corresponding expense to represent its share of the cost to the Federal government of providing pension and post-retirement health

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and life insurance benefits to all eligible NTIS employees. OMB limits Imputed Costs to be recognized by federal entities to the following: 1) employees' pension benefits; 2) health insurance, life insurance, and other benefits for retired employees; 3) other post-employment benefits for retired, terminated, and inactive employees, including severance payments, training and counseling, continued health care, and unemployment and workers' compensation under FECA; and 4) losses in litigation proceedings. NTIS includes applicable Imputed Costs on the *Consolidated Statements of Net Cost*. In addition, an Imputed Financing Source is recognized on the *Consolidated Statements of Changes in Net Position*.

Workers' Compensation – Future Workers' Compensation Benefits (Actuarial FECA Liability)

Actuarial FECA Liability represents the liability for future workers' compensation (FWC) benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved cases. The liability is determined by DOL annually, as of September 30, using a method that utilizes historical benefits payment patterns related to a specific incurred period to predict the ultimate payments related to that period. For FY 2013, projected annual payments are discounted to present value based on OMB's interest rate assumptions which are interpolated to reflect the average duration in years for income payments and medical payments. In FY 2012, these projected annual benefit payments were discounted to present value using OMB's economic assumptions for ten-year Treasury notes and bonds.

To provide more specifically for the effects of inflation on the liability for FWC benefits, wage inflation factors (Cost of Living Allowance) and medical inflation factors (Consumer Price Index - Medical) are applied to the calculation of projected future benefits. The actual rates for these factors are also used to adjust the methodology's historical payments to current-year constant dollars.

The model's resulting projections are analyzed by DOL to ensure that the amounts are reliable. The analysis is based on four tests: 1) a sensitivity analysis of the model to economic assumptions; 2) a comparison of the percentage change in the liability amount to the percentage change in the actual incremental payments; 3) a comparison of the incremental paid losses per case (a measure of case severity) in charge back-year to the average pattern observed during the most current three charge back-years; and 4) a comparison of the estimated liability per case in the projection to the average pattern for the projections of the most recent three years.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles described above requires management to make estimates and assumptions that affect the

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amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

Financial Statements

Note 2. Fund Balances With Treasury:
(In Thousands)

A. Fund Balances:

	FY2013 Entity Assets	FY2013 Non-Entity Assets	FY2013 Total	FY2012 Entity Assets	FY2012 Non-Entity Assets	FY2012 Total
Revolving Fund	$ 16,405	$ 8,270	$ 24,675	$ 15,111	$ 7,948	$ 23,059
NTIS Customer Deposits	-	5,507	5,507	-	4,876	4,876
Total Fund Balance	$ 16,405	$ 13,777	$ 30,182	$ 15,111	$ 12,824	$ 27,935

B. Status of Fund Balance with Treasury	FY2013	FY2012
Unobligated Balance Available	$ 10,749	$ 9,328
Obligated Balance not yet Disbursed	18,905	17,933
Non Budgetary	528	674
Total Fund Balance	$ 30,182	$ 27,935
Funds For Operations	$ 16,405	$ 15,111
Funds Owed To Agencies For Which NTIS Collects Receivables-Brokerage Services	8,270	7,948
NTIS Customer Deposits - Intragovernmental	4,979	4,202
NTIS Customer Deposits - Public	528	674
Total Fund Balance	$ 30,182	$ 27,935

Note 3: Cash, Foreign Currency and Other Monetary Assets:
(In Thousands)

	FY2013	FY2012
Cash	Assets	Assets
Undeposited Collections	$ 48	$ 133
	$ 48	$ 133

Note 4. Accounts Receivable:

(In Thousands)

	FY2013		
Intragovernmental	Receivables	Allowance	Net
Accounts Receivable	$ 5,791	$ -	$ 5,791
Billed Accounts Receivable	-	-	-
	$ 5,791	$ -	$ 5,791
With the Public			
Accounts Receivable	$ 10	$ (1)	$ 9
Billed Accounts Receivable	253	-	253
Unbilled Accounts Receivable	139	-	139
	$ 402	$ (1)	$ 401
FY 2013 Total	$ 6,193	$ (1)	$ 6,192

	FY2012		
Intragovernmental	Receivables	Allowance	Net
Accounts Receivable	$ 5,719	$ -	$ 5,719
Billed Accounts Receivable	29	-	29
	$ 5,748	$ -	$ 5,748
With the Public			
Accounts Receivable	$ 11	$ (1)	$ 10
Billed Accounts Receivable	39	(1)	38
Unbilled Accounts Receivable	228	-	228
	$ 278	$ (2)	$ 276
FY 2012 Total	$ 6,026	$ (2)	$ 6,024

NTIS does not reserve for Intragovernmental and Unbilled receivables since they are considered fully collectible.

The Allowance for Bad Debts for Governmental (Public) is based on 83% of the total invoices with an invoice date of 120 days and older.

The Allowance for Bad Debts – Overdrawn Deposits for both Intragovernmental and Public is equal to 20% of the total overdrawn deposit account balances.

Note 5. Advances and Prepayments:
(In Thousands)

	FY2013	FY2012
Other Entity Assets		
Intragovernmental		
Advances To Government Agencies	$ 480	$ 334
Public		
Advances To The Public	$ 237	$ 253

Note 6. Database
(In Thousands)

The database is the result of NTIS' acquisition and processing of scientific and technical information products. Processing includes cataloguing, indexing, abstracting, and sorting by form and content deemed by NTIS to be responsive to customer demand. The result of this processing is the creation of a database of information that is used to prepare various products and services offered for sale to the public and to other federal agencies.

The amortization method used for the database is the declining balance with 30% amortized the first year, 20% for the second year, and 10% over the remaining five years.

Registration, payroll, and computer input costs are capitalized as part of the database to reflect current additions and enhancements to the asset. Total costs added to the database in FY2013 were $2.2 million.

The database consisted of the following:
(In Thousands)

	FY2013	FY2012
Capitalized Costs	$ 69,996	$ 67,773
Less: accumulated amortization	(64,268)	(61,658)
Total	$ 5,728	$ 6,115

For the period ended September 30, 2013 amortization expense was $2.6 million.

NOTE 7. Inventory and Related Property:
(In Thousands)

FY2013	Inventory Amount	Allowance for Losses	Inventory Net
Inventory Categories:			
Inventory Held For Sale	$ 146	$ (60)	$ 86
Inventory Not Held For Sale			
Material and Goods For Own Use - Print Plant Supply	-	-	-
Subtotal	-	-	-
Total	$ 146	$ (60)	$ 86

FY2012	Inventory Amount	Allowance for Losses	Inventory Net
Inventory Categories:			
Inventory Held For Sale	$ 206	$ (93)	$ 113
Inventory Not Held For Sale			
Material and Goods For Own Use - Print Plant Supply	6	-	6
Subtotal	6	-	6
Total	$ 212	$ (93)	$ 119

At September 30, 2013, inventory held for sale consisted of copies of scientific and technical reports and products in the gross amount of $146 thousand.

Inventory Obsolescence is based on historical sales data and the actual inventory that is obsolete at the end of the reporting period.

Material and Goods for Own Use - Supply Inventory represents stockroom office supplies held for future distribution and consumption by NTIS offices. The valuation method used is First In - First Out (FIFO).

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NOTE 8. Property, Plant and Equipment, Net:
(In Thousands)

FY2013

Fixed Assets

	Balance FY12	Purchases FY13	Disposals FY13	Balance FY13
Equipment	$ 4,840	$ -	$ (78)	$ 4,762
	$ 4,840	$ -	$ (78)	$ 4,762

Accumulated Depreciation

	Balance FY12	Depreciation FY13	Disposals FY13	Balance FY13	Net Book Value	Depreciation Method*	Service Life**
Equipment	$ 2,941	$ 624	$ (78)	$ 3,487	$ 1,275	SL	2-5
	$ 2,941	$ 624	$ (78)	$ 3,487	$ 1,275		

FY2012

Fixed Assets

	Balance FY11	Purchases FY12	Disposals FY12	Balance FY12
Equipment	$ 4,290	$ 550	$ -	$ 4,840
	$ 4,290	$ 550	$ -	$ 4,840

Accumulated Depreciation

	Balance FY11	Depreciation FY12	Disposals FY12	Balance FY12	Net Book Value	Depreciation Method*	Service Life**
Equipment	$ 2,407	$ 534	$ -	$ 2,941	$ 1,899	SL	2-5
	$ 2,407	$ 534	$ -	$ 2,941	$ 1,899		

* Depreciation Method SL=Straight Line
** Range of Service Life: 2-5= 2 to 5 years

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NOTE 9. Accounts Payable:
(In Thousands)

As of September 30, 2013, accounts payable consisted of the following:

	Intragovernmental	Public	Total
Accounts Payable, Operations	$ 660	$ 3,431	$ 4,091
Accounts Payable, Brokerage	8,270	-	8,270
Total	$ 8,930	$ 3,431	$ 12,361

Of the intragovernmental accounts payable, approximately $8.3 million represents amounts due under reimbursable agreements with the National Library of Medicine (NLM) for the year ended September 30, 2013 and related brokerage services (billing, collection, and financial management services) rendered.

As of September 30, 2012, accounts payable consisted of the following:

	Intragovernmental	Public	Total
Accounts Payable, Operations	$ 632	$ 2,665	$ 3,297
Accounts Payable, Brokerage	7,943	4	7,947
Total	$ 8,575	$ 2,669	$ 11,244

Of the intragovernmental accounts payable, approximately $7.9 million represents amounts due under reimbursable agreements with the National Library of Medicine (NLM) for the year ended September 30, 2012 and related brokerage services (billing, collection, and financial management services) rendered.

NOTE 10. Liability for Unearned Revenue
(In Thousands)

FY2013	Intragovernmental	Public	Total
NTIS Customer Deposits	$ 4,980	$ 526	$ 5,506
Subscription Escrow	61	3,754	3,815
Deferred Revenue, Undeposited Cash & Refunds	-	50	50
Total	$ 5,041	$ 4,330	$ 9,371

FY2012	Intragovernmental	Public	Total
NTIS Customer Deposits	$ 4,200	$ 668	$ 4,868
Subscription Escrow	92	3,778	3,870
Deferred Revenue, Undeposited Cash & Refunds	2	139	141
Total	$ 4,294	$ 4,585	$ 8,879

NOTE 11. Commitments and Contingencies

Future Commitments

NTIS is committed to purchase goods and services ordered, but not yet received (undelivered orders) amounting to $11.5 million and $11.0 million as of September 30, 2013 and 2012, respectively.

The land and buildings in which NTIS operates are provided through the General Services Administration's building delegation fund, and NTIS is charged rent intended to approximate commercial rental rates. Rent expense charged for office space for the years ended September 30, 2013 and 2012 was $1.9 million and $1.9 million, respectively.

Future Minimum Lease Payments Due: Cancelable Operating Leases	Total Building (In Thousands)
Fiscal Year 2014	$ 1,358
Fiscal Year 2015	1,081
Fiscal Year 2016	1,091
Fiscal Year 2017	1,101
Fiscal Year 2018	1,111

Pending Claims

To the best of management's and the Department of Commerce's Office of General Counsel's knowledge, information and belief, there are no pending claims or threatened litigation, claims, or assessments or unasserted claims or adjustments that might have a material impact on the financial position of NTIS.

Apportionment Categories of Obligations Incurred

NTIS had Reimbursable Obligations for the years ended September 30, 2013 and September 30, 2012 in the amount of $74.5 million and $66.3 million, respectively.

Note 12. Reconciliation of Net Cost of Operations To Budget:

The Reconciliation of Net Cost of Operations to Budget reconciles the Department's Resources Used to Finance Activities (first section), which consists of the budgetary basis of accounting Net Obligations plus the proprietary basis of accounting Other Resources, to the proprietary basis of accounting Net Cost of Operations. The second section, Resources Used to Finance Items Not Part of Net Cost of Operations, reverses out items included in the first section that are not included in Net Cost of Operations. The third section, Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period, adds items included in Net Cost of Operations that are not included in the first section.

The reconciliation of net cost of operations to budget for FY 2013 and FY 2012 is as follows:

Resources Used to Finance Activities	FY2013	FY2012
Budgetary Resources Obligated		
Obligations Incurred	$ 74,549	$ 66,311
Less: Spending Authority For Offsetting Collections and Adjustments	(75,971)	(68,231)
Change in Customer Deposits, AR Non-Federal, and Undeposited Collections	757	(92)
Financing Imputed For Cost Subsidies	817	935
Total resources used to finance activities	$ 152	$ (1,077)
Resources Used to Finance Items not Part of the Net Cost of Operations		
Change in Amount of Goods, Services, and Benefits Ordered But Not Yet Received or Provided	$ (526)	$ (1,254)
Resources that Finance the Acquisition of Assets	(2,381)	(3,470)
Total Resources Used to Finance Items not Part of Net Cost of Operations	$ (2,907)	$ (4,724)
Total Resources Used to Finance the Net Cost of Operations	$ (2,755)	$ (5,801)
Components of Net Cost of Operations that will not Require or Generate Resources		
Costs of Goods Sold	$ 185	$ 320
Depreciation and Amortization Expense	3,233	3,215
Inventory Obsolescence and Bad Debt Expense	5	(1)
Total Components of Net Cost of Operations that will not Require or Generate Resources	$ 3,423	$ 3,534
Net Cost Of Operations	$ 668	$ (2,267)

The accompanying notes are an integral part of these statements