

**CHAPTER 7****REPORT ON SUMMARY OF COMMITMENTS AND CONTINGENCIES**0701 GENERAL

The Summary of Commitments and Contingencies report is submitted annually as of September 30 as a line item or footnote to FACTS I and the National Aeronautics and Space Administration (NASA) Accountability Report; the report reflects the Agency's position at the end of the fiscal year. The report includes all Agency financial commitments and contingencies stated at the maximum limit of risk, not the expected cost. The report is prepared in accordance with Treasury Financial Manual (TFM), Volume 1, Part 2, Chapter 4100 [TFM Volume I](#), and is due at the Department of the Treasury in accordance with Treasury's year-end schedule. The report is submitted by each Center and consolidated by NASA Headquarters, Office of the Chief Financial Officer (OCFO).

A transmittal letter should accompany this report and a summary of amounts reported should identify the probability that payments will be due in the future. Three categories of probability should be identified in the transmittal; "probable", "reasonably possible", and "remote." "Probable" includes amounts where there is more than a 50 percent chance of a payment being due. "Reasonably possible" is when there is less than a 50 percent chance and "remote" is when there is little or no chance of a payment being required in the future. The report is designed to capture those items that are normally included in footnotes to a balance sheet, but cannot properly be classified as real liabilities. The objective is to capture all contractual commitments which bind NASA to pay out money under specified conditions, but which do not represent present liabilities of NASA in the sense of debts owed for cash, goods, services, or other consideration received.

0702 INSTRUCTIONS

The Summary of Commitments and Contingencies includes the categories described in paragraph A. below. Those categories for which there are no amounts to be reported should not be included. One copy of the report is required.

A. Summary of Commitments and Contingencies - Do not report contingent liabilities that were reported as liabilities on the financial statements.

B. Guaranteed or Insured Loans

1. Amount of guarantees or insurance in force. Report the total principal and interest balance of loans or mortgages held by financial institutions, public authorities, or agents, which are guaranteed or insured by the Center.

2. Amount of commitments to guarantee or insure. Report the maximum amount of coverage to be provided under commitments outstanding for the guarantee and

insurance of loans that have not yet been disbursed by the financial institution, public authority, or agent.

3. Amounts related to lines (B)(1) and (B)(2) included in undelivered orders (unliquidated obligations minus accounts payable).

4. Range of future losses. Enter the range of future losses expected to be incurred relating to guaranteed or insured loans.

**C. Insurance Programs**

1. Amount of insurance in force. Enter the total amount of coverage provided under programs of insurance for bank deposits, crops, life, war risks, or other risks.

2. Amount of commitments to insure. Enter the total amount for all commitments to insure.

3. Amounts related to lines (C)(1) and (C)(2) included in undelivered orders (unliquidated obligations minus accounts payable).

4. Range of future losses. Enter the range of future losses expected to be incurred relating to insurance programs.

**D. Indemnity Agreements**

1. Amount of indemnity agreements. Enter the total amount of coverage provided under agreements of indemnification (for example, agreements to indemnify licensees and contractors from public liability arising from nuclear incidents).

2. Amounts related to line (D)(1) included in undelivered orders (unliquidated obligations minus accounts payable).

3. Range of future losses. Enter the range of future losses expected to be incurred related to indemnity agreements.

4. Where the amounts of indemnity agreements are indefinite, indicate the nature of the open-end agreements and the number of agreements in effect.

5. Amounts are reported in dollars.

**E. Commitments to International Institutions -** Provide information relating to programs committing the use of Government funds in the future such as callable capital of international organizations. Report the name and the amount of the commitment.

**F. Other Commitments or Contingencies -** Identify and enter the amount of any other contingent liabilities or commitments not included in any of the above categories and the

range of expected future losses. Include long-term contracts for the purchase or sale of goods or services or property manufactured or constructed and other long-term property rentals. Whenever a utility company or a contractor has to construct additional facilities to meet NASA requirements, the contract provides that NASA will pay for a minimum quantity of the supplier's product or for all or a portion of unrecovered costs if NASA does not exercise the option to renew. This category includes contracts that contain contingent liability provisions to be effective in the event of termination or non-renewal. These contracts cover but are not limited to areas involving utilities, communication services, transportation services, and the supply of cryogenics. For contracts renewable as of October 1, compute the contingent liability as though the contract will not be renewed. Do not include in the contingent liability amount as of September 30, amounts which were obligated as of September 30.

G. Accrual for Loss Contingencies - Enter the amount of any accrual established for loss contingencies.

#### 0703 REPORT ON SUMMARY OF COMMITMENTS AND CONTINGENCIES

The Report on Summary of Commitments and Contingencies can be found on the following page.

**SUMMARY OF COMMITMENTS AND CONTINGENCIES**

	<b>Amount</b>
<b>13. Summary of Commitments and Contingencies: (In Dollars)</b>	
<b>a. Guaranteed or insured loans: (SF 220-8)</b>	
1. Amount of guarantees or insurance in force	_____
2. Amount of commitments to guarantee or insure	_____
3. Amount included in undelivered orders.	_____
4. Range of potential future losses	_____
<b>b. Insurance programs:</b>	
1. Amount of insurance in force	_____
2. Amount of commitments to insure	_____
3. Amount included in undelivered orders.	_____
4. Range of potential future losses	_____
<b>c. Indemnity agreements:</b>	
1. Amount of indemnity agreements	_____
2. Amount included in undelivered orders.	_____
3. Range of potential future losses	_____
4. Description _____	_____
_____	
<b>d. Commitments to international institutions:</b>	
1. Name of international institutions _____	
_____	
2. Amount of commitment	_____
<b>e. Other commitments or contingencies:</b>	
1. Description _____	
_____	
2. Amount of other commitments or contingencies	_____
3. Range of potential future losses	_____
<b>f. Accrual for loss contingencies</b>	_____