FY 2026

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

AGENCY FINANCIAL REPORT





PHOTO CREDIT – NASA/JOEL KOWSKY

NASA astronauts Victor Glover, pilot, left; Reid Wiseman, commander, second from left; Christina Koch, mission specialist, second from right; and Canadian Space Agency (CSA) astronaut Jeremy Hansen, mission specialist, right, pose for a group picture after speaking with congressional staff, Tuesday, May 12, 2026, in the Cannon House Office Building in Washington, D.C. NASA's Artemis II mission took Wiseman, Glover, Koch, and Hansen on a nearly 10-day journey around the Moon and back to Earth in April 2026.



COVER IMAGE – CAPTION AND CREDITS

NASA astronauts Reid Wiseman, Artemis II commander; Victor Glover, Artemis II pilot; Christina Koch, Artemis II mission specialist; and CSA astronaut Jeremy Hansen, Artemis II mission specialist, pose for a photograph as NASA's Artemis II SLS (Space Launch System) rocket and Orion spacecraft roll out to Launch Complex 39B, Saturday, January 17, 2026, at NASA's Kennedy Space Center in Florida.

PHOTO CREDIT – NASA/JOEL KOWSKY

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Message from the Administrator

I am pleased to present the Fiscal Year (FY) 2026 Agency Financial Report (AFR) for the National Aeronautics and Space Administration (NASA). This report provides key financial and performance information and reflects the Agency's commitment to transparency, accountability, and responsible stewardship of American taxpayers' dollars. NASA remains committed to delivering reliable, accurate, and comprehensive financial data in support of its fiscal operations and in accordance with Generally Accepted Accounting Principles.

We follow high-quality financial reporting practices, ensuring appropriate controls with efficient and effective management of Agency funds. Under the leadership of the Office of the Chief Financial Officer, NASA has once again received an unmodified "clean" audit opinion on its 2026 financial statements for the 16th consecutive year, with no reported material weaknesses. The financial and performance data presented in this report are complete and reliable.

NASA's purpose is to undertake the near-impossible missions that advance American leadership in space, science, aeronautics, and technology while delivering value to the public. In FY 2026, we brought greater focus to the Agency's highest priorities: accelerating Artemis, establishing an enduring presence on the Moon, getting America underway on nuclear power in space, demonstrating transformative aeronautics technologies, and launching more world-changing missions of science and discovery.

This year, Artemis II carried four astronauts around the Moon and safely home. We are standardizing the Space Launch System architecture, rebuilding muscle memory, increasing cadence, and preparing for Artemis III, as well as Artemis IV, which will be the grand return of American astronauts to the Moon's surface. In parallel, NASA established the Moon Base Program, bringing lunar activities into a phased, iterative campaign focused on power, mobility, communications, navigation, logistics, habitability, resource utilization, and the science required to sustain people on another world.

We also advanced the technologies and capabilities needed to reach farther into the solar system. SR-1 Freedom is moving America toward nuclear power in space, while NASA continues to expand scientific inquiry, renew X-plane flight testing, and leverage mature commercial systems where industry can deliver greater affordability, scale, and frequency. Across these efforts, we are restoring core technical competencies, strengthening the domestic industrial base, and empowering our workforce to execute on the objectives entrusted to us.

This is the Golden Age of exploration and discovery. We are returning to the Moon to stay, pioneering capabilities that will carry humanity farther, and pursuing the bold endeavors that only NASA can undertake. None of it happens without the extraordinary talent of our workforce and the contributions of commercial and international partners.

With the support of the American people, we will continue to put wins on the board, carry the fire of exploration forward, and show what this nation is capable of achieving.

And we are just getting started.



Sincerely,

Jared Isaacman

About this Report

NASA's FY 2026 AFR provides performance and financial information that enable the President, Congress, and the American people to assess NASA's accomplishments for the year ended September 30, 2026. This report details our stewardship of the financial resources entrusted to us and is prepared in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*.

The AFR is organized into three major sections and an appendix.

Management's Discussion and Analysis

provides an overview of NASA's mission and organizational structure, along with an analysis of mission and financial performance, systems and controls, and legal compliance.

Financial Information

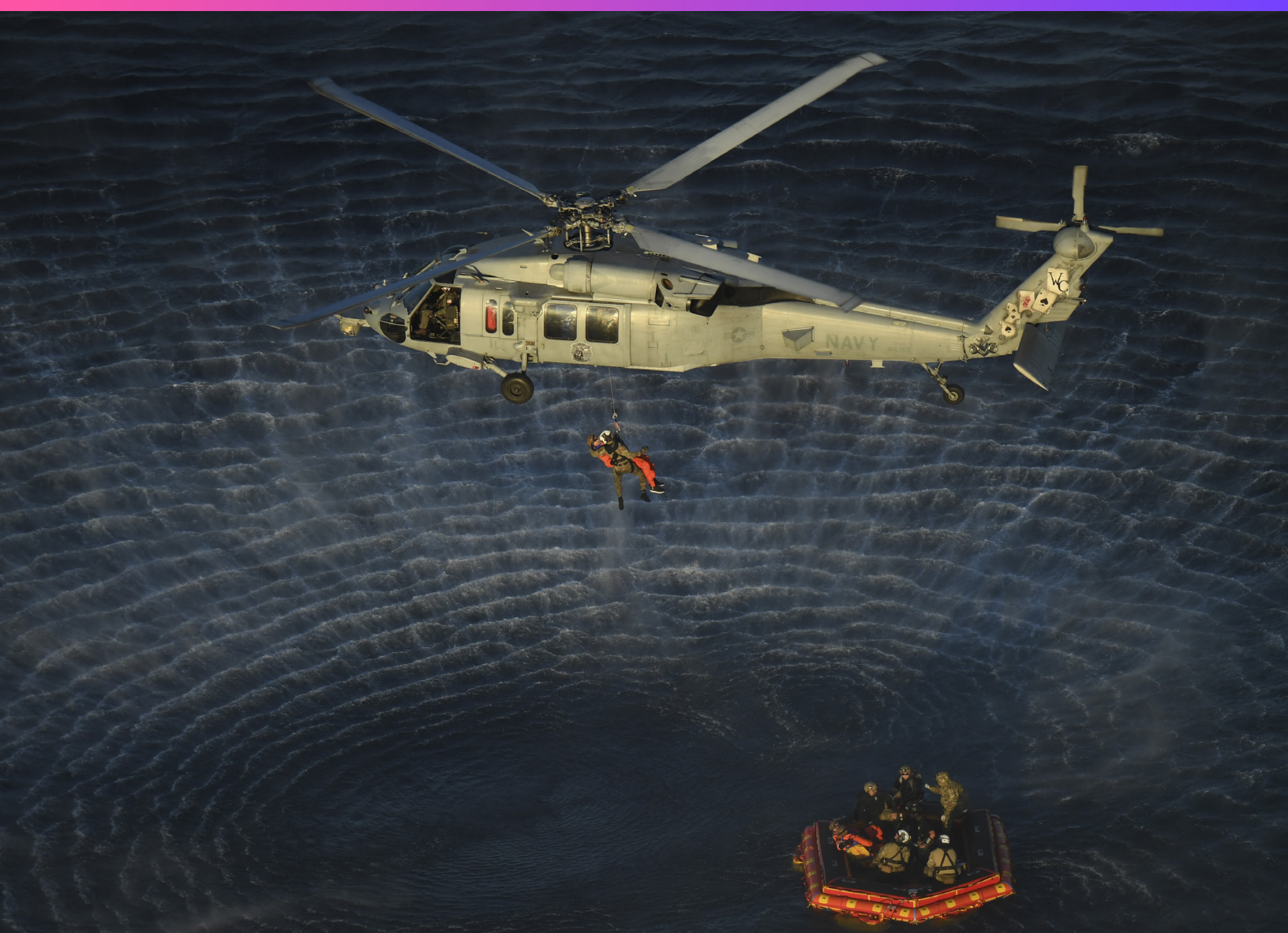
includes the financial statements and accompanying notes, required supplementary information, and the report from the Independent Auditors.

Other Information

includes a summary of the financial statement audit, summary of other reports, OIG's discussion of management and performance challenges, civil monetary penalties information, and a summary of oversight of expired grants and cooperative agreements awards.

Appendix

provides a glossary of acronyms and acknowledgments.



Management's Discussion and Analysis

PHOTO CREDIT – NASA / JAMES BLAIR

U.S. Navy divers and Artemis II astronauts aboard an inflatable raft are approached by helicopters and lifted away to the recovery ship after egressing NASA's Orion spacecraft carrying Artemis II Commander Reid Wiseman, Pilot Victor Glover, and Mission Specialist Christina Koch from NASA, along with Mission Specialist Jeremy Hansen from the CSA, following splashdown in the Pacific Ocean near San Diego, California, at 5:07 p.m. PDT, (8:07 p.m. EDT) on Friday, April 10, 2026.

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Management's Discussion and Analysis Overview

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Achieving our Vision and Mission



PHOTO CREDIT – NASA/BEN SMEGELSKY

In this image, NASA's Artemis II SLS (Space Launch System) rocket and Orion spacecraft stand vertical on Mobile Launcher 1 at Launch Complex 39B at NASA's Kennedy Space Center in Florida on Tuesday, Feb. 10, 2026. The Artemis II test flight took Commander Reid Wiseman, Pilot Victor Glover, and Mission Specialist Christina Koch from NASA, and Mission Specialist Jeremy Hansen from the CSA, around the Moon and back to Earth.

NASA expands the realm of what is possible in aeronautics, discovery and space exploration, embracing the challenge of furthering scientific and technological achievement. This challenge is our passion and our purpose and will be reflected in the Mission and Vision that will be published in the Agency's 2026 Strategic Plan[1]. NASA's long-term success will be the outcome of the strategic decisions and investments we make today.

More information about NASA's Mission Directorates, Mission Support Enterprise Organizations, Centers, Facilities, and Structure can be found at www.nasa.gov/about/.

[1]NASA produces a Strategic Plan every four years in accordance with Government Performance and Results Act Modernization Act of 2010. The Strategic Plan will be available at NASA Strategic Plan - NASA.

NASA by the Numbers

FY 2026 BUDGET

$24.4 Billion

NOTE: Budget categories are estimates. The $24.4 billion reflects all funding appropriated in FY 2026, including $24.4 billion in Discretionary Appropriations and $9.2 million transferred from the Spectrum Relocation Fund.

Research, Engineering, & Development (51%)	12.5B
Operations (38%)	9.2B
Facilities and Equipment (5%)	1.3B
Grants (6%)	1.4B

NASA'S CIVIL SERVICE WORKFORCE BY CENTER

18,204 Employees

Johnson Space Center (JSC)	3,928 (22%)	Langley Research Center (LaRC)	1,322 (7%)
Kennedy Space Center (KSC)	3,499 (19%)	Glenn Research Center (GRC)	1,130 (6%)
Marshall Space Flight Center (MSFC)	2,318 (13%)	Ames Research Center (ARC)	1,111 (6%)
Goddard Space Flight Center (GSFC)	2,072 (11%)	Armstrong Flight Research Center (AFRC)	454 (3%)
NASA Headquarters (HQ)	2,012 (11%)	Stennis Space Center (SSC)	358 (2%)

Key Performance Results

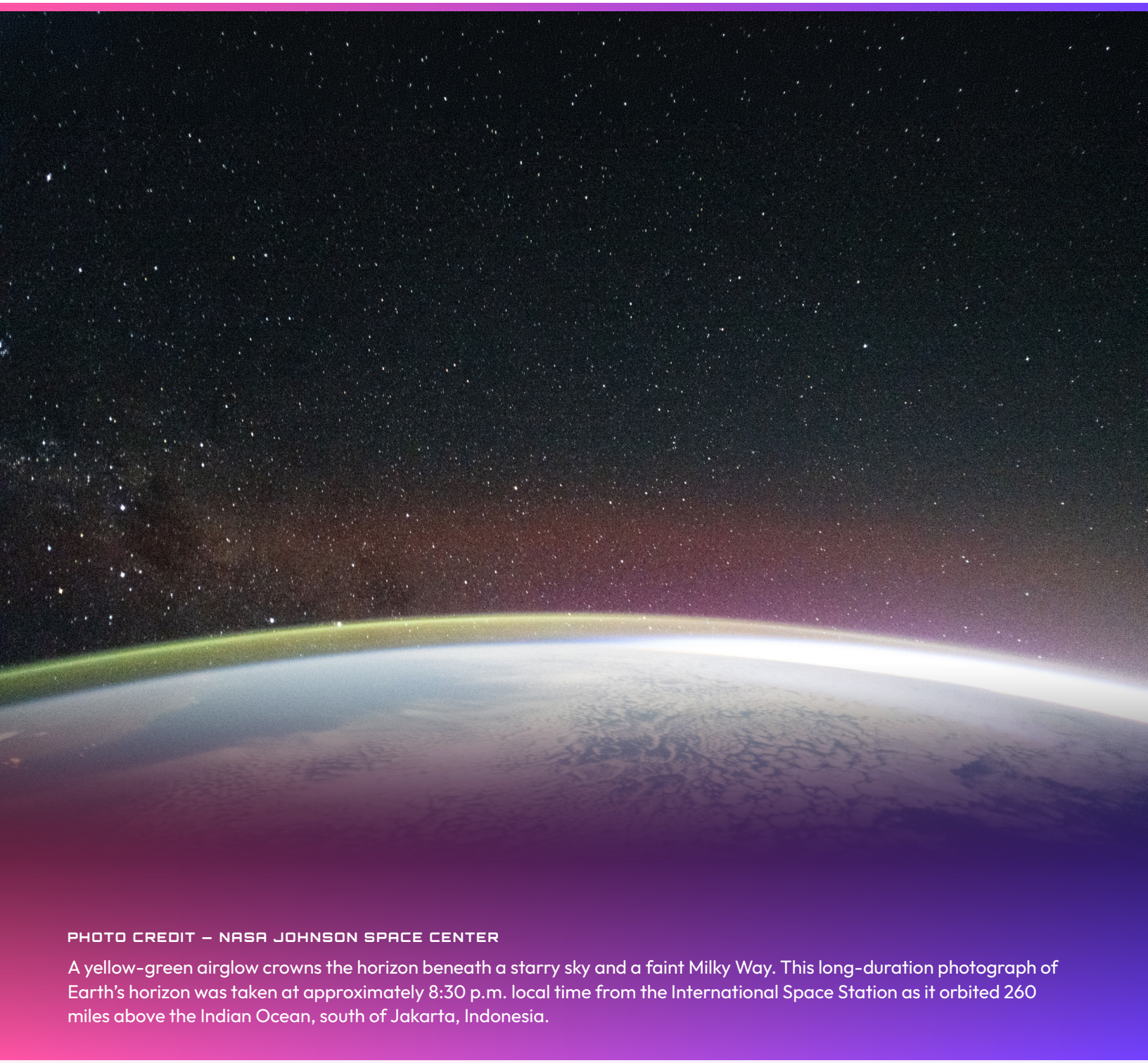


PHOTO CREDIT – NASA JOHNSON SPACE CENTER

A yellow-green airglow crowns the horizon beneath a starry sky and a faint Milky Way. This long-duration photograph of Earth's horizon was taken at approximately 8:30 p.m. local time from the International Space Station as it orbited 260 miles above the Indian Ocean, south of Jakarta, Indonesia.

NASA has four major themes, each characterized by a single word, that reflect the main focuses of NASA's mission.

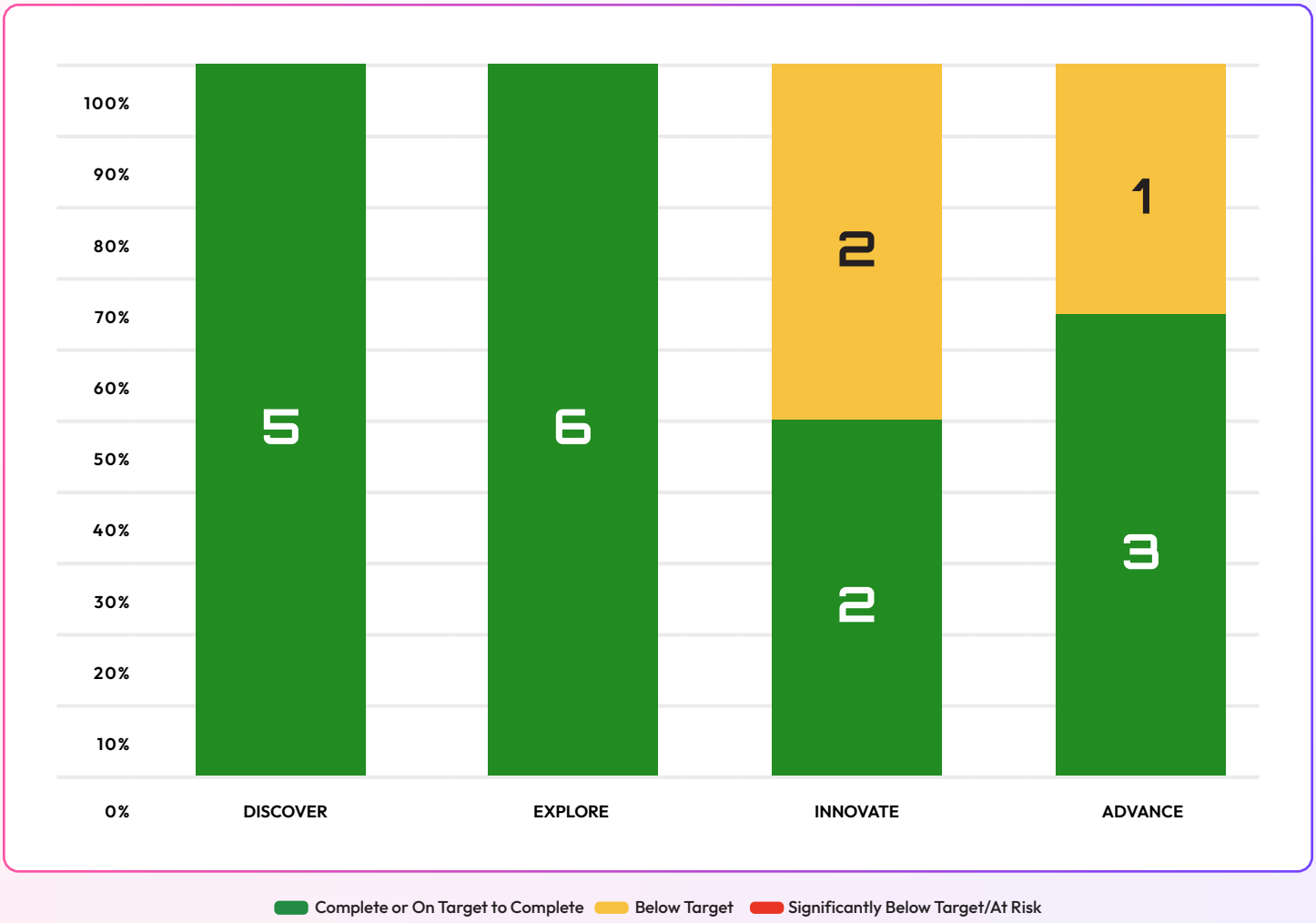
- **DISCOVER** references NASA's enduring purpose of expanding scientific discovery
- **EXPLORE** references NASA's push to expand the boundaries of human presence and exploration in space
- **INNOVATE** references NASA's investment in promoting the technologies of tomorrow
- **ADVANCE** references the capabilities, workforce, and facilities that allow NASA to achieve our Mission

(CONTINUED)
Key Performance Results

Throughout FY 2026, in coordination with the Agency's Performance Improvement Officer (PIO), program officials assessed progress towards achieving NASA's 19 Key Performance Results to determine whether the annual targets were met, assigning one of the following color ratings:

PERFORMANCE GOAL RESULTS	
GREEN	Complete or On Target to Complete
YELLOW	Below Target
RED	Significantly Below Target/At Risk

The following graph details preliminary FY 2026 key performance ratings summarized by Theme. For each Theme, the graph shows how the Key Performance Goals were rated at the time of publication, and additional details are located later in this section. The FY 2028 Volume of Integrated Performance (VIPer), which will be published concurrently with the FY 2028 President's Budget Request at this link, will provide the final performance results for each Performance Goal within the 2026 Annual Performance Report. The Net Cost of Operations (Page 19) displays the actual costs incurred by Theme to accomplish the key performance results.



NASA's Strategic Themes in Action



PHOTO CREDIT – NASA/JOLEARRA TSHITEYA

Over the course of several hours, technicians meticulously connected the inner and outer segments of NASA's Nancy Grace Roman Space Telescope.

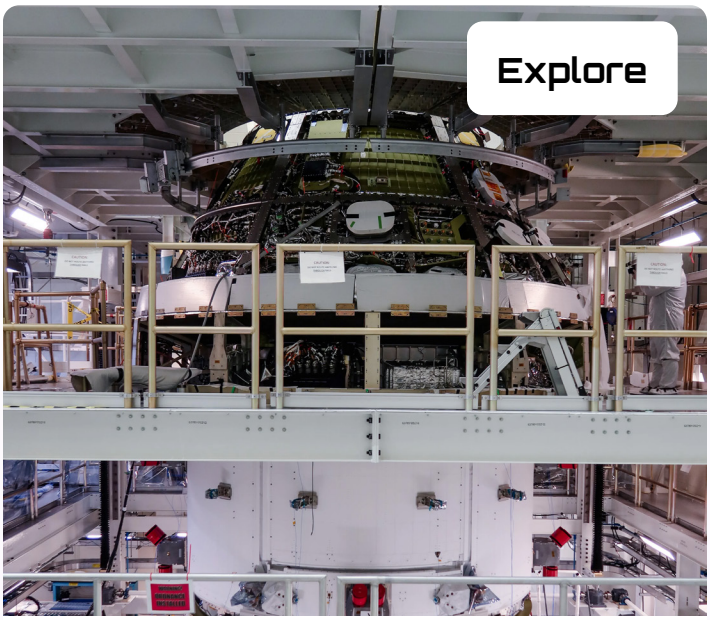


PHOTO CREDIT – NASA/AMANDA STEVENSON

The Orion crew and service modules for the Artemis III mission on Friday, July 31, 2026, after engineers joined the modules inside the Neil A. Armstrong Operations and Checkout Building.



PHOTO CREDIT – NASA

NASA's X-59 quiet supersonic research aircraft flies over the Mojave Desert in California in this April 14, 2026, image. The transition to flying with wheels up is a key milestone and an important step in the experimental aircraft's test campaign.



PHOTO CREDIT – NASA/KEEGAN BARBER

Amit Kshatriya, NASA associate administrator, poses for a photo before cutting the ribbon to open the Flight Dynamics Research Facility, NASA's newest wind tunnel, Friday, July 31, 2026, at NASA's Langley Research Center in Hampton, Virginia.

Discover references NASA's enduring purpose of expanding scientific discovery
LEAD OFFICE(S): Science Mission Directorate (SMD)

Overview

NASA's mission focuses on unlocking the secrets of the universe by delivering world-changing discoveries, focused on balancing flagship scientific endeavors with rapid mission design, efficient operations, and expanded use of commercial and private capabilities. Through space-based research, NASA advances the understanding of our planet, solar system, and galaxy. Progress relies on a balanced portfolio of missions and effective partnerships across commercial, international, interagency, and academic sectors to maximize resources and extend scientific impact.

NASA drives innovation by expanding access to scientific data through super intelligence, cloud computing, and data science. The Agency excels at collecting, managing, and distributing information to scientists, partners, and learners, fostering open science and continuous improvement in data practices and computing systems.

This Theme is supported by five key performance indicators. All five were rated Green at the time of publication.

NASA is developing several major science projects and numerous milestones need to be met for these projects to progress effectively toward achieving their intended purposes. Dragonfly, a first-of-its-kind rotorcraft that will fly to various locations on Saturn's moon, Titan, and investigate the moon's habitability, completed System Integration Review in the summer of 2026. This milestone is crucial as the mission is marching towards a summer 2028 launch date. The Near-Earth Object (NEO) Surveyor Optical Payload Test, Evaluating and Calibration (OPTEC) integrated system, a ground-based test and calibration chamber system designed to ensure the payload can reliably detect faint, fast-moving near-Earth objects, initiated integration and testing. This is a major milestone to ensure readiness for a fall 2027 launch.

NASA achieved its goal in FY 2026 to utilize NASA Earth Science data and products to grow the economy, enhance national security, and create a more resilient nation. For example, the NASA Disasters Response Coordination System (DRCS) provided synthetic aperture radar (SAR) products and modeled data during March 2026 when the Hawaiian islands were hit by consecutive "Kona Low" storm systems that caused prolonged intense rainfall and severe flash flooding. The DRCS is actively coordinating with state and federal response partners, including the Federal Emergency Management Agency and U.S. Geological Survey, to decrease the impact of natural disasters on Americans.

The Surface Water and Ocean Topography (SWOT) mission — a joint effort between NASA and the Centre National D'Etudes Spatiales (France), with contributions from the Canadian Space Agency (CSA) and the United Kingdom Space Agency (UKSA) — collected key measurements to understand the global water cycle on land, study the dynamics of floodplains and wetlands, and provide a global inventory of water resources in FY 2026. Launched in 2022, SWOT was the first satellite capable of surveying not only the ocean, but also nearly all the world's lakes and rivers with ultraprecision.

The Sentinel-6/Michael Freilich, an Earth-observing satellite mission, collected key measurements of ocean height and measured temperature and humidity in the troposphere, the layer of the atmosphere that begins at Earth's surface, in FY 2026. NASA developed this mission with the European Space Agency (ESA), the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT), and the National Oceanic and Atmospheric Administration (NOAA).

Explore references NASA's push to expand the boundaries of human presence and exploration in space
LEAD OFFICE(S): Human Spaceflight Mission Directorate (HSMD)

Overview

NASA's rich history of human spaceflight provides the foundation to maintain U.S. leadership in space. The Agency will advance the Ensuring American Space Superiority Executive Order (EO)[1] by evolving deep space transportation systems that will carry astronauts and critical cargo safely and reliably to the Moon and beyond. Furthermore, NASA will increase the cadence of missions to establish repeatable, dependable access to the lunar surface, and foster a thriving low Earth orbit (LEO) economy.

Through Artemis, NASA will send astronauts on increasingly difficult missions to explore more of the Moon for scientific discovery, economic benefits, and to build on that foundation for the first crewed missions to Mars. NASA has begun the establishment of a Moon Base where astronauts will live, work, and explore all in service of developing the infrastructure needed to support an enduring human presence on the lunar surface. Additionally, NASA is preparing for the safe transition from the International Space Station (ISS) to commercially owned and operated platform(s) in LEO.

This Theme is supported by six key performance indicators. All six were rated Green at the time of publication.

The successful completion of the Artemis II test flight in April was a major milestone in the journey back to the Moon. Four astronauts traveled roughly 252,756 miles from Earth in a 10-day journey around the Moon and back, breaking the record set during the Apollo Era for the furthest distance traveled away from Earth. Through this test flight, NASA was able to verify heavy-lift rocket performance with a live crew onboard and evaluate critical deep space life support systems, navigation, and manual handling. Additionally, in preparation for Artemis III, the heat shield was successfully installed on that command module and upgraded to increase safety during atmospheric reentry. Through the Artemis program, NASA will embark on increasingly complex missions, enabling astronauts to explore new regions of the Moon for scientific advancement and economic opportunity, laying the groundwork for eventual crewed exploration of Mars.

NASA is advancing development of the Moon Base, a long-term lunar exploration and infrastructure initiative designed to enable a sustained human presence and expanded scientific and commercial activity on the lunar surface. In July, NASA announced the selection of three companies to land four new missions on the Moon in late 2028 that will deliver NASA science payloads to the lunar surface as the Agency builds the first outpost on another celestial world. NASA sought information from established commercial providers and new industry entrants to help shape a future acquisition strategy for commercial human lunar transportation services capable of supporting a permanent, continuously crewed U.S. lunar base. This Request for Information (RFI) responds directly to the December 2025 EO, Ensuring American Space Superiority, which mandates rapid expansion of U.S. lunar capabilities, increased mission cadence, commercial partnership, and resilient cislunar infrastructure. Responses will inform NASA's long-term strategy to transition from government-driven missions to a commercially sustained lunar transportation ecosystem that ensures U.S. leadership and operational freedom in the cislunar domain.

NASA will ensure the continued safe operation of the ISS through 2030 as development of a de-orbit vehicle progresses. The Agency also successfully completed a preliminary design review for the de-orbit vehicle in February. In February, Crew-12 successfully launched and docked with the ISS, and Crew-13 is scheduled for launch in October. Throughout FY 2026, NASA issued multiple RFIs to gather industry input, which influenced the Agency's acquisition strategy and led to the release of the Commercial LEO Destination Contract (CLDC) Draft Request for Proposal (DRFP) in July.

[1] https://www.whitehouse.gov/presidential-actions/2025/12/ensuring-american-space-superiority/

Innovate references NASA's investment in promoting the technologies of tomorrow
LEAD OFFICE(S): Research and Technology Mission Directorate (RTMD)

Overview

NASA develops and delivers breakthroughs in aeronautics, space technology, and nuclear power to ensure American leadership in aerospace, along with the communications and navigation systems that are critical to every agency mission. NASA invests in a diverse portfolio of space technology and aeronautics research, development, and demonstration to advance capabilities in areas such as space transportation, precision landing systems, and resilient surface infrastructure for sustained operations on the Moon and Mars. NASA leverages public-private partnerships to reduce development costs, accelerate the adoption of new technologies, meet national needs, and open new markets. This approach ensures the Agency applies extreme ownership of taxpayers' dollars while maximizing benefits to the American public through patent licenses, software agreements, and other commercialization initiatives.

This Theme is supported by four key performance indicators. Two were rated Green and two were rated Yellow at the time of publication.

Demonstrating new technologies and cross-cutting capabilities for both NASA missions and the commercial space sector is vital to the Agency. NASA is advancing technologies for human exploration of the Moon and Mars with active industry and international partnerships supporting progress. Despite the Vertical Solar Array Technology (VSAT) prototype demonstration being slightly delayed and the non-nuclear Mars surface power study being cancelled due to shifting priorities and increased focus on surface hardware, regenerative fuel cell technology is moving toward a flight demonstration for Moon Base Phase II.

Collaborating with U.S. industry, NASA is rapidly developing space technologies to maintain American leadership and expand space commerce. The Enhancing Exploration Platforms and Analog Definition (EXPAND) program completed a technical interchange milestone and delivered 12 technologies for test flights, despite some contracting delays related to funding. Ongoing initiatives include the Lunar Assay via Small Satellite Orbiter (LASSO) concept reviews and the proven reserve concept/economic study.

NASA works with the Federal Aviation Administration (FAA) and airlines to improve the National Airspace System, reducing delays and operating costs through digital flight rerouting and technical transfers. The Agency successfully transferred aerial monitoring techniques for wildland fires using unmanned aircraft systems to relevant stakeholders and continues to advance aerospace innovation by researching engine systems, manufacturing methods, and new designs. NASA continues to advance the Quiet SuperSonic Technology (QUESST) program by conducting flight tests with the X-59 aircraft to develop safer and more sustainable "low boom" flight capabilities.

Advance references the capabilities, workforce, and facilities that enable NASA to achieve our Mission
LEAD OFFICE(S): Mission Support Directorate (MSD)

Overview

NASA's ambitious and complex missions demand contemporary, flexible, technical, and professional support systems to ensure mission preparedness, resilience, and sustained leadership in exploration, science, discovery, and innovation. Strengthening these capabilities and operational processes is essential for NASA to secure the infrastructure, technology, technical excellence, and oversight required to propel the Agency back to the Moon and beyond.

This Theme is supported by four key performance indicators. Three were rated Green and one was rated Yellow at the time of publication.

NASA's aging infrastructure necessitates continuous maintenance to ensure reliability for both ongoing operations and future missions. To address this, the Agency emphasizes preventative maintenance, which has allowed NASA to limit unplanned maintenance to less than 20 percent of its allocated maintenance budget. This proactive approach helps reduce unexpected disruptions and supports mission continuity.

The ever-present threat of malicious actors and hackers has made protecting NASA's vast data and assets from cyber threats more difficult. To assess its security status, NASA utilizes a suite of cybersecurity metrics known as the Cybersecurity Scorecard. Recent improvements in system scanning have enhanced visibility into the Agency's threat posture vulnerabilities, leading to a greater number of remediation actions required due to the increased number of identified vulnerabilities. Recent enhancements in system scanning have significantly improved threat visibility, allowing the Agency to proactively identify and address previously undetected vulnerabilities. While aligning with these more rigorous standards requires a focused investment of resources and may temporarily adjust our baseline cybersecurity scores, it ultimately provides a much more accurate assessment and substantially strengthens the Agency's overall security posture.

Protecting its employees and astronauts has always been a key pillar for the Agency. NASA continues to reduce both the frequency and severity of employee injuries and illnesses by upholding high standards of health and safety for astronauts. Nevertheless, staffing shortages have placed additional strain on the workforce. Given NASA's current posture, it is increasingly vital to educate and equip commercial partners to help reduce risks associated with programs, astronauts, and aviation.

Financial Highlights

The financial highlights provide an overview of NASA's 2026 financial statements. NASA has received an unmodified ("clean") audit opinion on its financial statements, which marks the 16th straight year of clean audit opinions. A clean opinion provides reasonable assurance that the financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles (GAAP). To help readers understand the principal financial statements, this section is organized to highlight the following statements:

- Balance Sheet
- Statement of Changes in Net Position
- Statement of Net Cost
- Combined Statement of Budgetary Resources

Overview of Financial Position

Balance Sheet

NASA's Balance Sheet provides a comparable snapshot of the Agency's financial position as of September 30, 2026, and September 30, 2025. It displays amounts in three primary categories.

Assets

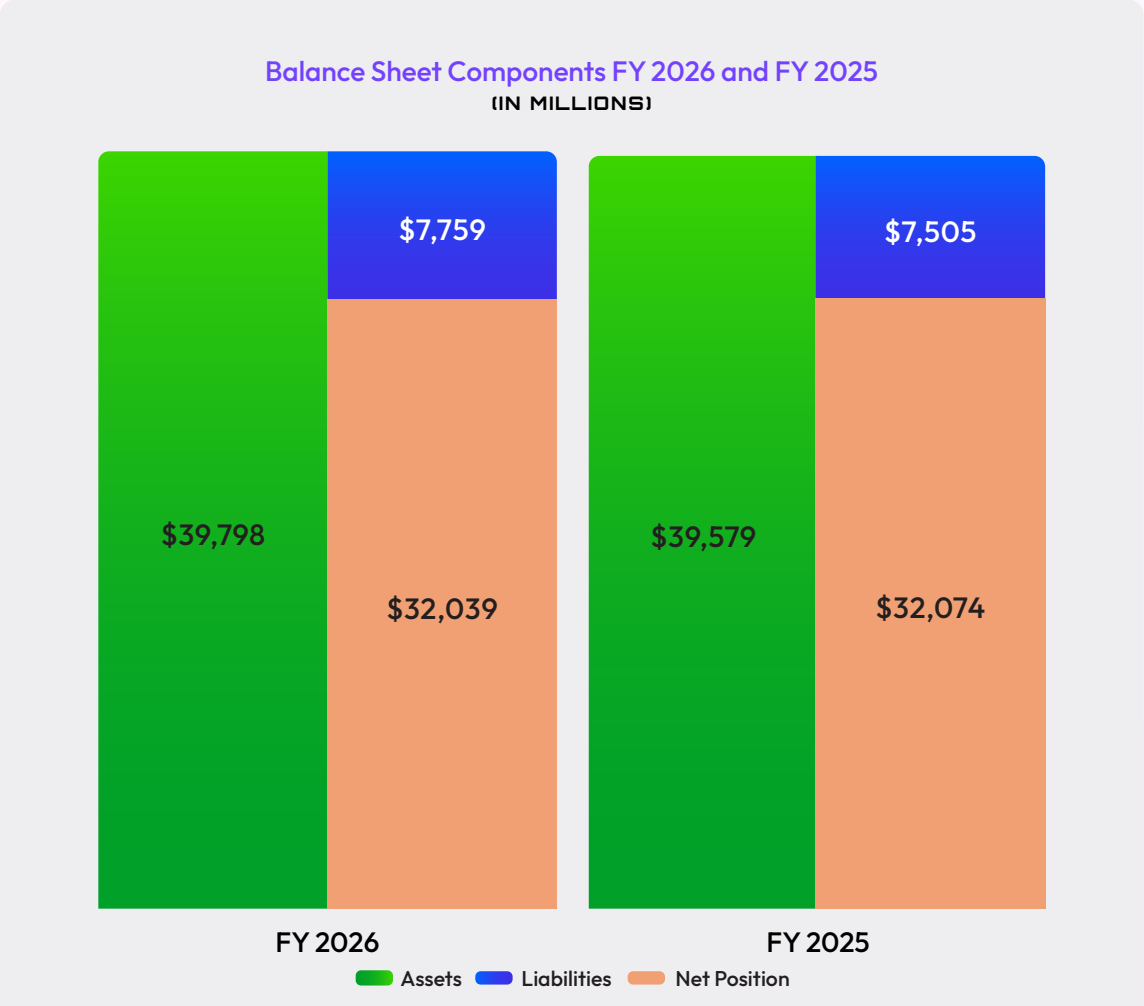
+ the current and future economic benefits owned or available for use by NASA.

Liabilities

− the debts owed by NASA but not yet paid.

Net Position

= the activity between revenue and other financing sources, and costs incurred since inception.



(CONTINUED)
Overview of Financial Position

Total Assets will always equal Total Liabilities plus Total Net Position. NASA's total asset balance, as of September 30, 2026, was $39.8 billion, less than 1 percent higher than FY 2025.

The Agency's Fund Balance with Treasury (FBWT) and its Property, Plant, and Equipment (PP&E) were the two primary components of the total assets balance.

FBWT represents NASA's cash balance with the U.S. Department of the Treasury and was the largest asset at $29.2 billion, accounting for 73 percent of total assets. This includes funds appropriated by Congress for NASA's mission operations (for example, employee labor or purchased goods or services from contractors) that have not yet been paid.

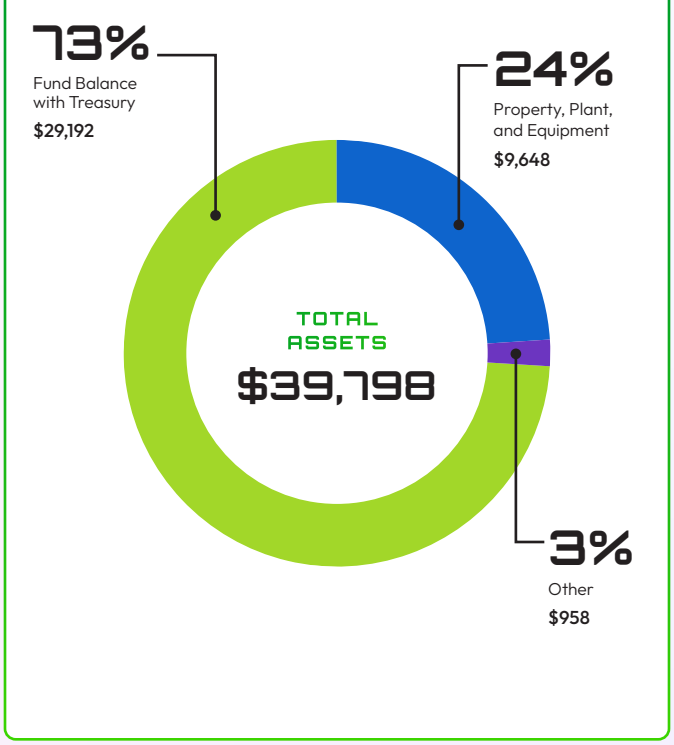
NASA's PP&E had a net book value of $9.6 billion as of September 30, 2026, accounting for 24 percent of total assets and an 8 percent decrease as compared to FY 2025. The decrease is primarily attributable to changes in asset utilization associated with NASA's efforts to align infrastructure with the Agency's highest mission priorities, including accelerating future Artemis missions and establishing an enduring presence on the Moon with the new Moon Base program.

The Other category represents Lessor Lease Receivables, Accounts Receivable, Advances and Prepayments, and Investments. This category totaled $958 million, accounting for 3 percent of total assets.

Assets by Type Comparison for FY 2026 and FY 2025
(IN MILLIONS)



Assets by Type FY 2026
(IN MILLIONS)



Other · Property, Plant, and Equipment · Fund Balance with Treasury

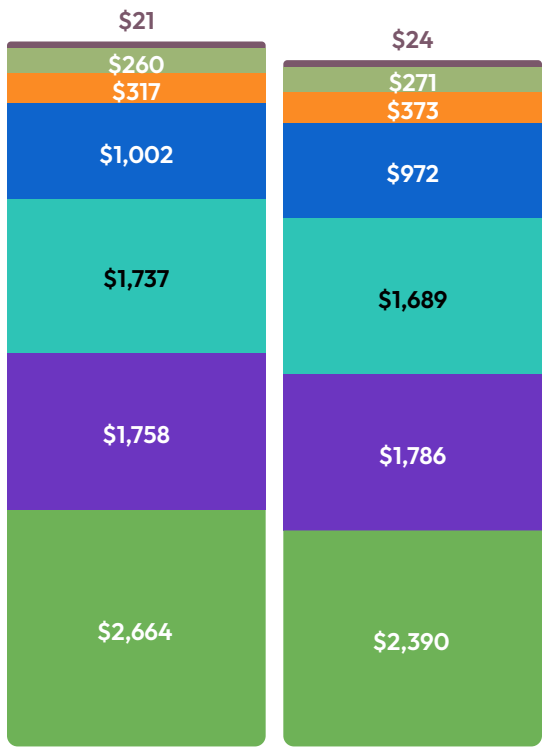
(CONTINUED)
Overview of Financial Position

Total Liabilities as of September 30, 2026, were $7.8 billion, 3 percent higher than FY 2025. Environmental and Disposal Liabilities, Accounts Payable, and Other Accrued Liabilities represent the majority of NASA's liabilities.

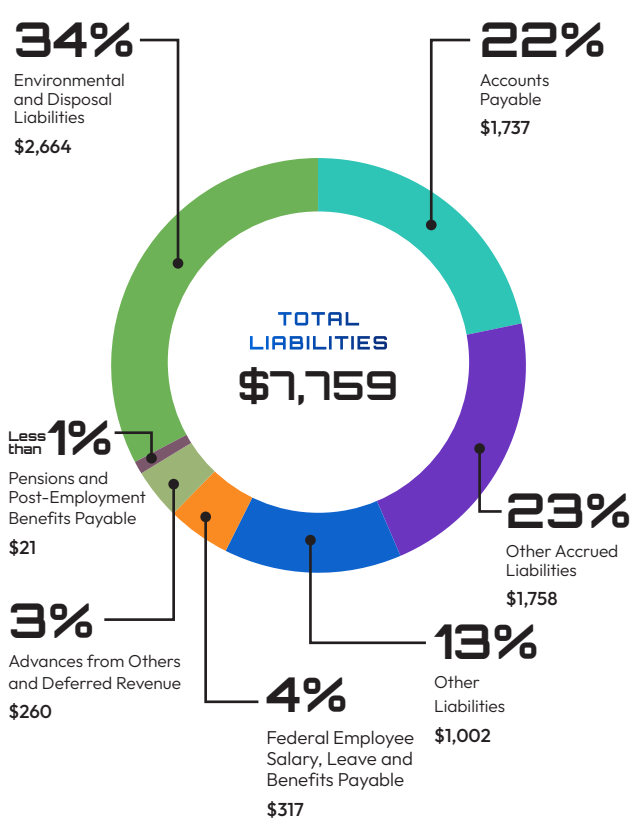
Environmental and Disposal Liabilities of $2.7 billion represent the estimated cost to clean up both known and projected environmental hazards, which was 11 percent higher than FY 2025. The increase is primarily due to the availability of new or updated information on the extent of contamination and refinements to the environmental cleanup estimation methodology.

Accounts Payable, which represents amounts owed to other entities, was $1.7 billion. Other Accrued Liabilities with public entities was $1.8 billion. Other Liabilities, which represent various amounts including Unearned Lease Revenue and Contingent Liabilities, was $1 billion. Federal Employee Salary, Leave and Benefits Payable are Accrued Funded Payroll and Leave and Unfunded Leave.

Liabilities by Type Comparison for FY 2026 and FY 2025
(IN MILLIONS)



Liabilities by Type 2026
(IN MILLIONS)



Pensions and Post-Employment Benefits Payable · Advances from Others and Deferred Revenue · Federal Employee Salary, Leave and Benefits Payable · Other Liabilities · Other Accrued Liabilities · Accounts Payable · Environmental and Disposal Liabilities

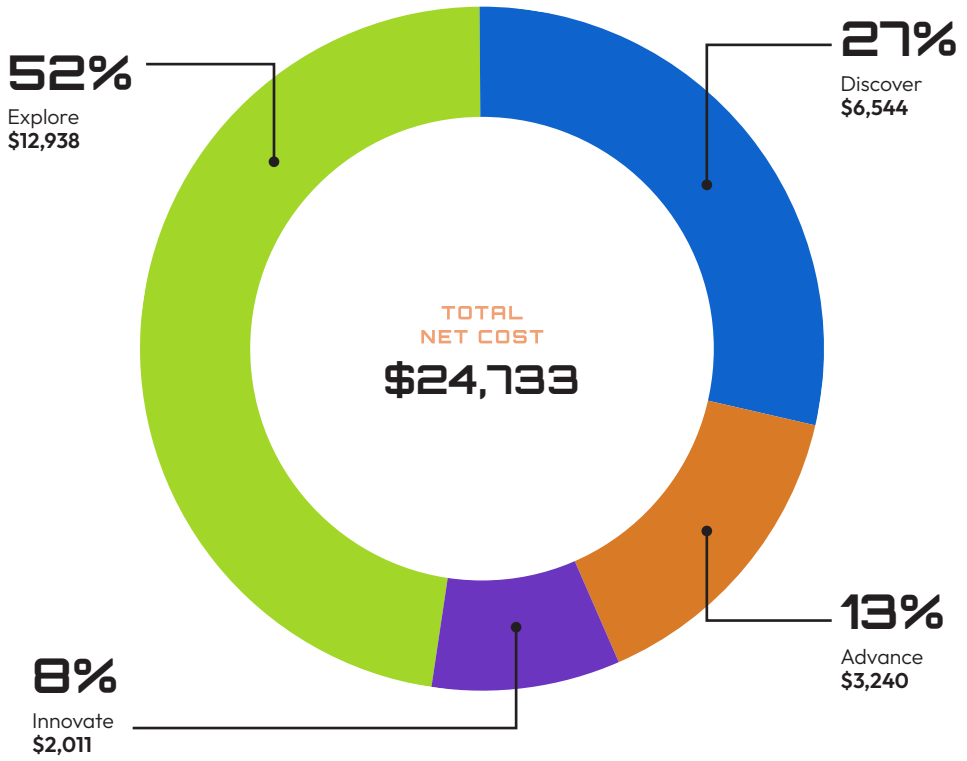
Total Net Position comprised of Unexpended Appropriations and Cumulative Results of Operations ("net worth"), was $32 billion, which was approximately the same as FY 2025. Unexpended Appropriations, at $25.3 billion, increased by $1 billion from FY 2025. Cumulative Results of Operations, at $6.7 billion, decreased by $1 billion from FY 2025.

Results of Operations

Net Cost of Operations

The Statement of Net Cost presents NASA's Net Cost of Operations by themes and major projects. NASA's themes are described in the Mission Performance section of the Agency Financial Report (**Page 9**). The Net Cost of Operations represents gross costs incurred less revenue earned for work performed for other government organizations or private entities. Costs are reported as full cost which includes the imputed cost of goods and services provided by other entities. For FY 2026, NASA's gross costs were $26.4 billion, a 3 percent increase from FY 2025. Revenue earned from other governmental organizations or private entities was $1.7 billion, a 10 percent decrease from FY 2025. This leaves NASA with a FY 2026 net cost of $24.7 billion, a 4 percent increase from FY 2025.

Net Cost of Operations for FY 2026
(IN MILLIONS)



- **Discover**
  Expand human knowledge through new scientific discoveries.
- **Explore**
  Extend human presence to the Moon and on towards Mars for sustainable long-term exploration, development, and utilization.
- **Innovate**
  Catalyze economic growth and drive innovation to address national challenges.
- **Advance**
  Enhance capabilities and operations to catalyze current and future mission success.

(CONTINUED)
Results of Operations

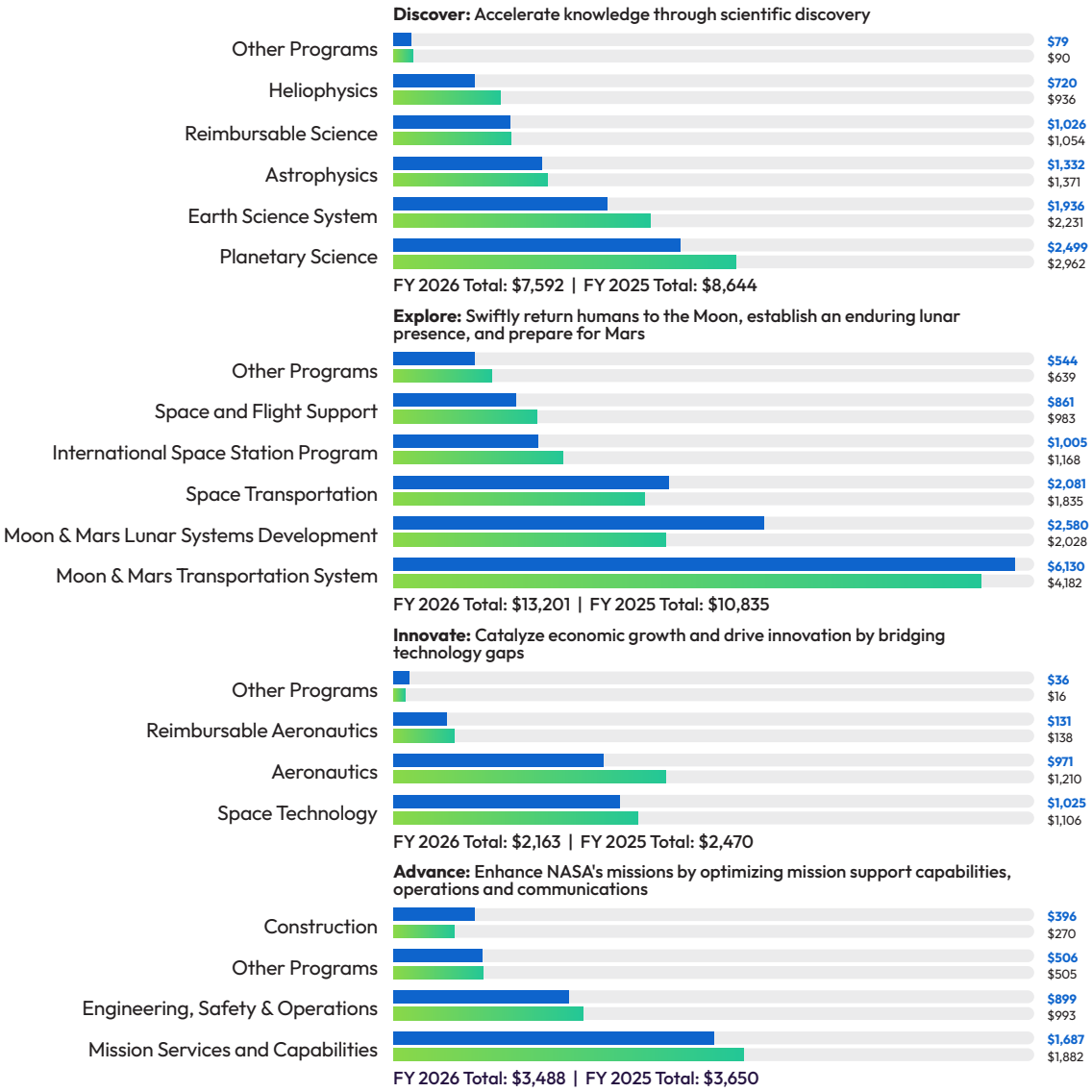
Gross Cost of Operations

NASA's day-to-day operations are performed at NASA and contractor facilities around the globe and in space. Gross costs of operations are presented in the following table; detailing select NASA programs that support the Agency's mission. Gross costs of operations include expenses incurred for NASA's research and development (R&D) investments that are expected to maintain or increase national economic productive capacity or yield other future benefits. Top programs in relation to gross costs have remained consistent year to year.

Changes in gross costs across NASA's themes reflect the Agency's efforts to align resources with its highest mission priorities, including accelerating future Artemis missions and establishing an enduring presence on the Moon through the new Moon Base program. The increase in gross costs for Explore is primarily attributable to the reclassification of Mobile Launcher 2. The decrease in gross costs for Discover is primarily attributable to lower current-year spending on R&D projects, including Mars Sample Return and Near-Earth Object Surveyor.

Comparative Gross Cost of Operations for FY 2026 and FY 2025
(IN MILLIONS)

FY 2026 Total: $26,444
FY 2025 Total: $25,599
2026 2025



Sources of Funding

The Statement of Budgetary Resources provides information on the budgetary funding available to NASA. NASA's resources consist primarily of funds received from two sources:

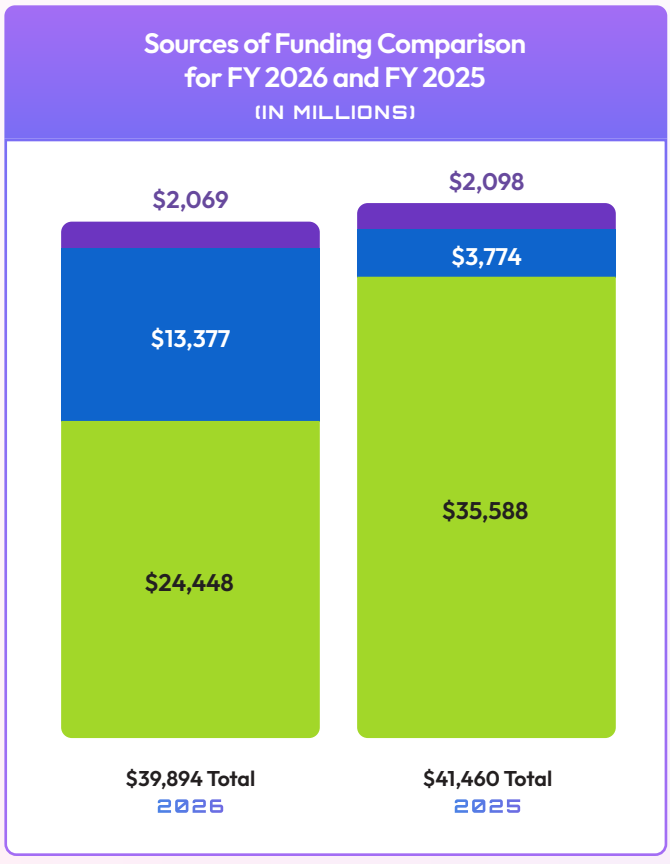
Appropriations from Congress for the current fiscal year and unobligated balances from prior fiscal years.
Revenue from agreements with other governmental organizations or private entities.

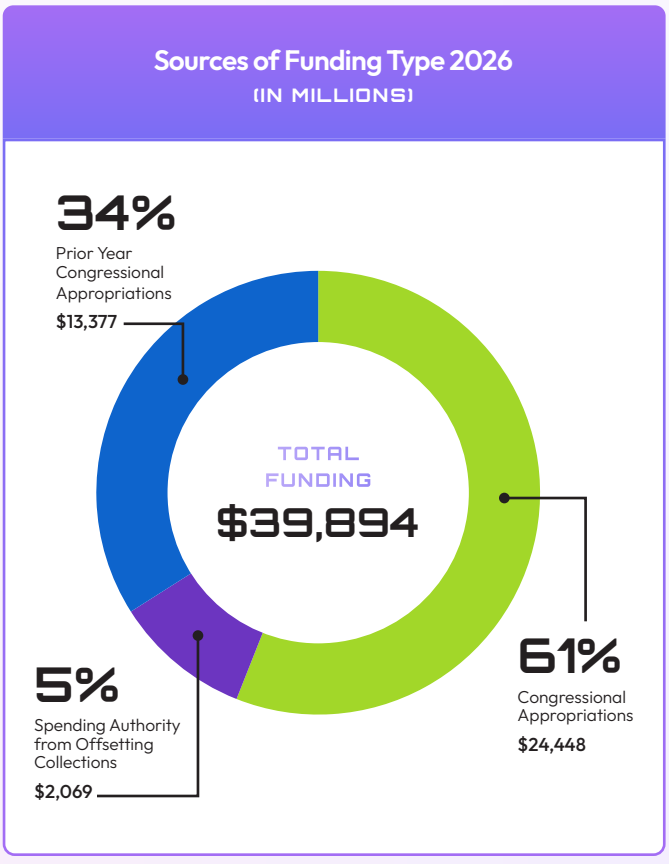
In FY 2026, the total funds available for use by the Agency were $39.9 billion, a 4 percent decrease compared to FY 2025.

The $24.4 billion in appropriations from Congress for FY 2026 accounted for 61 percent of the total funds available for use by the Agency. Congress designates the funding available to the Agency for a specific NASA mission. Appropriations that remained available from prior years totaled $13.4 billion, 34 percent of NASA's available resources in FY 2026.

NASA's FY 2026 funding also included $2.1 billion spending authority from offsetting collections, primarily comprised of revenue earned and collected from agreements, representing 5 percent of NASA's available resources in FY 2026. Revenue is earned under NASA's authority to provide goods, services, or use of facilities to other entities on a reimbursable basis.

In FY 2026, NASA obligated $28.5 billion of the $39.9 billion available for Agency programmatic and institutional objectives. An obligation binds the Government to make an expenditure (or outlay) of funds and reflects a reservation of budget authority that will be used to pay for a contract, labor, or other items. The remaining $11.4 billion may be obligated until the funds' periods of availability expire.





Spending Authority from Offsetting Collections | Prior Year Congressional Appropriations | Congressional Appropriations

Limitations of the Financial Statements



PHOTO CREDIT – NASA/KEEGAN BARBER

NASA Administrator Jared Isaacman leads a flyover featuring his personally owned F-5 Tiger during the Great American State Fair, Saturday, July 4, 2026, on the National Mall in Washington, D.C.

The financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal Generally Accepted Accounting Principles (GAAP) and the formats prescribed by the Office of Management and Budget (OMB). Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Internal Control Framework



PHOTO CREDIT – NASA/JIM ROSS

A NASA F-15 aircraft is shown flying next to a NASA F/A-18 during a cross-country flight from Spokane, Washington, to Washington, D.C., on Thursday, July 2, 2026. The full F-15 is visible, along with a partial view of the F/A-18's wing, as both aircraft display new red, white, and blue paint to celebrate America's 250th birthday.

NASA Federal Managers' Financial Integrity Act Annual Statement of Assurance Process

The Federal Managers' Financial Integrity Act (FMFIA)[1] requires agency heads to evaluate and report on internal control and financial systems to ensure the integrity of Federal programs and operations. This evaluation aims to provide reasonable assurance that internal controls are operating effectively to ensure efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

An effective system of internal control is at the core of NASA fulfilling its mission and meeting its objectives while safeguarding governmental resources. NASA's management is responsible for implementing internal control activities that support the organization in meeting established objectives.

NASA complies with the Office of Management and Budget's (OMB) Circular A-123[2], *Management's Responsibility for Internal Control*, which provides Government-wide requirements for internal control and accountability, based on the FMFIA. OMB Circular A-123 also requires agencies to establish internal controls over operations, reporting, and compliance.

[1] **The Federal Managers' Financial Integrity Act (FMFIA)** https://www.congress.gov/97/statute/STATUTE-96/STATUTE-96-Pg814.pdf

[2] **OMB Circular A-123, Management's Responsibility for Internal Control** https://www.whitehouse.gov/wp-content/uploads/2026/03/OMB-Circular-No.-A-123-2026.pdf

(CONTINUED)
Internal Control Framework

NASA assesses internal control across various levels of the organization to ensure that significant risks are identified, and the corresponding controls designed to address those risks are properly evaluated. NASA assesses the effectiveness of internal control over operations, management systems, and reporting with consideration of reviews and other relevant sources of information. NASA's executive leadership provides annual reporting and certifications on the effectiveness of internal controls that are implemented to meet intended objectives.

In addition, the NASA Office of the Chief Financial Officer (OCFO) implements an extensive annual assessment methodology and internal control testing techniques that evaluate internal control over financial reporting.

As part of the Administrator's Statement of Assurance (SoA) Process, NASA considers Enterprise Risk Management (ERM) Program activities, including reviews of the Agency Risk and Fraud Risk Profiles, to inform the evaluation of and provide assurance over internal controls.

The FMFIA assurance statement is based on self-certifications submitted by NASA Officials-in-Charge that ultimately support the Administrator's SoA as well as a review of various internal and external sources of information. The self-certifications are based on organizational self-assessments guided by the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (known as the Green Book). The self-certifications and subsequent reviews are informed by relevant sources of information such as internal reviews of controls, as well as recommendations for improvements from external audits, investigations, and reviews conducted by the Office of Inspector General (OIG) and the GAO. The Internal Control Review Board (ICRB) serves as NASA's senior management council responsible for overseeing the Internal Control Program, assessing and monitoring internal control deficiencies, and advising the Administrator's SoA.

The Management System Working Group (MSWG) supports the ICRB by conducting the initial evaluation of annual assessment results and serving as NASA's primary advisory body for internal control activities. The MSWG analyzes assessment results, identifies issues that could significantly affect the effectiveness of internal controls, and provides recommendations to the ICRB on the design and effectiveness of internal control activities.

Enterprise Risk Management



PHOTO CREDIT – KENNEDY SPACE CENTER

Teams at NASA's Kennedy Space Center in Florida offload the second of four RS-25 SLS (Space Launch System) rocket engines built by L3Harris Technologies for the Agency's Artemis III mission on Tuesday, June 23, 2026, inside the spaceport's Vehicle Assembly Building. The SLS rocket will use four RS-25 engines in the core stage to propel the Orion spacecraft into orbit providing over two million pounds of thrust at liftoff. As part of the Golden Age of innovation and exploration, NASA will send Artemis astronauts on increasingly difficult missions to explore more of the Moon for scientific discovery and economic benefits, establish an enduring human presence on the lunar surface, and build on our foundation for the first crewed missions to Mars.

OMB Circular A-123, Management's Responsibility for Internal Control, requires Federal agencies to establish and implement risk management practices to ensure managers effectively identify and manage risks that could impede the achievement of agency strategic objectives.

Risk management is embedded in NASA's culture, and the principles and practices are inherent in everyday operations. The Agency's Risk Management Officer (ARMO), within the Headquarters Office of Safety and Mission Assurance (OSMA), oversees risk related functions and serves as the primary steward on risk policy, practices, and capabilities.

NASA's ARMO leads the Agency's ERM effort. As NASA's chief steward of risk management policy and practices, the ARMO oversees the development of strengthened capabilities to enable more efficient, effective, and sustainable risk

(CONTINUED)
Enterprise Risk Management

communication and practices. Improving NASA's ERM capabilities is accomplished with the direct support of Agency leadership and through efforts such as enhancing tools for integrated data management and revising workforce training to grow and sustain enterprise risk management knowledge and expertise. The ARMO assesses an array of enterprise-level risks, Agency Risk Profile, and documents and makes accessible the risk data in a dashboard to support Objectives-Driven Risk Management (ODRM) and risk-informed decisions. Significant risks affecting the Agency's strategic goals and objectives then are elevated by the responsible organization to Agency Leadership. The Agency's Office of the Executive Secretariat (OES) coordinates decisions with appropriate senior leaders and ensures all decisions are captured and tracked. Under the ARMO's purview, the Agency Risk Management Working Group (ARMWG) provides a community of practice to support and enhance the discipline of risk management within the Agency.

NASA continues to face new challenges in carrying out essential functions necessary to achieve its core mission. Long standing risk management processes and activities are inherently woven throughout NASA's culture, so the Agency is well positioned to respond to unknown threats or national emergencies that may disrupt operations for an extended period. NASA's leadership has developed Agencywide guidance that considers guidelines provided by the White House, Office of Personnel Management, and OMB.

NASA continues to strengthen its risk management and reporting process through comprehensive collaboration with the various risk bodies and stakeholders throughout the Agency, to effectively identify key risks and opportunities, develop effective risk responses, and implement timely mitigation actions. NASA continues to benchmark and collaborate with other Federal agencies to ensure continual learning and improvement of risk management.

Management Assurances

NOVEMBER 13, 2026

Administrator's Statement of Assurance

National Aeronautics and Space Administration (NASA) management is responsible for establishing and maintaining an effective system of internal control to support reliable financial reporting and effective and efficient programmatic operations. Accordingly, NASA conducted its Fiscal Year (FY) 2026 annual assessment of the effectiveness of management's internal controls for compliance with applicable laws, regulations, and policies; the Federal Managers' Financial Integrity Act (FMFIA); the Federal Financial Management Improvement Act (FFMIA); the Office of Management and Budget's (OMB) Circular A-123, *Management's Responsibility for Internal Control*; the United States (U.S.) Government Accountability Office's *Standards for Internal Control in the Federal Government*; and NASA policies. Based on the results of this evaluation, NASA provides reasonable assurance that its system of internal control was operating effectively as of September 30, 2026, to ensure the effectiveness and efficiency of operations and compliance with laws, regulations, and policies.

No material weaknesses were identified in the design or implementation of internal controls. Consistent with OMB requirements to integrate Enterprise Risk Management and internal control, NASA's Internal Control Program conducts enterprise and fraud risk assessments, evaluates internal controls, and provides overall assurance on the Agency's control environment. Managers and employees across NASA actively assess risks, maintain key control objectives, implement controls and other mitigation strategies, conduct reviews, and take corrective actions as needed.

NASA complies with FMFIA and OMB requirements to evaluate and assure the reliability of internal controls over its financial management systems, complies with Federal financial management system requirements, and assures reliability of its Digital Accountability and Transparency Act of 2014 (DATA Act) submissions.

FFMIA requires agencies to have financial management systems that substantially comply with Federal financial management system requirements, Federal Accounting Standards, and the U.S. Government Standard General Ledger at the transaction level. NASA conducted its evaluation of financial management systems for compliance with FFMIA in accordance with Appendix D of OMB Circular A-123. NASA financial management systems substantially comply with FFMIA as of September 30, 2026.

NASA's Certification of Reasonable Assurance is based upon management's knowledge gained from daily operations, monitoring activities, assessment of risk and internal control, and other internal controls that govern the effectiveness and efficiency of operations. NASA makes an unmodified statement of assurance that its internal controls for FY 2026 were operating effectively. NASA remains committed to ensuring that a sound system of internal control exists over operations, reporting, and financial management systems.

Sincerely,



Jared Isaacman
Administrator

Financial Systems Strategies



PHOTO CREDIT – NASA, ESA, CSA, STSCI; IMAGE PROCESSING: ALYSSA PAGAN (STSCI)

NASA's James Webb Space Telescope's NIRCam (Near Infrared Camera) and MIRI (Mid Infrared Instrument) instruments recently imaged planetary nebula NGC 2392, which is nicknamed the Lion Nebula due to its distinct shape. This near-and mid-infrared composite image reveals the complex structure of the nebula, which has formed and continues to be sculpted by the remains of a dying star. The stellar core, also known as a white dwarf, is located at the center and looks like the button nose of the lion. (August 10, 2026)

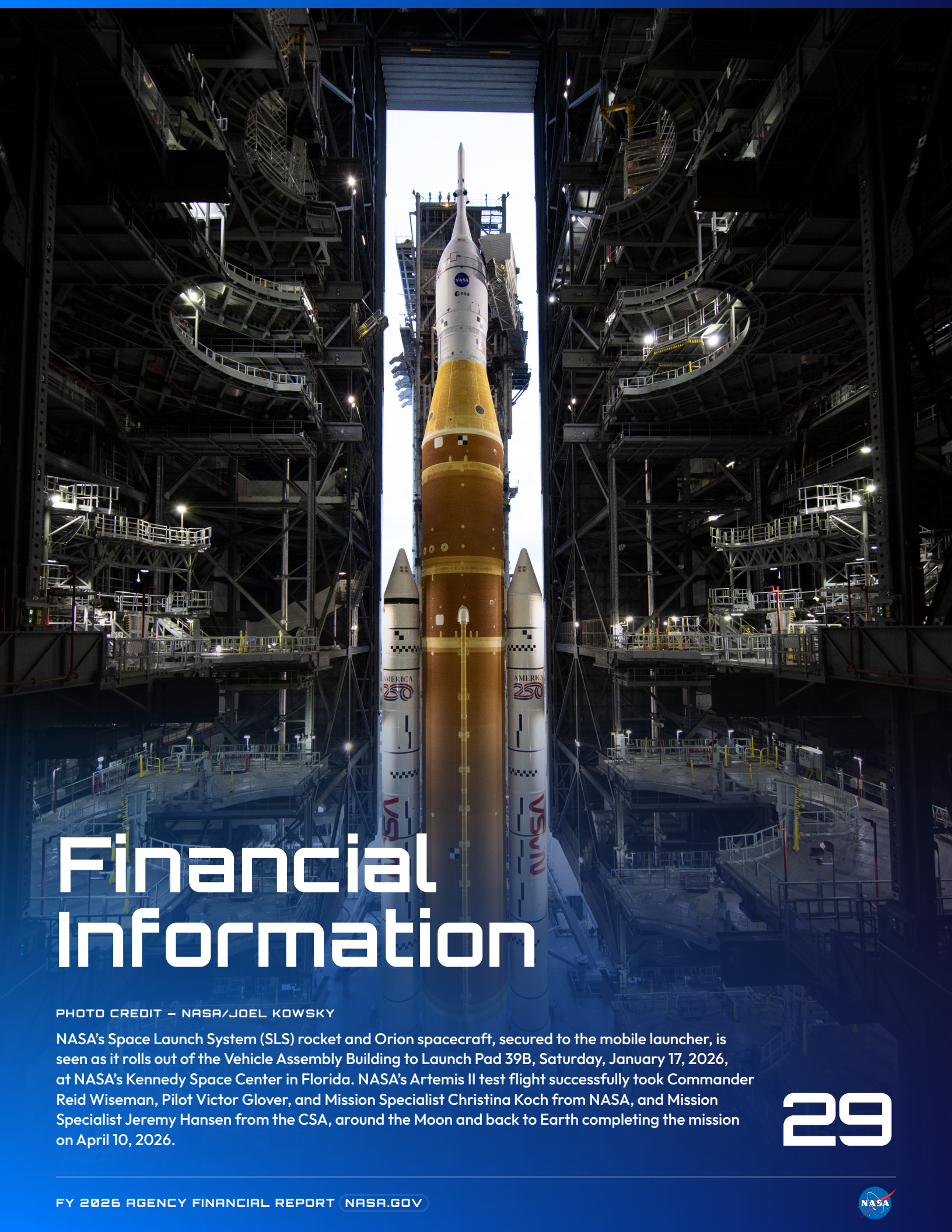
NASA's financial system strategy focuses on strengthening Agencywide operations through clear policy, targeted modernization, and standardized processes to ensure compliant, high-quality financial data. The approach leverages modern technology and enterprise architecture to improve efficiency, reduce redundancy, and support mission-critical programs.

The Systems Applications and Products (SAP) Enterprise Resource Planning Central Component (ECC) 6.0 serves as NASA's Core Financial System and the central hub for Agency business operations. With mainstream maintenance for SAP ECC ending on December 31, 2027, NASA will intentionally transition its financial system to align with standardization initiatives provided in the President's FY 2027 Budget Request. This update will provide a more modern platform, support process optimization, and introduce enhanced system capabilities to strengthen financial management. Implementation is planned for the first quarter of FY 2028.

This improvement is expected to deliver several practical benefits. It will enable faster and more reliable reporting, reduce the need for manual workarounds and custom reports, and provide consistent financial data across the Agency. The updated system will also support better integration of financial information, making it easier for Missions, program offices, and Centers to access the same accurate and immediate data. These advances will strengthen day-to-day financial operations and enable a solid foundation for analysis, forecasting, and informed decision-making.

NASA's strategy also aligns with EO 14249, Protecting America's Bank Account Against Fraud, Waste, and Abuse, and the Federal objective of standardized core financial systems enabled by solutions available through the Financial Management Quality Service Management Office (FM QSMO) Marketplace. This alignment reinforces the Agency's commitment to a resilient, secure, and consistent financial system.

Collectively, these efforts advance the core pillars of the President's Management Agenda by driving accountability, modernization, and data-driven results. By delivering high-quality financial data for informed decision-making, reducing redundancy, and unifying financial operations, NASA supports a more agile, efficient, and cost-effective approach to stewardship of taxpayer resources while remaining fully supportive of the Agency's mission.



Financial Information

PHOTO CREDIT – NASA/JOEL KOWSKY

NASA's Space Launch System (SLS) rocket and Orion spacecraft, secured to the mobile launcher, is seen as it rolls out of the Vehicle Assembly Building to Launch Pad 39B, Saturday, January 17, 2026, at NASA's Kennedy Space Center in Florida. NASA's Artemis II test flight successfully took Commander Reid Wiseman, Pilot Victor Glover, and Mission Specialist Christina Koch from NASA, and Mission Specialist Jeremy Hansen from the CSA, around the Moon and back to Earth completing the mission on April 10, 2026.

Financial Information Overview

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Introduction to the Principal Financial Statements

The principal financial statements are prepared to report the financial position and results of operations of NASA, pursuant to the requirements of 31 U.S.C. § 3515(b).

Consolidated Balance Sheets

provide information on assets, liabilities, and net position as of the end of the reporting periods. Net position is the difference between assets and liabilities. It is a summary measure of the Agency's financial condition at the end of the reporting periods.

Consolidated Statements of Net Cost

report net cost of operations during the reporting periods by theme and at the entity level. It is a measure of gross costs of operations less earned revenue, and represents the cost to taxpayers for achieving each theme at the entity level.

Consolidated Statements of Changes in Net Position

report the beginning balances of net position, current financing sources and use of resources, unexpended resources for the reporting periods, and ending net position for the current reporting periods.

Combined Statements of Budgetary Resources

report information on the sources and status of budgetary resources for the reporting periods. Information in these statements is reported on the budgetary basis of accounting, which supports compliance with budgetary controls and controlling legislation includes the financial statements and accompanying notes, required supplementary information, and the report from the Independent Auditors.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Consolidated Balance Sheets

As of September 30, 2026 and 2025

(DOLLARS IN MILLIONS)

	2026	2025
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 29,192	$ 28,155
Investments, Net (Note 3)	15	15
Accounts Receivable, Net (Note 4)	33	60
Advances and Prepayments	68	97
Total Intragovernmental	29,308	28,327
With the Public:		
Accounts Receivable, Net (Note 4)	36	31
Property, Plant, and Equipment, Net (Note 5)	9,648	10,474
Advances and Prepayments	45	49
Other Assets (Note 7)	761	698
Total with the Public	10,490	11,252
Total Assets	**$ 39,798**	**$ 39,579**
Land and Heritage Assets (Note 5 and Note 6)		
Liabilities:		
Intragovernmental:		
Accounts Payable	$ 26	$ 44
Advances from Others and Deferred Revenue	49	70
Other Liabilities (Note 10)	109	136
Total Intragovernmental	184	250
With the Public:		
Accounts Payable	1,711	1,645
Federal Employee Salary, Leave and Benefits Payable (Note 8)	317	373
Pension and Post-Employment Benefits Payable (Note 8)	21	24
Environmental and Disposal Liabilities (Note 9)	2,664	2,390
Advances from Others and Deferred Revenue	211	201
Other Liabilities (Note 10)		
Other Accrued Liabilities	1,758	1,786
Other	893	836
Total with the Public	7,575	7,255
Total Liabilities	**$ 7,759**	**$ 7,505**
Commitments and Contingencies (Note 12)		
Net Position:		
Unexpended Appropriations	$ 25,271	$ 24,229
Cumulative Results of Operations	6,768	7,845
Total Net Position	**$ 32,039**	**$ 32,074**
Total Liabilities and Net Position	**$ 39,798**	**$ 39,579**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Consolidated Statements of Net Cost

For the Fiscal Years Ended September 30, 2026 and 2025

(DOLLARS IN MILLIONS)

	2026	2025
DISCOVER		
Expand human knowledge through new scientific discoveries:		
Gross Cost	$ 7,592	$ 8,644
Less: Earned Revenue	1,048	1,175
Net Cost	$ 6,544	$ 7,469
EXPLORE		
Extend human presence to the Moon and on towards Mars for sustainable long-term exploration, development, and utilization:		
Gross Cost	$ 13,201	$ 10,835
Less: Earned Revenue	263	355
Net Cost	$ 12,938	$ 10,480
INNOVATE		
Catalyze economic growth and drive innovation to address national challenges:		
Gross Cost	$ 2,163	$ 2,470
Less: Earned Revenue	152	134
Net Cost	$ 2,011	$ 2,336
ADVANCE		
Enhance capabilities and operations to catalyze current and future mission success:		
Gross Cost	$ 3,488	$ 3,650
Less: Earned Revenue	248	236
Net Cost	$ 3,240	$ 3,414
Net Cost of Operations		
Total Gross Cost	$ 26,444	$ 25,599
Less: Total Earned Revenue	1,711	1,900
Net Cost	**$ 24,733**	**$ 23,699**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Consolidated Statements of Changes in Net Position

For the Fiscal Year Ended September 30, 2026 and 2025

(DOLLARS IN MILLIONS)

	2026	2025
Unexpended Appropriations:		
Beginning Balance	$ 24,229	$ 13,157
Appropriations Received	24,438	35,574
Appropriations Transferred-In/Out	9	15
Other Adjustments	(46)	(47)
Appropriations Used	(23,359)	(24,470)
Net Change in Unexpended Appropriations	$ 1,042	11,072
Total Unexpended Appropriations	**$ 25,271**	**24,229**
Cumulative Results from Operations:		
Beginning Balance	$ 7,845	$ 6,683
Appropriations Used	23,359	24,470
Non-Exchange Revenue	7	8
Donations and Forfeitures of Property	6	14
Imputed Financing	284	369
Net Cost of Operations	(24,733)	(23,699)
Net Change in Cumulative Results of Operations	$ (1,077)	$ 1,162
Total Cumulative Results of Operations	**$ 6,768**	**$ 7,845**
Net Position	**$ 32,039**	**$ 32,074**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Combined Statements of Budgetary Resources

For the Fiscal Years Ended September 30, 2026 and 2025

(DOLLARS IN MILLIONS)

	2026	2025
Budgetary Resources:		
Unobligated Balance from Prior Year Budget Authority, Net	$ 13,377	$ 3,774
Appropriations	24,448	35,588
Spending Authority from Offsetting Collections	2,069	2,098
Total Budgetary Resources	**$ 39,894**	**$ 41,460**
Status of Budgetary Resources:		
New Obligations and Upward Adjustments (Total)	$ 28,499	$ 28,773
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	5,874	4,079
Unapportioned, Unexpired Accounts	5,326	8,431
Unexpired Unobligated Balance, End of Year	11,200	12,510
Expired Unobligated Balance, End of Year	195	177
Unobligated Balance, End of Year (Total)	11,395	12,687
Total Budgetary Resources	**$ 39,894**	**$ 41,460**
Outlays, Net:		
Outlays, Net (Total)	$ 23,361	$ 24,579
Distributed Offsetting Receipts (-)	(4)	(3)
Agency Outlays, Net	**$ 23,357**	**$ 24,576**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

01 NOTE 1 Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The National Aeronautics and Space Administration (NASA) is an independent Agency established by Congress on October 1, 1958 by the National Aeronautics and Space Act of 1958. NASA was incorporated from its predecessor Agency, the National Advisory Committee for Aeronautics, which provided technical advice to the United States (U.S.) aviation industry and performed aeronautics research. Today, NASA serves as the principal Agency of the U.S. Government for initiatives in civil space and aviation.

NASA is organized into three Mission Directorates supported by one Mission Support Directorate (see Organizational Structure on page 7). This structure reflects a change from last year's organization and was implemented in July 2026:

- **Research and Technology:** develops and delivers breakthroughs in aeronautics, space technology, and nuclear power and propulsion to ensure American leadership in aerospace, along with communications and navigation systems;
- **Human Spaceflight:** leads NASA's human spaceflight and space-enabling activities across low Earth orbit, the Moon, and beyond as well as provides unified leadership for the Agency's systems, operations, and architectures to deliver on the next era of human spaceflight; and
- **Science:** delivers world-changing discovery and leads flagship scientific endeavors to discover the secrets of the universe, search for life elsewhere, and protect and improve life on Earth and in space.

The Agency's Office of the Executive Secretariat (OES) coordinates decisions with appropriate senior leaders and ensures all decisions are captured and tracked.

Operationally, NASA is organized into nine Centers and other facilities across the country, the Headquarters Office, and the NASA Shared Services Center (NSSC).

The Agency's consolidated financial statements present the accounts of all funds that have been established and maintained to account for the resources under the control of NASA management.

Disclosure Entities

The Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47, *Reporting Entity*, is intended to guide Federal agencies in recognizing complex, diverse organizations possessing varying legal designations (e.g., government agencies, not-for-profit organizations, and corporations) that are involved in addressing public policy challenges. It provides guidance for determining what organizations should be included in a Federal agency's financial statements (consolidation entities) and footnote disclosures (disclosure entities and related parties) for financial accountability purposes and is not intended to establish whether an organization is or should be considered a Federal agency for legal or political purposes.

Inter-Entity Costs

Goods and services are received from other Federal entities at no cost or at a cost less than the full cost to the providing Federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed are recognized as imputed costs and are offset by imputed revenue. Such imputed costs and revenues relate to business-type activities such as employee benefits. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

Basis of Accounting and Presentation

These consolidated financial statements are prepared in accordance with FASAB standards in the format prescribed by the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, Revised (May 2026). FASAB's authority to set Federal Government accounting standards is recognized by the American Institute of Certified Public Accountants (AICPA). The financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of NASA, as required by the Chief Financial Officers Act of 1990, Public Law (P.L.) 101-576, and the Government Management Reform Act, P.L. 103-356.

The accounting structure of Federal agencies is designed to reflect proprietary and budgetary accounting. Proprietary accounting uses the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the timing of receipt or payment of cash. Budgetary accounting does not use the accrual method of accounting; it accounts for the sources and status of funds to

01 NOTE 1 (CONTINUED) Reporting Entity and Summary of Significant Accounting Policies

facilitate compliance with legal controls over the use of Federal funds. Material intra-agency transactions and balances have been eliminated from the principal financial statements for presentation on a consolidated basis, except for the Statement of Budgetary Resources, which is presented on a combined basis in accordance with OMB Circular A-136. Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent disclosure of classified information.

Budgets and Budgetary Accounting

NASA complies with Federal budgetary accounting guidelines of OMB Circular A-11, *Preparation, Submission and Execution of the Budget*, Revised (August 2025). Congress funds NASA's operations through nine main appropriations: Science; Aeronautics; Exploration; Space Operations; Science, Technology, Engineering and Mathematics Engagement; Safety, Security and Mission Services; Space Technology; Office of Inspector General; and Construction and Environmental Compliance and Restoration. NASA also receives reimbursements from reimbursable service agreements that cover the cost of goods and services NASA provides to other Federal entities or Non-Federal entities. The reimbursable agreement price is based on cost principles to reasonably reflect the actual cost for the goods and services provided to the customer.

Mandatory Supplemental Appropriations (WFTCA)

On July 4, 2025, the President signed P.L. 119-21 - Working Families Tax Cuts Act (WFTCA), which provided supplemental mandatory appropriations to multiple Federal agencies, including NASA. The Agency received approximately $10B of new mandatory appropriations that are separate and distinct from NASA's annual discretionary appropriations. NASA's receipt of the WFTCA budget authority caused year-over-year fluctuations in the Agency's financial statements.

The WFTCA appropriations are available for obligation during specific statutory periods unique to each program. Within those periods, obligations are subject to OMB-approved apportionments and NASA allotments. NASA may incur obligations only within the amounts, time periods, purposes, and other restrictions established by the WFTCA. The fiscal year in which funds are apportioned does not, by itself, change the statutory period of availability. Any unobligated balance remains subject to the applicable statutory availability and apportionment restrictions; it may be obligated in a later period only to the extent permitted by law and subsequently apportioned and allotted.

On the Statement of Budgetary Resources, the Total Unapportioned, Unexpired Accounts decreased by approximately $3.1B compared with FY 2025, primarily due to the release of the WFTCA supplemental funds in accordance with the law and OMB approved apportionments.

On the Statement of Changes in Net Position, Appropriations Received decreased by $11.1B, reflecting an absence of any supplemental budget authority received in FY 2026 compared to the prior year.

Research and Development (R&D), Other Initiatives and Similar Costs

NASA makes substantial Research and Development (R&D) investments for the benefit of the U.S. The R&D programs include activities to extend our knowledge of Earth, its space environment, and the universe; and to invest in new aeronautics and advanced space transportation technologies supporting the development and application of technologies. Following guidance outlined in the FASAB Technical Release No. 7, *Clarification of Standards Relating to the National Aeronautics and Space Administration's Space Exploration Equipment*, NASA applies the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 730 10-25, *Research and Development - Recognition*, and FASB ASC 730-10-50 *Research and Development - Disclosure*, to its R&D projects. Consistent with the above guidance, costs to acquire PP&E that is expected to be used only for a specific R&D project are expensed in the period they are incurred.

Exchange and Non-Exchange Revenue

NASA classifies revenues as either exchange or non-exchange. Exchange revenues are those transactions in which NASA provides goods and services to another party for a price, primarily through reimbursable agreements that are priced based on cost principles to reasonably reflect the actual cost of the goods and services provided to the customer. These revenues are presented in the Statement of Net Cost and serve to offset the costs of these goods and services. Non-exchange revenues result from donations to the Government and from the Government's right to demand payment for taxes, fines, and penalties. These revenues are not considered to reduce the cost of NASA's operations and are reported on the Statement of Changes in Net Position.

01 NOTE 1 (CONTINUED) Reporting Entity and Summary of Significant Accounting Policies

Application of Significant Accounting Estimates

The preparation of financial statements requires management to make assumptions and reasonable estimates affecting the reported amounts of assets, liabilities, and disclosures of contingent liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses for the reporting period. Accordingly, actual results may differ from those estimates.

Fund Balance with Treasury (FBWT)

Fund Balance with Treasury is an asset of NASA that shows the available budget spending authority and a liability of the General Fund of the U.S. Government. The U.S. Department of the Treasury (Treasury) collects and disburses cash on behalf of Federal agencies during the fiscal year. The amount represents the unexpended balances of appropriation accounts, reimbursable accounts, trust accounts, and revolving funds.

Investments, Net

NASA investments include the following intragovernmental non-marketable securities:

(1) The Endeavor Teacher Fellowship Trust Fund (Endeavor Trust Fund) was established from public donations in tribute to the crew of the Space Shuttle Challenger. The Endeavor Trust Fund biannual interest earned is reinvested in short-term bills. P.L. 102-195 requires the interest earned from the Endeavor Trust Fund investments be used to create the Endeavor Teacher Fellowship Program.

(2) The Science, Space and Technology Education Trust Fund (Challenger Trust Fund) was established to advance science and technology education. The Challenger Trust Fund balance is invested in short-term bills and/or a bond when feasible. P.L. 100-404 requires that a quarterly payment of $250,000 be sent to the Challenger Center from interest earned on the Challenger Trust Fund investments. In order to meet the requirement of providing funds to the Challenger Center, NASA typically invests the biannual interest earned in short-term bills with maturity that coincides with quarterly payments of $250,000 to beneficiaries. Interest received in excess of the amount needed for quarterly payment to beneficiaries may be reinvested. NASA has not been able to secure favorable returns on investment through securities issued by Treasury's Bureau of the Fiscal Service in recent years that were available for previous long-term bond investments. In anticipation of insufficient interest earnings that will not meet NASA's requirement to make quarterly disbursements, the Committees on Appropriations included a provision in both the FY 2026 and FY 2025 Consolidated Appropriations Act (P.L. 119-74 and P.L. 119-4), respectively, enabling NASA to utilize up to $1 million from the Safety, Security, and Mission Services appropriation for disbursement to the Challenger Center.

Accounts Receivable, Net

Most of NASA's Accounts Receivable are for intragovernmental reimbursements for cost of goods and services provided to other Federal agencies; the rest are for debts to NASA by employees and Non-Federal vendors. Allowances for delinquent Non-Federal accounts receivable are based on factors such as: aging of accounts receivable, debtors' ability to pay, payment history, and other relevant factors. Delinquent Non-Federal accounts receivable over 120 days are referred to Treasury for collection, wage garnishment or cross-servicing in accordance with the Debt Collection Improvement Act, as amended. An allowance for uncollectible accounts is recorded for Accounts Receivable due from the public and Federal sector in order to reduce Accounts Receivable to its net realizable value in accordance with SFFAS 1, *Accounting for Selected Assets and Liabilities*.

Property, Plant, and Equipment (PP&E), Net

NASA reports depreciation and amortization expense using the straight-line method over an asset's estimated useful life, beginning with the month the asset is placed in service. PP&E are capitalized assets with acquisition costs of $1 million or more, a useful life of two years or more, and R&D assets that are determined at the time of acquisition to have alternative future use. Assets that do not meet these capitalization criteria are expensed.

Capitalized costs include costs incurred by NASA to bring the property to a form and location suitable for its intended use. Certain NASA assets are held by Government contractors. Under provisions of the Federal Acquisition Regulation (FAR), the contractors are responsible for the control and accountability of the assets in their possession. These Government-owned, contractor-held assets are included within the balances reported in NASA's financial statements.

01 NOTE 1 (CONTINUED) Reporting Entity and Summary of Significant Accounting Policies

NASA has barter agreements with international entities; the assets and services received under these barter agreements are unique, with limited easement to only a few countries, as these assets are on the International Space Station. The intergovernmental agreements state that the parties will seek to minimize the exchange of funds in the cooperative program, including the use of barters to provide goods and services. NASA has received some assets from these parties in exchange for future services. The fair value is indeterminable; therefore, no value was ascribed to these transactions in accordance with FASB ASC 845-10-25, *Non-Monetary Transactions – Recognition*, and ASC 845-10-50, *Non-Monetary Transactions – Disclosure*.

SFFAS 10, *Accounting for Internal Use Software*, requires the capitalization of internally developed, contractor developed, and commercial off-the-shelf software. Capitalized costs for internally developed software include the full costs (direct and indirect) incurred during the software development stage only. For purchased software, capitalized costs include amounts paid to vendors for the software and other material costs incurred by NASA to implement and make the software ready for use through acceptance testing. NASA capitalizes costs for internal use software when the total projected cost is $1 million or more, and the expected useful life of the software is two years or more.

SFFAS 59, *Accounting and Reporting for Government Land*, requires that the cost of land and land rights be recognized in the Statement of Net Cost in the period the acquisition cost is incurred and no longer treated as capitalized assets on the Balance Sheet. Prior to the issuance of this Statement, Federal Accounting Standards required the capitalization of the historical cost of general PP&E land. NASA implemented the requirements of this standard in FY 2026 and removed general PP&E land amounts from the Balance Sheet with a corresponding charge in the Statement of Net Cost. NASA discloses information for land and permanent land rights, including estimated acreage and predominant usage, in the related note disclosure in footnote 5, as required under SFFAS 59.

Leases

Arrangements that meet the definition of a lease under SFFAS 54, *Leases*, other than short-term and intragovernmental, require NASA to report a right-to-use lease asset and a lease liability where NASA is the lessee, and a lease receivable and deferred revenue liability where NASA is the lessor. Further, as permitted under SFFAS 62, *Transitional Amendment to SFFAS 54*, NASA has elected the transitional accommodation related to "embedded leases" through the accommodation period ending September 30, 2026.

Advances from Others and Deferred Revenue

Advances from Others and Deferred Revenue are amounts received for goods or services to be delivered or performed in the future and reflect amounts that have yet to be earned. Because cash is not usually received when unearned lease revenue is recognized, unearned lease revenue is not included in advances from others and deferred revenue; it is instead included in Other Liabilities.

Liabilities Covered by Budgetary Resources

As a component of a sovereign entity, NASA cannot pay for liabilities unless authorized by law and covered by budgetary resources. Liabilities Covered by Budgetary Resources are those for which appropriated funds are available as of the balance sheet date. Budgetary resources include: new budget authority, unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, spending authority from offsetting collections (credited to an appropriation or fund account), and recoveries of unexpired budget authority through downward adjustments of prior year obligations.

Liabilities Not Covered by Budgetary Resources

Liabilities Not Covered by Budgetary Resources include future environmental cleanup liability, legal claims, other retirement benefits, workers' compensation, annual leave, unearned lease revenue, and lease liability. Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Liabilities that do not require the use of budgetary resources are covered by monetary assets that are not budgetary resources to the entity.

01 NOTE 1 (CONTINUED) Reporting Entity and Summary of Significant Accounting Policies

Federal Employee Salary, Leave and Benefits Payable

Annual, Sick and Other Leave

Annual leave is accrued as it is earned; 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. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

Insurance Benefits

SFFAS 5, *Accounting for Liabilities of the Federal Government*, requires Government agencies to report the full cost of Federal Employee Health Benefits and the Federal Employees' Group Life Insurance Programs. NASA uses the applicable cost factors and data provided by the Office of Personnel Management to value these liabilities.

Pension and Post-Employment Benefits Payable

Retirement Benefits

NASA employees participate in the Civil Service Retirement System (CSRS), a defined benefit plan, or the Federal Employees Retirement System (FERS), a defined benefit and contribution plan. For CSRS employees, NASA makes contributions of 7.0 percent of gross pay. For FERS employees, NASA makes contributions to the defined benefit plan of 16.0 percent of gross pay. For employees hired January 1, 2013, and after, NASA contributes 18.4 percent of gross pay. The Agency also contributes 1.0 percent to a thrift savings plan (contribution plan) for each employee and matches employee contributions to this plan up to an additional 4.0 percent of gross pay.

Federal Employees' Compensation Act

A liability is recorded for workers' compensation claims related to the Federal Employees' Compensation Act (FECA), administered by the U.S. Department of Labor. FECA provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program initially pays valid claims and subsequently seeks reimbursement from the Federal agencies employing the claimants. The FECA liability includes the actuarial liability for estimated future costs of death benefits, workers' compensation, medical and miscellaneous costs for approved compensation cases.

Public-Private Partnerships (P3)

SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, requires agencies to assess and disclose P3s (between Federal and the private sector) involving risk-sharing or limited protections and unequitable long-term benefit/cost characteristics greater than five years. Such arrangements or transactions provide a service or an asset for government and/or general public use, where in addition to the sharing of resources, each party shares in the risks and rewards of said arrangements or transactions. If an arrangement meets the criteria of a Lease under SFFAS 54 and a Public-Private Partnership under SFFAS 49, the Net Present Value of the lease payments over the expected term are disclosed in Note 11, Leases, and any shared risk under SFFAS 49 is disclosed in Note 18, Public-Private Partnerships.

Subsequent Events

Subsequent events have been evaluated per guidance in OMB Circular No. A-136 for FY 2026. The auditors' report date is the date the financial statements are available to be issued and management determined that there are no other items to disclose related to NASA's FY 2026 financial statements.

02 NOTE 2 Fund Balance with Treasury

The FBWT represents the total fund balance recorded in the general ledger for unobligated and obligated balances. Unobligated balances are the amount remaining in appropriated funds available for obligations or adjustments to previously recorded obligations. Obligated balance not yet disbursed is the cumulative amount of obligations incurred for which outlays have not been made. Non-Budgetary FBWT is comprised of amounts in non-appropriated funds.

(IN MILLIONS)	2026	2025
Status of Fund Balance with Treasury:		
Unobligated Balance	$ 11,395	$ 12,687
Obligated Balance Not Yet Disbursed	17,770	15,438
Non-Budgetary Fund Balance with Treasury	27	30
Total Fund Balance with Treasury	**$ 29,192**	**$ 28,155**

03 NOTE 3 Investments, Net

Investments consist of non-marketable par value intragovernmental securities issued by the Treasury's Bureau of the Fiscal Service. Trust fund balances are invested in Treasury securities, which are purchased at either a premium or discount and redeemed at par value exclusively through Treasury's Federal Investment Branch. The effective-interest method is used to amortize the premium on the bond, and the straight-line method is used to amortize discounts on bills.

Interest receivable on investments was zero in FY 2026 and FY 2025. In addition, NASA did not have any adjustments resulting from the sale of securities prior to maturity or any change in value that was more than temporary.

2026

(IN MILLIONS)	COST	AMORTIZATION METHOD	AMORTIZED (PREMIUM) DISCOUNT	INTEREST RECEIVABLE	INVESTMENTS, NET	UNREALIZED GAIN/(LOSS)	MARKET VALUE DISCLOSURE
Intragovernmental Securities:		Straight-Line Effective-Interest					
Non-Marketable: Par value	$ 15	3.521 - 4.025%	$ —	$ —	$ 15	$ —	$ 15
Total	**$ 15**		**$ —**	**$ —**	**$ 15**	**$ —**	**$ 15**

2025

(IN MILLIONS)	COST	AMORTIZATION METHOD	AMORTIZED (PREMIUM) DISCOUNT	INTEREST RECEIVABLE	INVESTMENTS, NET	UNREALIZED GAIN/(LOSS)	MARKET VALUE DISCLOSURE
Intragovernmental Securities:		Straight-Line Effective-Interest					
Non-Marketable: Par value	$ 15	3.750 - 4.163%	$ —	$ —	$ 15	$ —	$ 15
Total	**$ 15**		**$ —**	**$ —**	**$ 15**	**$ —**	**$ 15**

04 NOTE 4 Accounts Receivable, Net

The Accounts Receivable balance represents net valid claims by NASA to cash or other assets of other entities. Intragovernmental Accounts Receivable represents reimbursements due from other Federal entities for goods and services provided by NASA on a reimbursable basis. Accounts Receivable due from the public is the total of miscellaneous debts owed to NASA from employees and/or smaller reimbursements from other Non-Federal entities. A periodic evaluation of accounts receivable is performed to estimate any uncollectible amounts based on current status, financial and other relevant characteristics of debtors, and the overall relationship with the debtor. An allowance for uncollectible accounts is recorded for Accounts Receivable due from the public and Federal sector to reduce Accounts Receivable to its net realizable value in accordance with SFFAS 1, *Accounting for Selected Assets and Liabilities.*

2026

(IN MILLIONS)	ACCOUNTS RECEIVABLE	ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS	NET AMOUNT DUE
Intragovernmental	$ 33	$ —	$ 33
Public	36	—	36
Total	**$ 69**	**$ —**	**$ 69**

2025

(IN MILLIONS)	ACCOUNTS RECEIVABLE	ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS	NET AMOUNT DUE
Intragovernmental	$ 60	$ —	$ 60
Public	31	—	31
Total	**$ 91**	**$ —**	**$ 91**

05 NOTE 5 Property, Plant, and Equipment, Net

There are no known restrictions to the use or convertibility of NASA PP&E. The composition of NASA PP&E as of September 30, 2026 and 2025, is presented in the table below. This includes arrangements that meet the definition of a lease under SFFAS 54, *Leases* – excluding short-term and intragovernmental leases – which require NASA to report a right-to-use lease asset (see Note 11, Leases, for more information). Information regarding deferred maintenance and repairs is discussed in the unaudited required supplementary information.

2026					
(IN MILLIONS)	DEPRECIATION/ AMORTIZATION METHOD	ESTIMATED USEFUL LIFE	COST	ACCUMULATED DEPRECIATION/ AMORTIZATION	BOOK VALUE
PP&E					
Structures, Facilities and Leasehold Improvements	Straight-Line	15-40 Years	$ 13,134	$ (10,141)	$ 2,993
Equipment	Straight-Line	5-20 Years	16,444	(15,757)	687
Work In Progress – Personal Property	N/A	N/A	5,140	—	5,140
Construction In Progress – Real Property	N/A	N/A	800	—	800
Right-to-Use Lease Assets – Real Property	Straight-Line	N/A	36	(13)	23
Internal Use Software	Straight-Line	5 Years	252	(249)	3
Land	N/A	N/A	—	—	—
Internal Use Software In Development	N/A	N/A	2	—	2
Total			**$ 35,808**	**$ (26,160)**	**$ 9,648**

2025					
(IN MILLIONS)	DEPRECIATION/ AMORTIZATION METHOD	ESTIMATED USEFUL LIFE	COST	ACCUMULATED DEPRECIATION/ AMORTIZATION	BOOK VALUE
PP&E					
Structures, Facilities and Leasehold Improvements	Straight-Line	15-40 Years	$ 12,720	$ (9,855)	$ 2,865
Equipment	Straight-Line	5-20 Years	16,369	(15,634)	735
Work In Progress – Personal Property	N/A	N/A	5,840	—	5,840
Construction In Progress – Real Property	N/A	N/A	885	—	885
Right-to-Use Lease Assets – Real Property	Straight-Line	N/A	30	(8)	22
Internal Use Software	Straight-Line	5 Years	250	(248)	2
Land	N/A	N/A	124	—	124
Internal Use Software In Development	N/A	N/A	1	—	1
Total			**$ 36,219**	**$ (25,745)**	**$ 10,474**

During FY 2026, pursuant to management's decision, NASA suspended development activities for Mobile Launcher 2 (ML-2). Following the suspension, NASA conducted internal and external evaluations to determine whether ML-2 could be re-purposed for an alternative use or otherwise have future service utility. These evaluations did not identify a viable alternative use for the asset.

Given that work was permanently suspended and no future service potential was identified, NASA determined that the related work in progress costs no longer met the criteria for capitalization. As a result, NASA removed the $1.6 billion of work in progress costs associated with ML-2 before the end of the fiscal year.

05 NOTE 5 (CONTINUED) Property, Plant, and Equipment, Net

RECONCILIATION: PROPERTY, PLANT, AND EQUIPMENT, NET		
(IN MILLIONS)	2026	2025
Balance Beginning of Year, Unadjusted	**$ 10,474**	**$ 9,331**
Effects of Implementation of SFFAS 59 (FY 2026 only)	(124)	—
Balance Beginning of Year Adjusted	**10,350**	**9,331**
Capitalized Acquisitions	1,483	1,719
Right-to-Use Lease Assets Acquired	6	2
Amortization of Right-to-Use Lease Assets	(4)	(4)
Dispositions	(1,733)	(123)
Depreciation Expense	(460)	(465)
Donations	6	14
Balance End of Year	**$ 9,648**	**$ 10,474**

The following table presents the changes in total PP&E and accumulated depreciation from October 1, 2025 to September 30, 2026 and October 1, 2024 to September 30, 2025.

NASA reports information regarding PP&E land and permanent land rights in accordance with SFFAS 59, *Accounting and Reporting of Government Land*.

NASA owns and manages various types of land, aiding in the Agency's mission of exploration and continued innovation for advancing space-, air-, and Earth-based activities. NASA categorizes land it owns into three main use categories:

- **Operational:** Land predominantly used for general, administrative, day-to-day operations and mission support purposes. Assets such as NASA office buildings, manufacturing plants, and R&D labs are located on operational land.
- **Conservation and Preservation:** Land predominantly used to support conservation or preservation purposes, including conservation of natural resources and preserving significant cultural and historical resources associated with NASA's mission. Assets such as monuments, parks, watershed and water resources, and educational and visitor information centers are located on such land.
- **Commercial Use:** Land predominantly used to generate income from commercial arrangements with the public sector. These include NASA land leased to commercial entities participating in co-location and other arrangements designed to support the NASA mission at reasonable market rates.

NASA's land held for disposal includes land no longer needed for current or future NASA operations. The various methods of disposition include donation, sale, exchange, abandonment, or any combination thereof. NASA disposes of land in these instances in a prompt manner that minimizes continued care and handling costs while optimizing appropriate returns.

The Agency's estimated land acreage identified by predominant use subcategory as of September 30, 2026, is as follows:

2026				
(IN ACRES)	COMMERCIAL USE	CONSERVATION AND PRESERVATION	OPERATIONAL	TOTAL ESTIMATED ACREAGE
PP&E Land				
Start of Prior Year	4,217	101,198	29,900	135,315
End of Prior Year/Start of Current Year	5,590	101,199	28,527	135,316
End of Current Year	7,350	101,199	26,767	135,316
Held for Disposal or Exchange (also included in the balances above)				
End of Prior Year				175
End of Current Year				175

06 NOTE 6 Stewardship PP&E

Federal agencies are required to classify and report heritage assets, multi-use heritage assets, and stewardship land in accordance with SFFAS 29, *Heritage Assets and Stewardship Land*. Stewardship PP&E have physical characteristics similar to those of PP&E but differ from PP&E because their value is more intrinsic and not easily determinable in dollars. The only type of stewardship PP&E owned by NASA is heritage assets.

Heritage assets are PP&E that possess one or more of the following characteristics:

- Historical or natural significance;
- Cultural, educational, or artistic (e.g., aesthetic) importance; or
- Significant architectural characteristics.

There is no minimum dollar threshold for designating PP&E as a heritage asset, and depreciation expense is not taken on these assets. For these reasons, heritage assets (other than multi-use heritage assets) are reported in physical units, rather than with assigned dollar values. In accordance with SFFAS 29, the cost of acquisition, improvement, reconstruction, or renovation of heritage assets is expensed in the period incurred.

Throughout the history of NASA's operations, the Agency has become an owner of historic buildings, structures, historical artifacts, art, and other cultural resources. The protection and conservation of these heritage assets is an essential part of the Agency's mission. NASA acquires such assets as a result of donation or acquires the assets as a result of historically significant items being retired from active service and preserved by the Agency for historic purposes.

Assets that have a heritage function and are used in NASA's day-to-day operations are considered multi-use heritage assets. NASA's multi-use heritage assets consist of items such as launch pads, research labs, and wind tunnels still in operational use. Such assets that meet the capitalization criteria are accounted for as PP&E and depreciated over their estimated useful life in the same manner as other PP&E. Multi-use heritage assets are presented at the individual item level. As of September 30, 2026, and 2025, the total number of NASA's multi-use heritage assets were 496 and 504, respectively.

When capitalized assets are identified as heritage assets and no longer predominately serve NASA's operations, their values are removed from the PP&E accounts. Such assets remain on the record as heritage assets, except where there is legal authority for transfer or sale at which time they are removed from the heritage asset record. Any maintenance costs incurred for the upkeep of the heritage assets are expensed in the period incurred. Heritage assets are withdrawn when they are disposed or reclassified as multi-use heritage assets. Heritage assets are maintained and preserved in a condition suitable for display.

SFFAS 29 provides agencies with considerations for defining individual physical heritage assets units as a collection, or a group of assets, where appropriate. NASA has reviewed and categorized its heritage assets into collection-type and non-collection-type assets. NASA's collection-type heritage assets include Air and Space Displays and Artifacts, and Art as described in the following paragraphs.

- Air and Space Displays and Artifacts collections are classified based on the physical custody of the asset. There are two collections: NASA-held and Contractor-held. Each collection is composed of assorted mementos of historic NASA events. Examples include items from previous missions that have historical significance to NASA and historic mission control artifacts that possess educational value and enhance the public's understanding of NASA's numerous programs.
- Art collection includes artwork inspired by the U.S. Aerospace program, as well as historical books, documents, and other library materials that document NASA's history. This collection is comprised of items created by artists who have contributed their time and talent to record their impressions of the history of the U.S. Aerospace Program through paintings, drawings, written form, and other media. These works of art not only provide a historic record of NASA projects, but they also support NASA's mission by giving the public a new and more comprehensive understanding of advancements in aerospace.

NASA's non-collection-type heritage assets include historic buildings, bunkers, towers, test stands, and properties that are listed or eligible to be listed on the National Register of Historic Places and National Historic Landmarks, and other resources.

06 NOTE 6 (CONTINUED) Stewardship PP&E

- Non-collection-type heritage assets were established by locations for specific reasons and to pursue a variety of goals. Each is home to specific areas of expertise and support different elements of NASA's missions, taking on a unique identity. They provide the public with tangible examples of assets with historical significance or educational importance to NASA programs and missions at each location.

Total physical units, along with the additions and withdrawals for the years ended on September 30, 2026 and 2025, for NASA's heritage assets are displayed in the table below. Information regarding deferred maintenance and repairs is discussed in the unaudited required supplementary information.

2026				
HERITAGE ASSETS (IN PHYSICAL UNITS)	BEGINNING BALANCE	ADDITIONS	WITHDRAWALS	ENDING BALANCE
Collection-type				
Air and Space Displays and Artifacts	2	—	—	2
Art	1	—	—	1
Non-Collection-type				
NASA Locations	8	—	—	8
Total Heritage Assets	**11**	**—**	**—**	**11**

2025				
HERITAGE ASSETS (IN PHYSICAL UNITS)	BEGINNING BALANCE	ADDITIONS	WITHDRAWALS	ENDING BALANCE
Collection-type				
Air and Space Displays and Artifacts	2	—	—	2
Art	1	—	—	1
Non-Collection-type				
NASA Locations	8	—	—	8
Total Heritage Assets	**11**	**—**	**—**	**11**

07 NOTE 7 Other Assets

NASA's Other Assets consist of lessor lease receivables, which represent amounts due from lessees under lease agreements where NASA is the lessor, as well as PP&E that NASA has determined are no longer needed and are awaiting final disposition or retirement. Lessor lease receivables are recorded for the term of the lease at net present value for arrangements other than (1) short-term leases, (2) contracts or agreements that transfer ownership, and (3) intragovernmental leases. These receivables include the estimated allowance for uncollectible accounts (see Note 11, Leases, for more information). The PP&E Excess Assets are recorded at estimated net realizable value. The total value of Other Assets was $761 million as of September 30, 2026 and $698 million as of September 30, 2025. NASA has determined the estimated uncollectible amount is zero due to the nature of arrangements.

(IN MILLIONS)	2026	2025
With the Public		
PP&E Excess	$ 1	$ —
Lessor Lease Receivable	$ 760	$ 698
Total Other Assets	**$ 761**	**$ 698**

08 NOTE 8 Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources represent amounts for which future Congressional funding is required, while liabilities covered by budgetary resources reflect amounts for which Congressional funding has already been provided. Regardless of when Congressional action occurs, when these liabilities are settled, the U.S. Treasury finances the payments in the same manner as other government disbursements, using a combination of receipts, other inflows, and, if necessary, borrowing from the public.

The present value of the FECA actuarial liability estimate at year-end was calculated by the Department of Labor using a discount rate of 3.857 percent in FY 2026 and 3.221 percent in FY 2025. This liability includes the estimated future costs for claims incurred but not reported or approved as of the end of each year.

(IN MILLIONS)	2026	2025
Intragovernmental Liabilities:		
Other Liabilities	$ 37	$ 35
Total Intragovernmental Liabilities	**37**	**35**
With the Public:		
Federal Employee Salary, Leave, and Benefits Payable	230	296
Pension and Post-Employment Benefits Payable	21	24
Environmental and Disposal Liabilities (Note 9)	2,613	2,327
Other Liabilities	866	806
Total with the Public	**3,730**	**3,453**
Total Liabilities Not Covered by Budgetary Resources	**3,767**	**3,488**
Total Liabilities Covered by Budgetary Resources	**3,965**	**3,987**
Total Liabilities Not Requiring Budgetary Resources	**27**	**30**
Total Liabilities	**$ 7,759**	**$ 7,505**

09 NOTE 9 Environmental and Disposal Liabilities

In accordance with guidance issued by FASAB, if an agency is required by Federal, state and local statutes and regulations to clean up hazardous waste resulting from Federal operations, the amount of cleanup cost, if estimable, must be reported and/or disclosed in the financial statements.

The statutes and regulations most applicable to NASA environmental reporting, cleanup, and monitoring liabilities include: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; the Nuclear Waste Policy Act of 1982; and applicable state and local laws.

NASA assesses the likelihood of required cleanup as probable (more likely than not to occur), reasonably possible (more than remote but less than probable), or remote (slight chance of occurring). If the likelihood of required cleanup is probable and the cost can be reasonably estimated, a liability is recorded in the financial statements. If the likelihood of required cleanup is reasonably possible, the estimated cost of cleanup is disclosed in the notes to the financial statements. If the likelihood of required cleanup is remote, no liability or estimate is recorded or disclosed.

Environmental and Disposal Liabilities Represent Cleanup Costs Resulting From:

- Operations, including facilities obtained from other governmental entities, that have resulted in contamination from waste disposal methods, leaks and spills;
- Other past activity that created a public health or environmental risk, including identifiable costs associated with asbestos abatement; and

09 NOTE 9 (CONTINUED) Environmental and Disposal Liabilities

- Total cleanup costs are associated with the removal, containment, and/or disposal of hazardous wastes or material and/or property at permanent or temporary closure or shutdown of associated PP&E.

Environmental and disposal liabilities as of September 30, 2026 and 2025, are as follows:

(IN MILLIONS)	2026	2025
Environmental Liabilities		
Restoration Projects	$ 2,404	$ 2,140
Asbestos	197	188
End of Life Disposal of Property, Plant, and Equipment	63	62
Total Environmental and Disposal Liabilities	**2,664**	**2,390**
Unfunded Environmental Liabilities (Note 8)	2,613	2,327
Funded Environmental Liabilities	51	63
Total Environmental and Disposal Liabilities	**$ 2,664**	**$ 2,390**

Restoration Projects

NASA recorded a total estimated liability of $2.4 billion in FY 2026 for known restoration projects. This was an increase of $264 million from $2.1 billion recorded in FY 2025. The increase in this liability is primarily due to the availability of new or updated information on the extent of contamination and refinements to the estimation methodology. The liability for each restoration project is estimated for a duration of no more than 30 years, except where required by state statutes, regulations, or an agreement.

In addition to the probable cleanup costs for known hazardous conditions recognized in the financial statements, there are other remediation sites where the likelihood of required cleanup for known hazardous conditions is reasonably possible. Remediation costs at certain sites classified as reasonably possible were estimated to be $2.7 million for FY 2026 and $10.5 million for FY 2025.

With respect to environmental remediation that NASA considers probable or reasonably possible but not estimable, NASA concluded that either the likelihood of a NASA liability is less than probable but more than remote, or the regulatory drivers and/or technical data that exist are not reliable enough to calculate an estimate.

Asbestos

NASA maintains numerous structures and facilities across each of its Centers that are known to contain asbestos. In accordance with FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, NASA and other Federal entities are required to recognize a liability for friable and non-friable probable and reasonably estimable asbestos cleanup costs. FASAB Technical Release 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*, allows for an extrapolation of asbestos cleanup cost estimates for similar properties to develop an Agencywide cleanup estimate. NASA uses actual costs incurred to clean up asbestos in NASA structures and facilities that were recently demolished or fully renovated to estimate the asbestos liability. Agencywide asbestos cleanup cost factors were developed for both structures and facilities measured in square feet and for those not measured in square feet. These cost factors were then extrapolated across applicable NASA structures and facilities. The asbestos cleanup cost liability of $197 million in FY 2026 represents an increase of $9 million compared to the $188 million recorded in FY 2025. This increase was primarily driven by changes in cost assumptions based on most recent actual asbestos abatement information.

End of Life Disposal of Property, Plant, and Equipment

Consistent with SFFAS 5, *Accounting for Liabilities of the Federal Government*, and with SFFAS 6, *Accounting for Property, Plant, and Equipment*, NASA estimates the anticipated environmental disposal cleanup costs for PP&E. NASA recognizes and records in its financial statements an environmental cleanup liability for end-of-life disposal of PP&E that is probable and measurable.

09 NOTE 9 (CONTINUED) Environmental and Disposal Liabilities

NASA recorded a total estimated liability for the end-of-life disposal of PP&E of $63 million in FY 2026. This was an increase of $1 million over the $62 million recorded in FY 2025. This estimate includes both facilities with permits that require cleanup and an estimate for all remaining PP&E. As described in the following paragraphs, this estimate also considers end-of-life disposal costs for assets in space, including the ISS and satellites.

The current proposed decommissioning approach for the ISS is to execute a controlled targeted deorbit to a remote ocean location. This is consistent with the approach used to deorbit other space vehicles (e.g., Russia's Progress, Europe's Automated Transfer Vehicle (ATV) and Japan's H-II Transfer Vehicle (HTV)). The documented target reliability for this decommissioning approach is 99 percent. Prior to decommissioning the ISS, any hazardous materials on board the ISS would be removed or jettisoned. As a result, only residual quantities of hazardous, toxic, and radioactive materials would remain prior to the decommissioning.

Based on past experience with the re-entry of satellites, larger portions or fragments of the ISS would be expected to survive the thermal and aerodynamic stresses of re-entry. However, the historical disposal of satellites and vehicles into broad ocean areas with a controlled deorbit has left little evidence of their re-entry. Any remaining contamination in the ISS debris field would not be expected to have a substantive impact on marine life. Therefore, the probability of NASA incurring environmental cleanup costs related to the ISS is remote and no estimate for such costs has been developed or reported in these financial statements.

10 NOTE 10 Other Liabilities

Intragovernmental Other Liabilities primarily represent accrued cost estimates for goods and services performed by Federal trading partners and payroll costs related to employer contributions, payroll taxes payable, and other post-employment benefits. For FY 2026, Intragovernmental Other Liabilities included $37 million in other current liabilities that are not covered by budgetary resources and $35 million in FY 2025 (Note 8).

Other Accrued Liabilities with public entities primarily consist of the accrual of contractor costs with related budgetary obligations for goods and services performed. The period of performance for contractor contracts typically spans the duration of NASA programs, which could be for a number of years prior to final delivery of the product. In such cases, NASA records a cost accrual throughout the fiscal year as the work is performed.

Other Liabilities with the public include unearned lease revenue and lease liability. SFFAS 54, *Leases*, requires that Federal lessees recognize a lease liability and a right-to-use lease asset, and that Federal lessors recognize a lease receivable and unearned revenues at net present value over the lease term, unless the lease meets the definitional criteria of a short-term lease, contract or agreement that transfers ownership, or an intragovernmental lease. See Note 11, Leases, for information on NASA's lease reporting.

Other Liabilities with the public also include the accrual of incurred but not reported grant program costs incurred without related budgetary obligations in support of NASA's R&D and other related activities. Additionally, it represents other liabilities without related budgetary resources, which include current obligations, for cost to be funded within a year. For FY 2026, Other Liabilities with the public included $90 million in other current liabilities that are not covered by budgetary resources and $85 million in FY 2025.

10 NOTE 10 (CONTINUED) Other Liabilities

(IN MILLIONS)	2026 CURRENT	2026 NON-CURRENT	2026 TOTAL	2025 CURRENT	2025 NON-CURRENT	2025 TOTAL
Intragovernmental Liabilities						
Employer Contributions and Payroll Taxes Payable	$ 27	$ —	27	$ 26	$ —	$ 26
Other Liabilities With Related Budgetary Obligations	72	—	72	101	—	101
Other Liabilities Without Related Budgetary Obligations	4	—	4	3	—	3
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	—	—	—	—	—	—
Other Post-Employment Benefits Due and Payable	5	1	6	5	1	6
Total Intragovernmental Other Liabilities	**$ 108**	**$ 1**	**$ 109**	**$ 135**	**$ 1**	**$ 136**
With the Public Other Liabilities						
Other Accrued Liabilities	$ 1,758	$ —	$ 1,758	$ 1,786	$ —	$ 1,786
Other Liabilities						
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	27	—	27	30	—	30
Other Liabilities Without Related Budgetary Obligations	90	—	90	85	—	85
Lease Liability	—	25	25	—	23	23
Unearned Lease Revenue	—	751	751	—	698	698
Total With the Public Other Liabilities	**$ 1,875**	**$ 776**	**$ 2,651**	**$ 1,901**	**$ 721**	**$ 2,622**
Total Other Liabilities	**$ 1,983**	**$ 777**	**$ 2,760**	**$ 2,036**	**$ 722**	**$ 2,758**

11 NOTE 11 Leases

SFFAS 54, *Leases*, requires that arrangements that meet the definition of a lease, other than short-term and intragovernmental, be recognized at the net present value of future payments over the term of the lease and amortized over the term of the arrangement. NASA has arrangements that meet the definition of a lease under SFFAS 54 as both a lessee and a lessor. For leases that also meet the requirements of SFFAS 49, *Public-Private Partnerships*, the shared risk is disclosed in Note 18 and the associated lease balances are disclosed below.

Lessee

NASA, as a lessee, has lease arrangements where NASA has leased facilities and land to further its mission. These arrangements include leases across the country and abroad for office, warehouse, other facilities, and land. The leases have a remaining term, including probable options, that range from three to eight years. These arrangements do not implicitly include interest/discount; however, under SFFAS 54 an interest/discount rate based on Treasury marketable securities was utilized. These rates ranged from 3.49 percent to 5.27 percent based on the remaining term. NASA recognized $5.4 million of annual lease expense in FY 2026 associated with leases under SFFAS 54.

11 NOTE 11 (CONTINUED) Leases

FY	(IN MILLIONS) PRINCIPAL	INTEREST	TOTAL LIABILITY
2027	$ 5	$ 1	$ 6
2028	5	1	6
2029	5	1	6
2030	5	0	5
2031	3	0	3
2032-57	2	0	2
Total	**$ 25**	**$ 3**	**$ 28**

Other notes affected by Leases:

- See Note 5, Property, Plant, and Equipment, Net (Lease Assets and Amortization)
- See Note 8, Liabilities Not Covered by Budgetary Resources (Lease Liabilities)
- See Note 10, Other Liabilities (Lease Liability)

ASSET CLASS	(IN MILLIONS) ANNUAL EXPENSE
Buildings/Other Structures	$ 30
Total	**$ 30**

NASA, as a lessee, has intragovernmental lease arrangements for office space and associated parking. The leases have a remaining term, including probable options, that range from two to five years.

Lessor

NASA, as a Lessor, has lease arrangements with non-intragovernmental entities for use of NASA's property for land, buildings, and other structures and facilities. The leases are generally executed under our Enhanced Use Lease (EUL) (51 U.S.C. § 20145), or National Historic Preservation Act (NHPA) (54 U.S.C. § 306121) authorities and are for land or facilities that are non-excess but underutilized. The leases have a remaining term including probable options that range from three years to 87 years. These arrangements do not implicitly include interest/discount, however, under SFFAS 54 an interest/discount rate based on either a rate specified in the arrangement, or the Treasury marketable securities was utilized based on the remaining term of the arrangement. The interest/discount rates ranged from 1.7 percent to 8.35 percent. Arrangements that include sub-lease provisions based on future performance of the lessee are considered variable payments and are not included in the lease receivable and are recognized as revenue in the period received. NASA recognized $51.6 million of annual lease revenue in FY 2026 associated with leases under SFFAS 54. NASA has 18 lease arrangements under SFFAS 54, *Leases*, that includes $686 million of Principal and $1.8 billion of Interest totaling $2.5 billion, that also meet the requirements of SFFAS 49, *Public-Private Partnerships* under Note 18.

11 NOTE 11 (CONTINUED) Leases

FY	(IN MILLIONS) PRINCIPAL	INTEREST	TOTAL RECEIVABLE
2027	$ 5	$ 37	$ 42
2028	4	37	41
2029	4	36	40
2030	4	36	40
2031	3	36	39
2032-36	14	178	192
2037-41	15	175	190
2042-46	21	172	193
2047-51	23	166	189
2052-56	29	160	189
2057-61	40	151	191
2062-66	60	137	197
2067-71	80	119	199
2072-76	84	99	183
2077-81	39	83	122
2082-86	27	77	104
2087-91	36	69	105
2092-96	47	59	106
2097-2101	60	46	106
2102-06	78	28	106
2107-11	87	8	95
Allowance: Lease Receivable	—	—	—
Lease Receivable, Net	**$ 760**	**$ 1,909**	**$ 2,669**

Other notes affected by Leases:

- See Note 7, Other Assets (Lease Receivable), See Note 8, Liabilities Not Covered by Budgetary Resources (Unearned Lease Revenue)
- See Note 10, Other Liabilities (Unearned Lease Revenue), See Note 18, Public-Private Partnerships (Leases that also meet the requirements under SFFAS 49)

NASA, as a lessor, does not have any material intragovernmental lease arrangements.

12 NOTE 12 Commitments and Contingencies

NASA is a party in various administrative proceedings, court actions (including tort suits), and claims. For cases in which management and legal counsel believe it is probable that the outcomes will result in a loss to NASA, contingent liabilities are recorded. There are certain cases where the likelihood of loss is deemed reasonably possible. A contingent liability is not required to be recorded for these cases; however, the estimated range of loss is disclosed.

Additionally, there are cases reviewed by legal counsel where the likelihood of loss is deemed remote. A contingent liability is not required to be disclosed for these cases.

	2026			2025		
		ESTIMATED RANGE OF LOSS			ESTIMATED RANGE OF LOSS	
(IN MILLIONS)	ACCRUED LIABILITIES	LOWER END	UPPER END	ACCRUED LIABILITIES	LOWER END	UPPER END
Legal Contingencies:						
Probable	$ —	$ —	$ —	$ —	$ —	$ —
Reasonably Possible		$ 9	$ 23		$ 34	$ 34

13 NOTE 13 Explanation of Differences Between the SBR and the Budget of the U.S. Government

The FY 2028 Budget of the U.S. Government (President's Budget), which presents the actual amounts for the year ended September 30, 2026, has not been published as of the issue date of these financial statements. The FY 2028 Budget of the U.S. Government will be published on a later date at https://www.whitehouse.gov/omb/information-resources/budget (Unaudited).

NASA reconciled the amounts of the FY 2025 column on the Statement of Budgetary Resources (SBR) to the actual amounts for FY 2025 in the FY 2027 President's Budget for budgetary resources, new obligations, upward adjustments (total), distributed offsetting receipts, and net outlays as presented below.

(IN MILLIONS)	TOTAL BUDGETARY RESOURCES	NEW OBLIGATIONS & UPWARD ADJUSTMENTS (TOTAL)	DISTRIBUTED OFFSETTING RECEIPTS	NET OUTLAYS
Combined Statement of Budgetary Resources	$ 41,460	$ 28,773	$ (3)	$ 24,579
Included on SBR, not in President's Budget				
Expired Accounts	(244)	(66)	—	—
Distributed Offsetting Receipts	—	—	3	—
Budget of the United States Government	**$ 41,216**	**$ 28,707**	**$ —**	**$ 24,579**

14 NOTE 14 Undelivered Orders at the End of the Period

Undelivered Orders represent the amount of goods and/or services ordered to perform NASA's mission objectives, which have not been received. Undelivered Orders at the end of the period totaled $17.4 billion as of September 30, 2026 and $14.9 billion as of September 30, 2025.

(IN MILLIONS)	2026	2025
Federal		
Unpaid	$ 859	$ 553
Paid	89	137
Total	948	690
Non-Federal		
Unpaid	$ 16,404	$ 14,204
Paid	49	52
Total	16,453	14,256
Total Undelivered Orders	**$ 17,401**	**$ 14,946**

15 NOTE 15 Reconciliation of Net Cost to Net Outlays

Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the Federal deficit. Financial accounting is intended to provide a picture of the Government's financial operations and financial position on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays is presented on a budgetary basis, and the net cost is presented on an accrual basis, which provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs in the past and those paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

2026			
(IN MILLIONS)	INTRAGOVERNMENTAL	WITH THE PUBLIC	TOTAL
Net Cost	**$ 283**	**$ 24,450**	**$ 24,733**
Components of Net Cost not part of the Budgetary Outlays			
Property, plant, and equipment depreciation expense	—	(460)	(460)
Property, plant, and equipment disposals and revaluations	—	(1,858)	(1,858)
Lessee lease amortization	—	(4)	(4)
Lease expense	—	(4)	(4)
Applied overhead/cost capitalization offset	—	1,483	1,483
Increase/(Decrease) in Assets not affecting Budgetary Outlays:			
Accounts receivable, net	(28)	6	(22)
Other assets	(48)	(3)	(51)
(Increase)/Decrease in Liabilities not affecting Budgetary Outlays:			
Accounts payable	17	(65)	(48)
Lessee lease liability	—	(2)	(2)
Environmental and disposal liabilities	—	(273)	(273)
Federal employee salary, leave, and benefits payable	—	55	55
Pension and Post-Employment Benefits Payable	—	3	3
Other liabilities	67	12	79
Financing Sources:			
Imputed cost	(284)	—	(284)
Total Components of Net Cost not part of the Budgetary Outlays	(276)	(1,110)	(1,386)
Components of the Budgetary Outlays not part of Net Cost:			
Financing Sources:			
Transfers out (in) without reimbursements	(2)	—	(2)
Total Components of the Budgetary Outlays not part of Net Cost	(2)	—	(2)
Misc Items			
Distributed offsetting receipts	(4)	—	(4)
Recognition of right-to-use lease assets	—	6	6
Custodial/Non-exchange revenue	—	9	9
Appropriated receipts for Trust/Special Funds	1	—	1
Total Other Reconciling Items	(3)	15	12
Total Net Outlays (Calculated Total)	**$ 2**	**$ 23,355**	**$ 23,357**
Budgetary Agency Outlays, net			**$ 23,357**

15 NOTE 15 (CONTINUED) Reconciliation of Net Cost to Net Outlays

2025			
(IN MILLIONS)	INTRAGOVERNMENTAL	WITH THE PUBLIC	TOTAL
Net Cost	**$ 443**	**$ 23,256**	**$ 23,699**
Components of Net Cost not part of the Budgetary Outlays			
Property, plant, and equipment depreciation expense	—	(465)	(465)
Property, plant, and equipment disposals and revaluations	—	(124)	(124)
Lessee lease amortization	—	(4)	(4)
Lease expense	—	(4)	(4)
Applied overhead/cost capitalization offset	—	1,719	1,719
Increase/(Decrease) in Assets not affecting Budgetary Outlays:			
Accounts receivable, net	(37)	6	(31)
Other assets	(75)	5	(70)
(Increase)/Decrease in Liabilities not affecting Budgetary Outlays:			
Accounts payable	(15)	101	86
Lessee lease liability	—	1	1
Environmental and disposal liabilities	—	(37)	(37)
Federal employee salary, leave and benefits payable	—	(24)	(24)
Pension and Post-Employment Benefits Payable	—	1	1
Other liabilities	80	112	192
Financing Sources:			
Imputed cost	(369)	—	(369)
Total Components of Net Cost not part of the Budgetary Outlays	(416)	1,287	871
Components of the Budgetary Outlays not part of Net Cost:			
Financing Sources:			
Transfers out (in) without reimbursements	(1)	—	(1)
Total Components of the Budgetary Outlays not part of Net Cost	(1)	—	(1)
Misc Items			
Distributed offsetting receipts	(3)	—	(3)
Recognition of right-to-use lease assets	—	3	3
Custodial/Non-exchange revenue	(1)	7	6
Appropriated receipts for Trust/Special Funds	1	—	1
Total Other Reconciling Items	(3)	10	7
Total Net Outlays (Calculated Total)	**$ 23**	**$ 24,553**	**$ 24,576**
Budgetary Agency Outlays, net			**$ 24,576**

16 NOTE 16 Disclosure Entity

The Jet Propulsion Laboratory (JPL) is a NASA-owned facility which serves as a Federally Funded Research and Development Center (FFRDC). The facility commenced activities in the mid-1930s and at that time was sponsored by the U.S. Army to develop rocket technology and missile systems.

The California Institute of Technology (Caltech), a private, not-for-profit 501(c)(3) university, manages JPL pursuant to a sole-source, five-year, FAR-based contract with NASA. The value of NASA's Caltech contract for FY 2026 was $2 billion. Under this contract, NASA issues task orders to Caltech for various research programs and projects conducted at JPL. The contract is subject to the usual FAR-based Federal contract oversight and reporting requirements. Caltech has managed JPL as a NASA FFRDC since 1959.

Caltech and NASA's relationship at JPL is governed by the terms and conditions of their contract which does not give NASA responsibility for or insight into Caltech's business objectives or operations at JPL. JPL staff is comprised of Caltech employees and contractors, while NASA has a resident office at the facility staffed by Federal managers who administer the NASA/Caltech contract. The physical plant and equipment used to conduct operations under the contract are Government-furnished property and material, made available to Caltech for the performance of its contract with NASA, and includes contractor-acquired property. The work performed by JPL for NASA is funded by NASA as part of one or more of NASA's major programs and supports NASA's missions and programs. Every year, JPL issues a review of its accomplishments which can be viewed in the JPL Annual Reports.[1]

NASA has the unilateral authority to establish or amend the fundamental purpose and mission of activities at its JPL FFRDC. NASA's contract with Caltech reflects and incorporates NASA's authority into its terms and conditions. NASA also has the unilateral authority to orderly phase down and close its FFRDC and thus, the NASA contract with Caltech. As such, the contract terms allow NASA to close the FFRDC, transfer sponsorship of the FFRDC to another sponsor (Federal agency), transition the FFRDC to another contractor (e.g., another university), or renew the contract. In the event of a termination of its contract with Caltech for the management of JPL, JPL would only receive costs that NASA deems allowable, allocable, and reasonable under the contract's terms.

17 NOTE 17 Reclassification of Financial Statement Line Items for Financial Report Compilation Process

To prepare the Financial Report of the U.S. Government (Financial Report), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Statement of Net Cost and a Reclassified Statement of Changes in Net Position. Treasury eliminates intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the Financial Report statements. This note shows the Agency's financial statements and the Agency's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated Financial Report line items. A copy of the 2025 Financial Report can be found here: https://fiscal.treasury.gov/reports-statements/financial-report/current-report.html and a copy of the 2026 Financial Report will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government.

The term "Non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with Non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

[1] JPL Annual Reports https://www.jpl.nasa.gov/annual-report

17 NOTE 17 (CONTINUED) Reclassification of Financial Statement Line Items for Financial Report Compilation Process

FY 2026 NASA STATEMENT OF NET COST		LINE ITEMS USED TO PREPARE FY 2026 GOVERNMENT-WIDE STATEMENT OF NET COST	
FINANCIAL STATEMENT LINE	AMOUNTS (IN MILLIONS)	AMOUNTS (IN MILLIONS)	RECLASSIFIED FINANCIAL STATEMENT LINE
Gross Costs	26,444	$ 24,791	Non-Federal Gross Cost
		24,791	**Total Non-Federal Gross Cost**
			Intragovernmental Gross Costs
		606	Benefit Program Costs
		284	Imputed Costs
		525	Buy/Sell Costs
		238	Other Expenses (without reciprocals)
		1,653	**Total Intragovernmental Gross Costs**
Total Gross Costs	26,444	26,444	***Total Reclassified Gross Costs***
Earned Revenue	1,711	341	Non-Federal Earned Revenue
		1,370	Buy/Sell Revenue (Exchange)
		1,370	**Total Intragovernmental Earned Revenue**
Total Earned Revenue	1,711	1,711	***Total Reclassified Earned Revenue***
Net Cost of Operations	**$ 24,733**	**$ 24,733**	**Net Cost of Operations**

FY 2026 NASA STATEMENT OF CHANGES IN NET POSITION		LINE ITEMS USED TO PREPARE FY 2026 GOVERNMENT-WIDE STATEMENT OF CHANGES IN NET POSITION	
FINANCIAL STATEMENT LINE	AMOUNTS (IN MILLIONS)	AMOUNTS (IN MILLIONS)	RECLASSIFIED FINANCIAL STATEMENT LINE
Unexpended Appropriations			
Unexpended Appropriations, Beginning Balance	24,229	24,229	Unexpended Appropriations, Beginning Balance
Appropriations Received	24,438	24,392	Appropriations Received
Other Adjustments	(46)		
Appropriations Transferred-In/Out	9	9	Non-Expenditure Transfers-In to Unexpended Appropriations and Financing Sources (Federal)
Appropriations Used	(23,359)	(23,359)	Appropriations Used
Net Change in Unexpended Appropriations	1,042	1,042	
Total Unexpended Appropriations	**25,271**	**25,271**	**Total Unexpended Appropriations**
Cumulative Results from Operations			
Beginning Balance	7,845	7,845	Cumulative Results, Beginning Balance
Beginning Balance, Cumulative Results of Operations	23,359	23,359	Appropriations Used
Non-Exchange Revenue	7	16	Non-Federal Non-Exchange Revenue
		16	**Total Non-Federal Non-Exchange Revenue**
Donations and Forfeitures of Property	6	1	Federal Non-Exchange Revenue
		1	**Total Federal Non-Exchange Revenue**
		(4)	Non-Entity Collections Transferred to the General Fund of the U.S. Government
		13	**Total Non-Exchange Revenues**
Imputed Financing	**284**	284	Financing Sources
		284	**Total Financing Sources**
Net Cost of Operations	(24,733)	(24,733)	Net Cost of Operations
Net Change in Cumulative Results of Operations	(1,077)	(1,077)	
Ending Balance - Cumulative Results of Operations	**6,768**	**6,768**	**Total Cumulative Results of Operations**
Net Position	**$ 32,039**	**$ 32,039**	**Net Position**

18 NOTE 18 Public-Private Partnerships

NASA engages in various relationships with private entities in furtherance of NASA's Mission and Strategic Goals and describes many of these relationships as "public-private partnerships." The terminology is used informally to describe working relationships between NASA, its contractors, and industry partners rather than used to describe a financial benefit or risk sharing relationship as set forth in the criteria and characteristics of SFFAS 49, *Public-Private Partnerships (P3): Disclosure Requirements*. Many of these relationships cover Science, Technology, Engineering, and Mathematics (STEM) activities; research and development; technology transfer; commercialization of space capabilities and operations; and other mission projects, but do not otherwise meet SFFAS 49 requirements.

NASA also collaborates with private entities for commercial space capabilities in accordance with the National Space Policy of the United States (the latest iteration of which was issued December 9, 2020)[1]. The National Space Policy establishes principles and goals for the Nation's Space Programs. One such principle provides for "A robust, innovative, and competitive commercial space sector is the source of continued progress and sustained United States leadership in space". In alignment with this principle NASA has pursued collaborations for commercial space capabilities for human and cargo transportation providers, deep space exploration capabilities, and commercialization of other low Earth orbit activities.

NASA utilizes its organic authorization, 51 U.S.C. § 20101 et seq., and other authorities, along with its procurement contract authority (as promulgated in regulation via the Federal Acquisition Regulation (FAR) and NASA FAR Supplement (NFS) requirements) to execute agreement instruments with its partners. NASA awards FAR based service contracts with FAR/NFS clauses, such as, limitation of funds, liability, and termination, to protect NASA. NASA has awarded contracts for Commercial Crew and Cargo, and pursuant to the terms and conditions set forth in these contracts, the contractor's liability for loss or damage to Government property during performance of contract activities is limited for commercial space. NASA does not consider these types of arrangements to meet the criteria and characteristics for P3 disclosure as there is no demonstrated shared risk and reward nor a NASA commitment to guarantee success.

Similarly, NASA has also awarded FAR based firm fixed price (FFP) contracts under a competitive broad area announcement (BAA) procurement entitled "Next Space Technologies for Exploration Partnerships" (NextSTEP). NextSTEP is a competitive acquisition that seeks to meet NASA needs via commercial development of deep space exploration capabilities to support more extensive human spaceflight missions in and beyond cislunar space—the space, near Earth, that extends just beyond the Moon. The capabilities developed under these contracts include components in support of the Human Landing Systems (HLS), Gateway, and development of other deep space exploration technologies to support extensive human spaceflight missions. In the Offeror's proposals, they identified corporate contributions that were evaluated as part of the awarded contracts. NASA does not have a requirement to repay the corporate contributions and does not guarantee contractor financing under the terms and conditions in the contracts. NASA has also made Government resources available under these contracts to support contract development activities through Government task agreements (GTAs), but this activity is optional. Although contractors may elect to use a GTA, fulfillment of the contract is not predicated on government resources being provided. The contracts contain FAR clauses to protect NASA's interests including limitation of funds, termination, and liability. Similar to the above arrangements, NASA does not consider these to meet the criteria and characteristics for P3 disclosure.

Although the prior discussed arrangements do not warrant disclosure, NASA has determined two other categories as meeting the P3 disclosure requirements: energy savings performance/utility Energy Service Contracts and leases. NASA has awarded energy savings performance contracts (ESPCs) and utility energy service contracts (UESCs) under National Energy Conservation Policy Act (42 U.S.C. § 8287), as amended, and Energy Policy Act of 1992, P.L. 102-486 (codified as 42 U.S.C. § 8256) to reduce energy, water and/or related operating costs and to assist agencies with upgrading aging infrastructure, systems, and equipment. These contracts do not require up-front capital costs or special appropriations from Congress and are repaid over time to the provider. Further information and details are provided below.

NASA has executed real estate arrangements as part of commercialization of space initiatives and research and development. Solicitations are used to identify a potential partner's interest for NASA facilities or land that are non- excess but underutilized by the Agency, which may be used to further NASA's mission. These facilities or land-use arrangements outline responsibilities, terms, and conditions and are generally executed under our Enhanced Use Lease (EUL) (51 U.S.C. §

[1] https://trumpwhitehouse.archives.gov/wp-content/uploads/2020/12/National-Space-Policy.pdf (NHPA)

18 NOTE 18 (CONTINUED) Public-Private Partnerships

20145) or the National Historic Preservation Act (NHPA) (54 U.S.C. § 306121). Further information and detail are provided below.

Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs):

NASA has entered into ESPCs and UESCs to procure energy savings and facility improvements. These contracts do not require up-front capital costs or special appropriations from Congress and by statute, cannot exceed 25 years. Under these contracts, NASA retains the additional cost savings and receives title to installed goods, equipment, and improvements.

Federal agencies are authorized to enter into ESPCs under the National Energy Conservation Policy Act (42 U.S.C. § 8287), as amended. An ESPC is a partnership between an agency and an Energy Service Company (ESCO) to reduce energy, water and/or related operating costs and to assist agencies with upgrading aging infrastructure, systems, and equipment. Upon conducting a comprehensive audit, the ESCO designs and constructs a project that meets the Agency's needs and arranges financing to pay for the project. The ESCO guarantees that the improvements will generate sufficient energy cost savings to pay for the project over the term of the contract. NASA currently has ESPCs with an expected life based on contract terms of 15 to 24 years expected life and payment period. NASA funds the contract and pays the contractor directly, except in two instances where payment is made to a third-party who has designated responsibility for contract administration over the contract term.

Authorized by the Energy Policy Act of 1992, P.L. 102-486 (codified as 42 U.S.C. § 8256), UESC is a limited-source contract between a Federal agency and its serving utility for energy and water-efficiency improvements and demand-reduction services, allowing Federal agencies to pay for the services over time, either on their utility bill or through a separate agreement. NASA currently has UESCs with an expected life based on contract terms of 14 to 17 years expected life and payment period. NASA funds the contracts and pays the contractor directly. Under OMB Memorandum M-98-13 and M-12-21, ESPC and UESC repayments can be funded on an annual basis.

ESPCs and UESCs can be terminated for convenience in part or in full. In the event of termination, NASA may be responsible for outstanding loan balances and early termination or payment fees. Measurement and verification of energy savings is required under ESPCs and UESCs. The benefits of ESPCs and UESCs include:

- Infrastructure improvements that pay for themselves over time; and,
- Ability to install longer payback energy and water conservation measures by bundling savings.

PUBLIC-PRIVATE PARTNERSHIPS AGREEMENTS/ CONTRACTS (IN MILLIONS)	2026			2025		
	ACTUAL AMOUNT PAID IN FY	ESTIMATED AMOUNT TO BE PAID IN FUTURE YEARS	ESTIMATED CUMULATIVE AMOUNT TO BE PAID OVER EXPECTED LIFE OF ARRANGEMENT	ACTUAL AMOUNT PAID IN FY	ESTIMATED AMOUNT TO BE PAID IN FUTURE YEARS	ESTIMATED CUMULATIVE AMOUNT TO BE PAID OVER EXPECTED LIFE OF ARRANGEMENT
ESPC	$ 16	$ 162	$ 302	$ 15	$ 175	$ 302
UESC	3	39	56	3	37	87
Estimated Total	**$ 19**	**$ 201**	**$ 358**	**$ 18**	**$ 212**	**$ 389**

Leases

NASA's EUL and NHPA programs allow NASA to manage non-excess, underutilized property through leasing arrangements to private sector organizations. Title 51 U.S.C. § 20145, Lease of Non-Excess Property, authorizes NASA to lease real property under NASA's control or jurisdiction to other public and private entities on a long-term basis in return for cash consideration at fair market value. NASA's previous EUL authority expired on

18 NOTE 18 (CONTINUED) Public-Private Partnerships

December 31, 2021, and was extended until December 31, 2022, through passage of the Omnibus Bill under H.R. 2471-1065, and was most recently extended until December 31, 2032, under P.L. 117-80, effective August 9, 2022. NASA's previous EUL authority under 42 U.S.C. § 2459j (2007) permitted in-kind consideration. A few of NASA's leases executed under the previous EUL authority included in-kind consideration that was negotiated as part of the terms and conditions of the arrangements. Title 54 U.S.C. § 306121 (P.L. 89-665 October 15, 1966), Lease or Exchange (NHPA), authorizes Federal agencies to lease historic property owned by the Agency to any person or organization or exchange its property with comparable historic property, if determined that the lease or exchange will adequately ensure the preservation of the historic property. Title 40 U.S.C. § 1314, Easements, allows Federal agencies to grant real property owned by the Agency to any person or organization that is not adverse to the interest of the Government with monetary or other consideration, including an interest in real property.

NASA's EUL and NHPA leases serve to provide space to third parties on NASA land or in a NASA Facility. NASA's EUL and NHPA leases range from 10 to 96 years expected life, i.e., base term of the lease and amendments plus extensions that can be reasonably anticipated and represent the period in which receipts are expected to be received directly from the partner. NASA's EUL and NHPA leases include waivers of liability, tenant insurance requirements, and tenant environmental responsibilities to protect NASA's interest and mitigate potential risk of loss.

Benefits to NASA from the EUL and NHPA programs include:

- Revenue in the form of lease payments; and
- Cost savings, (i.e., operations and maintenance associated with the leased assets that would normally be paid by NASA under normal operations).

Under the EUL and NHPA programs, NASA does not:

- Provide any kind of guarantee for the purpose of private-party financing; or,
- Allow for payment from NASA to the partner.

NASA will only pursue termination of a lease commenced under EUL or NHPA prior to the end of the lease term in the event of default, noncompliance, nonperformance by the lessee, or for reasons of force majeure or act of Congress. If termination occurred, NASA would not owe or pay any fees, costs, expenses or penalties, and the lessee bears all risk. Upon termination, NASA would assume responsibility for operations and maintenance of the leasehold or divestment through normal program and budget planning processes. In most cases, the tenants are required to remove any additions or improvements and return the leasehold to its original state unless otherwise agreed to under the terms of the arrangement. A few of NASA's long-term leases provide for transfer of constructed assets to NASA or a third-party entity upon termination. Under these leases NASA would assume responsibility for operations and maintenance, divestment, or establishment of a new lease based on the current need of the assets at the time of termination. Based on the current state of these arrangements, NASA does not anticipate that this would be likely in the near future and does not consider this to be any more than a remote risk of loss.

NASA's leases or easements that include in-kind consideration provided by the tenant were negotiated into the terms and conditions of the lease or easement. In accordance with the specified terms, NASA may assume responsibility for operations of infrastructure improvements provided by the tenant under normal program and budget planning processes, may seek an alternative tenant, or may request the property be returned to its original state.

NASA has identified a limited number of leases where development by the tenant on the leasehold could impact Center infrastructure and operations such as water, sewer, maintenance, roadways, or security operations based on increased capacity. These leases include requirements for studies and transition plan approval to determine and mitigate any risk or dependency prior to development.

18 NOTE 18 (CONTINUED) Public-Private Partnerships

NASA has 18 leases identified as a Public-Private Partnership under SFFAS 49, that also meet the criteria of a Lease under SFFAS 54, which are disclosed in Note 11, Leases, based on the Net Present Value of future lease payments.

PUBLIC-PRIVATE PARTNERSHIPS AGREEMENTS/CONTRACTS (IN MILLIONS)	2026			
	ACTUAL AMOUNT RECEIVED IN FY	ESTIMATED AMOUNT TO BE RECEIVED IN FUTURE YEARS	ESTIMATED CUMULATIVE AMOUNT TO BE RECEIVED OVER EXPECTED LIFE OF ARRANGEMENT	ESTIMATED CUMULATIVE IN KIND CONSIDERATION
EUL	$1	$ 135	$ 138	$ 20
NHPA	—	—	—	—
Easement Authority	—	—	—	2
Estimated Total	**$ 1**	**$ 135**	**$ 138**	**$ 22**

PUBLIC-PRIVATE PARTNERSHIPS AGREEMENTS/CONTRACTS (IN MILLIONS)	2025			
	ACTUAL AMOUNT RECEIVED IN FY	ESTIMATED AMOUNT TO BE RECEIVED IN FUTURE YEARS	ESTIMATED CUMULATIVE AMOUNT TO BE RECEIVED OVER EXPECTED LIFE OF ARRANGEMENT	ESTIMATED CUMULATIVE IN KIND CONSIDERATION
EUL	$ —	$ 137	$ 138	$ 20
NHPA	—	—	—	—
Easement Authority	—	—	—	2
Estimated Total	**$ —**	**$ 137**	**$ 138**	**$ 22**

Combining Statements of Budgetary Resources
For the Fiscal Year Ended September 30, 2026

(IN MILLIONS)	AERONAUTICS MISSION	SPACE TECHNOLOGY MISSION	EXPLORATION MISSION	SPACE OPERATIONS MISSION	SCIENCE MISSION	SAFETY, SECURITY AND MISSION SERVICES
Budgetary Resources:						
Unobligated Balance from Prior Year Budget Authority, Net	$ 48	$ 177	$ 7,833	$ 1,559	$ 830	$ 1,055
Appropriations	923	921	7,734	4,176	7,282	2,961
Spending Authority from Offsetting Collections	—	—	—	—	—	1,883
Total Budgetary Resources	**$ 971**	**$ 1,098**	**$ 15,567**	**$ 5,735**	**$ 8,112**	**$ 5,899**
Status of Budgetary Resources:						
New Obligations and Upward Adjustments (Total)	$ 832	$ 719	$ 9,490	$ 4,104	$ 6,784	$ 4,743
Unobligated Balance, End of Year:						
Apportioned, Unexpired Accounts	136	369	1,485	801	1,270	1,149
Unapportioned, Unexpired Accounts	—	—	4,575	751	—	—
Unexpired Unobligated Balance, End of Year	136	369	6,060	1,552	1,270	1,149
Expired Unobligated Balance, End of Year	3	10	17	79	58	7
Unobligated Balance, End of Year (Total)	139	379	6,077	1,631	1,328	1,156
Total Budgetary Resources	**$ 971**	**$ 1,098**	**$ 15,567**	**$ 5,735**	**$ 8,112**	**$ 5,899**
Outlays, Net:						
Outlays, Net (Total)	$ 796	$ 866	$ 7,927	$ 3,960	$ 6,461	$ 2,648
Distributed Offsetting Receipts (—)	—	—	—	—	—	—
Agency Outlays, Net	**$ 796**	**$ 866**	**$ 7,927**	**$ 3,960**	**$ 6,461**	**$ 2,648**

(IN MILLIONS)	CONSTRUCTION AND ENVIRONMENTAL COMPLIANCE AND RESTORATION	STEM ENGAGEMENT MISSION	OFFICE OF INSPECTOR GENERAL	OTHER	TOTAL
Budgetary Resources:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 1,743	$ 31	$ 3	$ 98	$ 13,377
Appropriations	222	143	47	39	24,448
Spending Authority from Offsetting Collections	21	—	—	165	2,069
Total Budgetary Resources	**$ 1,986**	**$ 174**	**$ 50**	**$ 302**	**$ 39,894**
Status of Budgetary Resources:					
New Obligations and Upward Adjustments (Total)	$ 1,417	$ 150	$ 45	$ 215	$ 28,499
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	568	17	2	77	5,874
Unapportioned, Unexpired Accounts	—	—	—	—	5,326
Unexpired Unobligated Balance, End of Year	568	17	2	77	11,200
Expired Unobligated Balance, End of Year	1	7	3	10	195
Unobligated Balance, End of Year (Total)	569	24	5	87	11,395
Total Budgetary Resources	**$ 1,986**	**$ 174**	**$ 50**	**$ 302**	**$ 39,894**
Outlays, Net:					
Outlays, Net (Total)	$ 514	$ 122	$ 42	$ 25	$ 23,361
Distributed Offsetting Receipts (—)	—	—	—	(4)	(4)
Agency Outlays, Net	**$ 514**	**$ 122**	**$ 42**	**$ 21**	**$ 23,357**

Combining Statements of Budgetary Resources
For the Fiscal Year Ended September 30, 2025

(IN MILLIONS)	AERONAUTICS MISSION	SPACE TECHNOLOGY MISSION	EXPLORATION MISSION	SPACE OPERATIONS MISSION	SCIENCE MISSION	SAFETY, SECURITY AND MISSION SERVICES
Budgetary Resources:						
Unobligated Balance from Prior Year Budget Authority, Net	$ 60	$ 92	$ 453	$ 525	$ 991	$ 925
Appropriations	935	1,101	15,086	5,889	7,334	3,092
Spending Authority from Offsetting Collections	—	—	—	—	—	1,866
Total Budgetary Resources	**$ 995**	**$ 1,193**	**$ 15,539**	**$ 6,414**	**$ 8,325**	**$ 5,883**
Status of Budgetary Resources:						
New Obligations and Upward Adjustments (Total)	$ 967	$ 965	$ 7,923	$ 4,988	$ 7,603	$ 4,910
Unobligated Balance, End of Year:						
Apportioned, Unexpired Accounts	24	218	185	346	678	966
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—	—
Unapportioned, Unexpired Accounts	—	—	7,419	1,001	—	—
Unexpired Unobligated Balance, End of Year	24	218	7,604	1,347	678	966
Expired Unobligated Balance, End of Year	4	10	12	79	44	7
Unobligated Balance, End of Year (Total)	28	228	7,616	1,426	722	973
Total Budgetary Resources	**$ 995**	**$ 1,193**	**$ 15,539**	**$ 6,414**	**$ 8,325**	**$ 5,883**
Outlays, Net:						
Outlays, Net (Total)	$ 974	$ 907	$ 7,630	$ 3,961	$ 7,523	$ 2,914
Distributed Offsetting Receipts (—)	—	—	—	—	—	—
Agency Outlays, Net	**$ 974**	**$ 907**	**$ 7,630**	**$ 3,961**	**$ 7,523**	**$ 2,914**

(IN MILLIONS)	CONSTRUCTION AND ENVIRONMENTAL COMPLIANCE AND RESTORATION	STEM ENGAGEMENT MISSION	OFFICE OF INSPECTOR GENERAL	OTHER	TOTAL
Budgetary Resources:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 617	$ 12	$ 5	$ 94	$ 3,774
Appropriations	1,960	143	47	1	35,588
Spending Authority from Offsetting Collections	20	—	—	212	2,098
Total Budgetary Resources	**$ 2,597**	**$ 155**	**$ 52**	**$ 307**	**$ 41,460**
Status of Budgetary Resources:					
New Obligations and Upward Adjustments (Total)	$ 994	$ 128	$ 48	$ 247	$ 28,773
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	1,593	20	—	49	4,079
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—
Unapportioned, Unexpired Accounts	8	2	—	1	8,431
Unexpired Unobligated Balance, End of Year	1,601	22	—	50	12,510
Expired Unobligated Balance, End of Year	2	5	4	10	177
Unobligated Balance, End of Year (Total)	1,603	27	4	60	12,687
Total Budgetary Resources	**$ 2,597**	**$ 155**	**$ 52**	**$ 307**	**$ 41,460**
Outlays, Net:					
Outlays, Net (Total)	$ 421	$ 141	$ 48	$ 60	$ 24,579
Distributed Offsetting Receipts (—)	—	—	—	(3)	(3)
Agency Outlays, Net	**$ 421**	**$ 141**	**$ 48**	**$ 57**	**$ 24,576**

Deferred Maintenance and Repairs

Federal agencies are required to report information related to the estimated cost to remedy deferred maintenance of property, plant, and equipment as required supplementary information in accordance with SFFAS 42, *Deferred Maintenance and Repairs*.

Maintenance and repairs (M&R) are activities directed toward keeping fixed assets in an acceptable condition. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset. M&R, as distinguished from capital improvements, excludes activities directed toward expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use. Deferred maintenance and repairs (DM&R) are M&R activities that were not performed when they should have been or were scheduled to be and which, therefore, are put off or delayed for a future period. DM&R reporting enables NASA to be accountable to citizens for the proper administration and stewardship of its assets. Specifically, DM&R reporting assists users by providing an entity's realistic estimate of DM&R amounts and the effectiveness of asset maintenance practices the entities employ in fulfilling their missions.

Maintenance and Repairs Policies

Facilities, Buildings, and Other Structures

It is NASA's policy to ensure that NASA-owned and operated assets are properly aligned with the NASA mission and are safe, environmentally sound, affordable, the right type and size, and in acceptable operating condition. NASA's facilities are maintained in the most cost-effective fashion to minimize risk to processes and products, protect the safety and health of personnel and the environment, protect and preserve capabilities and capital investments, provide quality workplaces for NASA employees, and enable the Agency's mission. Estimates reported herein include DM&R for all facilities on-site or off-site that are owned, leased, occupied, or used by NASA (NASA Programs or Contractors) including heritage assets without regard to capitalization thresholds or depreciation status. NASA does not assess DM&R on general land parcels.

In FY 2022, NASA revised its approach to facility assessments and DM&R calculations to enhance the accuracy of its reporting. The updated methodology combines detailed facility condition assessments with the previous parametric estimating approach to calculate DM&R for NASA's asset portfolio. Previously, NASA conducted Deferred Maintenance assessments on Real Property Assets every two years, using a parametric method that involved a rapid, independent visual assessment of nine facility systems. The new approach aligns with industry standards by implementing a full Facility Condition Assessment (FCA) every five years for assets with a Current Replacement Value (CRV) over $500,000. This new process provides more precise DM&R values and redefines both the Facility Condition Index and CRV based on up-to-date construction, renovation, and repair costs. The revised assessments now evaluate 20 systems, rather than the previous nine, and are conducted on a five-year cycle. FY 2022 marked the start of this transitional period, with all Centers expected to be assessed by FY 2026. Assets not reviewed during a given cycle year will have their assessments adjusted parametrically, based on findings from the next FCA at that location.

NASA leverages two approaches in escalating DM&R estimates due to inflation in labor and material costs. Facilities that are examined in the given year are calculated using up-to-date RSMeans application values which account for inflation. Facilities not examined in the current year have their DM&R escalated by the Engineering News-Record Building Cost Index cost index. This approach aligns with NASA's CRV annual escalation methodology. NASA's mission-critical facilities face $1.9 billion in deferred maintenance and repair needs associated with critical systems that are expected to fail imminently or within the next one to two years, posing significant risks to mission operations.

Equipment

NASA has established the deferred maintenance and repair tracking process to encompass assets that meet or exceed the Agency capital equipment threshold. Equipment that does not meet the capital threshold will not be tracked in this process due to the consumable aspect of those assets. Maintenance requirements for equipment are developed during the annual budget process and updated based on work completion, equipment condition and additional requirements. Not all unfunded maintenance requirements are deferred. In support of the planning, programming, budgeting, and execution process, each program, project, and activity managing equipment has a methodical process for determining their maintenance requirements. During the maintenance analysis process and as equipment is utilized, maintenance strategies are adjusted, refined and the amount of funding is determined, based on mission needs and assessments of risk within each activity.

(CONTINUED)

Deferred Maintenance and Repairs

Maintenance requirements and funding amounts are included in program, project, or activity baseline budgets. In the year of execution, the equipment managing activity takes steps to either mitigate or increase the levels of deferred maintenance based on the availability of resources and mission priorities. Each NASA activity managing equipment may take steps to reduce the amount of deferred maintenance through the reallocation of resources from lesser priority areas, or supplemental funding received from shifting project schedules.

Ranking and Prioritizing M&R Activities

NASA typically prioritizes the M&R activities based on mission need, health, safety, fire detection and protection, and environmental requirements. NASA also prioritizes the M&R projects with an emphasis on mission critical facilities, followed by mission support, then Center support. Managing activities also maintain agile strategies to react to emerging requirements and real-world events to review and reprioritize M&R requirements. The evaluation of the facility conditions by building type indicates that NASA continues to focus M&R activities on direct mission-related facilities and infrastructure.

Factors Considered in Determining Acceptable Condition Standards

NASA applies industry accepted codes and standards or equipment manufacturer's recommendations to all facilities related work. The standard of condition depends on the intended use, the mission criticality, and the utilization or health and safety aspects of that use. The Agency employs risk-based methodologies in determining acceptable levels of equipment operational risk.

The table below shows Real Property DM&R as of September 30, 2026 and 2025.

(IN MILLIONS)	2026	2025
Asset Category		
PP&E – Real Property	$ 5,875	$ 4,767
Heritage Assets – Real Property	28	61
Total Deferred Maintenance and Repairs	**$ 5,903**	**$ 4,828**

Letter from the Inspector General on Audit

NASA OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDITS

SUITE 8U71, 300 E ST SW
WASHINGTON, DC 20546-0001

November 13, 2026

TO: Jared Isaacman
Administrator

Anna Irvine
Acting Chief Financial Officer

SUBJECT: *NASA's Fiscal Year 2026 Financial Statements* (Report No. IG-27-003; Assignment No. A-26-07-00-FMD)

The Office of Inspector General contracted with the independent accounting firm Sikich CPA LLC to audit NASA's fiscal year (FY) 2026 financial statements. Sikich performed the audit in accordance with the Government Accountability Office's *Government Auditing Standards* and the Office of Management and Budget's Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

This audit resulted in an unmodified opinion on NASA's FY 2026 financial statements (see Enclosure 1). An unmodified opinion means the financial statements present fairly, in all material respects, the financial position and results of NASA's operations in conformity with U.S. generally accepted accounting principles.

Further, the audit did not identify any material weaknesses in internal control over financial reporting or reportable noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements.

Sikich is responsible for their enclosed report, dated November 13, 2026, and the conclusions expressed therein. We do not express an opinion on NASA's financial statements, conclusions about the effectiveness of internal control over financial reporting, or conclusion on compliance with certain laws and regulations, including but not limited to the Federal Financial Management Improvement Act of 1996.

We appreciate the courtesies extended to our team during the audit. Please contact Laurence Hawkins, Audit Operations and Quality Assurance Director, at 202-358-1543 or laurence.b.hawkins@nasa.gov, if you have any questions about the enclosed reports.

(CONTINUED)
Letter from the Inspector General on Audit



Kathryn D. Sheehey
NASA OIG Senior Official

Enclosure - 1

Independent Auditors' Report

SIKICH

333 John Carlyle Street, Suite 500
Alexandria, VA 22314
703.836.6701

Independent auditors' report

Anna Irvine, Acting Chief Financial Officer
National Aeronautics and Space Administration

Kathryn D. Sheehey, Senior Official
National Aeronautics and Space Administration, Office of Inspector General

In our audit of the fiscal year 2026 financial statements of the National Aeronautics and Space Administration (NASA), we found:

- NASA's financial statements as of and for the fiscal year ended September 30, 2026, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- No material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- No reportable noncompliance for fiscal year 2026 with provisions of applicable laws, regulations, contracts, and grant agreements that we tested.

The following sections contain:

1. Our report on NASA's financial statements, including other-matter paragraphs related to prior-year financial statements and hyperlinked data within the Agency Financial Report (AFR); required supplementary information (RSI); and other information included with the financial statements; and
2. Other reporting required by *Government Auditing Standards*, which is our report on NASA's (a) internal control over financial reporting and (b) compliance and other matters, including certain provisions referred to in Section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). This section also includes NASA's comments on our report.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NASA, which comprise the consolidated balance sheet as of September 30, 2026, and the related consolidated statement of net cost and consolidated statement of changes in net position and the combined statement of budgetary resources for the fiscal year then ended, as well as the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, NASA's financial position as of September 30, 2026, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

(CONTINUED)
Independent Auditors' Report

SIKICH

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audits contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin 24-02 are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* subsection of our report. We are required to be independent of NASA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter – prior-year financial statements

The financial statements of NASA for the year ended September 30, 2025, were audited by another auditor, who expressed an unmodified opinion on those statements on January 16, 2026.

Other matter – use of hyperlinks

Management has elected to include hyperlinks to information on websites outside the AFR to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Federal Accounting Standards Advisory Board (FASAB). The information on these websites has not been subjected to auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of management for the financial statements

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) the preparation, measurement, and presentation of the RSI in accordance with U.S. generally accepted accounting principles; (3) the preparation and presentation of other information included in NASA's AFR, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with GAAS, GAGAS, and OMB guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgments made by a reasonable user based on the financial statements.

(CONTINUED)
Independent Auditors' Report

SIKICH

In performing an audit in accordance with GAAS, GAGAS, and OMB guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NASA's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

Required supplementary information

Accounting principles generally accepted in the United States of America and OMB Circular No. A-136, *Financial Reporting Requirements,* require that the Management's Discussion and Analysis (MD&A) and other RSI be presented to supplement the financial statements. Such RSI is the responsibility of management and, although not a part of the financial statements, is required by FASAB and OMB, who consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, and historical context.

We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of (1) inquiring of management about the methods of preparing the RSI, and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements, in order to report omissions or material departures from FASAB and OMB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other information

NASA's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in NASA's AFR. The other information comprises the *Message from the Administrator*, *About this Report, Introduction to the Principal Financial Statements, Letter from the Inspector General on Audit, Other Information, and Appendix*

(CONTINUED)
Independent Auditors' Report

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sections of the AFR but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other reporting required by Government Auditing Standards

Report on internal control over financial reporting and on compliance and other matters

Internal control over financial reporting

In connection with our audit of NASA's financial statements, we considered NASA's internal control over financial reporting, consistent with our auditors' responsibilities discussed below.

Results of our consideration of internal control over financial reporting

Our consideration of internal control over financial reporting was for the limited purpose described below and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of NASA's internal control over financial reporting. Given these limitations, during our 2026 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

A *deficiency in internal control over financial reporting* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our fiscal year 2026 audit, we identified deficiencies in NASA's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant NASA management's attention. We have communicated these matters to NASA management in a separate management letter.

Basis for results of our consideration of internal control over financial reporting

We performed our procedures related to NASA's internal control over financial reporting in accordance with GAGAS and OMB audit guidance.

Responsibilities of management for internal control over financial reporting

NASA management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(CONTINUED)
Independent Auditors' Report

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Auditors' responsibilities for internal control over financial reporting
In planning and performing our audit of NASA's financial statements as of and for the fiscal year ended September 30, 2026, in accordance with GAGAS, we considered NASA's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NASA's internal control over financial reporting. Accordingly, we do not express an opinion on NASA's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and inherent limitations of internal control over financial reporting
An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that:

- Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- Transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended purpose of reporting on internal control over financial reporting
The purpose of this report is solely to describe the scope of our consideration of NASA's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of NASA's internal control over financial reporting. This report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Compliance and other matters

In connection with our audit of NASA's financial statements, we tested compliance with selected provisions of applicable laws, including certain provisions referred to in Section 803(a) of FFMIA; regulations; contracts; and grant agreements consistent with our auditors' responsibilities discussed below.

Results of our tests for compliance with laws, regulations, contracts, and grant agreements and other matters
Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for fiscal year 2026 that would be reportable under GAGAS. The results of our tests of compliance with Section 803(a) of FFMIA disclosed no instances in which NASA's financial management systems did not substantially comply with (1) federal financial management systems requirements, (2) applicable federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. However, the objective of our

(CONTINUED)
Independent Auditors' Report

SIKICH

tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to NASA. Accordingly, we do not express such an opinion.

Basis for results of our tests for compliance with laws, regulations, contracts, and grant agreements and other matters
We performed our tests of compliance in accordance with GAGAS and OMB audit guidance.

Responsibilities of management for compliance with laws, regulations, contracts, and grant agreements
NASA management is responsible for complying with laws, including certain provisions referred to in Section 803(a) of FFMIA; regulations; contracts; and grant agreements applicable to NASA.

Auditors' responsibilities for tests of compliance with laws, regulations, contracts, and grant agreements
Our responsibility is to test compliance with selected provisions of laws, including certain provisions referred to in Section 803(a) of FFMIA; regulations; contracts; and grant agreements applicable to NASA that have a direct effect on the determination of material amounts and disclosures in NASA's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to NASA. We caution that noncompliance may occur and not be detected by these tests.

Intended purpose of reporting on compliance with laws, regulations, contracts, and grant agreements
The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements and other matters is not suitable for any other purpose.

NASA's comments
Management was provided an opportunity to comment on the audit report and concurred with the report.

Sikich CPA LLC

Alexandria, VA
November 13, 2026



Other Information

PHOTO CREDIT – NASA (APRIL 3, 2026)

NASA astronaut Christina Koch is illuminated by a screen inside the darkened Orion spacecraft on the third day of the Agency's Artemis II mission. To the right of the image's center, CSA astronaut Jeremy Hansen is seen in profile peering out of one of Orion's windows. Lights are turned off to avoid glare on the windows.

Other Information Overview

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Summary of Financial Statement Audit and Management Assurances

The following tables summarize the Agency's FY 2026 Financial Statement Audit and Management Assurances. Table 1 presents the status of any material weaknesses identified by the financial statement auditor in FY 2025. Table 2 presents the status of any material weaknesses identified by NASA management in FY 2025.

TABLE 1

Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
MATERIAL WEAKNESSES	**BEGINNING BALANCE**	**NEW**	**RESOLVED**	**CONSOLIDATED**	**ENDING BALANCE**
Deficiencies in Financial Reporting Oversight Controls	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**

TABLE 2

Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA 2)						
Statement of Assurance	Unmodified					
MATERIAL WEAKNESSES	**BEGINNING BALANCE**	**NEW**	**RESOLVED**	**CONSOLIDATED**	**REASSESSED**	**ENDING BALANCE**
Deficiencies in Financial Controls	0	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**	**0**

EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA 2)						
Statement of Assurance	Unmodified					
MATERIAL WEAKNESSES	**BEGINNING BALANCE**	**NEW**	**RESOLVED**	**CONSOLIDATED**	**REASSESSED**	**ENDING BALANCE**
None	0	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**	**0**

CONFORMANCE WITH FEDERAL FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA 4)						
Statement of Assurance	Federal Systems conform to financial management system requirements.					
NON-CONFORMANCES	**BEGINNING BALANCE**	**NEW**	**RESOLVED**	**CONSOLIDATED**	**REASSESSED**	**ENDING BALANCE**
None	0	0	0	0	0	0
Total non-conformances	**0**	**0**	**0**	**0**	**0**	**0**

COMPLIANCE WITH FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)		
	AGENCY	**AUDITOR**
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
3. USSGL at Transaction Level	No lack of compliance noted	No lack of compliance noted

Summary of Reports



PHOTO CREDIT – NASA/AUBREY GEMIGNANI

JAXA (Japan Aerospace Exploration Agency) astronaut Kimiya Yui is seen during a tour of the Earth Information Center, Tuesday, June 2, 2026, at the Mary W. Jackson NASA Headquarters building in Washington, D.C. Yui, NASA astronauts Mike Fincke and Zena Cardman served as part of Expeditions 73 and 74 onboard the International Space Station.

Payment Integrity Information Act (PIIA) Reporting

The Payment Integrity Information Act (PIIA) of 2019 (Public Law 116-117) established the current federal requirements for preventing and reducing improper payments. PIIA builds on prior laws; the Improper Payments Information Act of 2002, the Improper Payments Elimination and Recovery Act of 2010, and the Improper Payments Elimination and Recovery Improvement Act of 2012. Under PIIA, federal agencies must assess the risk of improper payments across their programs and activities, identify programs at significant risk, estimate improper payments where required, and report the results to the President and Congress through the Agency Financial Report (AFR) or Performance and Accountability Report (PAR). Throughout this evolution, NASA has remained committed to preventing, detecting, and reducing improper payments through its Payment Integrity Improvement Program (PIIP). In FY 2026, NASA fulfilled these responsibilities through its Payment Integrity Risk Assessment. As part of its stewardship responsibilities, NASA management is responsible for maintaining effective internal controls to protect Agency assets, support reliable financial reporting, and ensure compliance with applicable laws and regulations. These responsibilities include establishing controls and processes designed to prevent, deter, and detect fraud and improper payments. For additional details related to NASA Payment Integrity Information Act Reporting, including all information previously included in the AFR, please visit PaymentAccuracy.gov.

Payment Integrity Information Act Assessment

NASA conducted its FY 2026 Payment Integrity Risk Assessment in accordance with OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*. NASA annually updates its risk assessment methodology to reflect changes in federal laws and guidance, the Agency's operating environment, external audit recommendations, and other relevant factors. For FY 2026, NASA's methodology incorporated seven risk conditions aligned with the eleven OMB-designated risk factors. Consistent with OMB guidance (M-21-19), programs with annual outlays exceeding $10 million are classified as either Phase 1 or Phase 2 based on their likelihood of exceeding the statutory threshold for improper and unknown payments. NASA currently has no Phase 2 programs.

(CONTINUED)
Summary of Reports

Payment Integrity Information Act Assessment (Continued)

For the FY 2026 assessment, NASA reviewed $27.3 billion in FY 2025 disbursements and identified 82 programs with annual outlays exceeding $10 million. As part of the Agency's triennial full assessment cycle, NASA conducted risk assessments for all 82 programs, regardless of whether they were assessed in the prior two years. In off-cycle years, NASA assesses newly identified programs that exceed the $10 million threshold, as well as existing programs with significant changes that may warrant an off-cycle assessment.

The NASA Office of Inspector General (OIG), in its FY 2025 review of NASA's compliance with the Payment Integrity Information Act (Report IG-26-009), concluded that NASA complied with PIIA requirements. This provides additional assurance that NASA's payment integrity processes and controls operate in accordance with applicable federal requirements.

Do Not Pay Initiative

OMB requires agencies to report their use of Treasury's Do Not Pay (DNP) service and evaluate whether it has reduced improper payments or awards in support for the Executive Order (EO) 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*. NASA is committed to maintaining payment integrity and complying with EO 14249 and the Payment Integrity Information Act of 2019 (PIIA). NASA has utilized DNP since FY 2014 to help identify and prevent improper payments. DNP matches NASA's payment files against the Social Security Administration's Death Master File to identify potential payments to deceased individuals. NASA conducts a daily review of DNP results.

Since the FY 2026 DNP onboarding initiative, Treasury screened 75,706 NASA payments totaling $11,236,466,171. NASA's review, combined with DNP matching, identified no improper payments in FY 2026. Following completion of required DNP technical onboarding, NASA will expand its use of DNP in FY 2027 to consider available data sources and continue implementation of Phase II and Phase III requirements.

These efforts are supported by NASA's strong internal controls, including preventive controls such as payment approval processes, detective controls, and continuous monitoring.

Overpayments Outside the Recapture Audit

Consistent with OMB Circular A-123, Appendix C, NASA has determined that formal recovery audits are not cost-effective and therefore does not include them in its Payment Integrity Improvement Program. NASA's analysis determined that the anticipated costs of conducting recovery audits would exceed the expected recovery of improper payments.

As an alternative, NASA conducts an internal overpayment review to monitor its payment processes and evaluate the effectiveness of controls designed to prevent, detect, and recover improper payments. Annually, NASA reviews overpayments identified outside of formal recovery audits to assess the causes and amounts of improper payments and track related recoveries. The review covers both cost-type and fixed-price contracts and includes an Agencywide data call to identify and report overpayments and collections.

Agency Reports

The report listed below is available for the Agency and can be accessed by navigating from the Resources page on PaymentAccuracy.gov to the *Congressional Reports* page and then selecting the relevant report from the dropdown list for the relevant agency and fiscal year.

i. The Annual Risk Assessment Report required under 31 U.S.C. § 3352(a)(3)(C).

NASA's Annual OIG Audit Follow-up Activity Report

Pursuant to the Inspector General Act of 1978 (P.L. 95-452), as amended, and codified at 5 U.S.C. Section 405(c), NASA's FY2025 OIG Audit Follow-up Activity Report is available online at: https://www.nasa.gov/audit-liaison-resolution-alr-and-follow-up-program/. The FY 2026 Report will be posted to this site as soon as it is released.

OIG Report on NASA's Top Management and Performance Challenges

MESSAGE FROM THE NASA OIG SENIOR OFFICIAL

Maintaining America's superiority in space has never been more crucial. Following the recent success of Artemis II and the launch of the Nancy Grace Roman Space Telescope, NASA is accelerating the pace of discovery and pushing the boundaries of space exploration. As the Agency manages an increasingly complex portfolio of missions, it continues to foster the low Earth orbit economy and lay the groundwork for a sustained lunar presence. These ambitious endeavors require a resilient workforce and modern infrastructure, as well as cybersecurity defenses and robust internal controls that safeguard NASA assets and technology from foreign adversaries.

At the Office of Inspector General (OIG), we help NASA achieve these goals safely, efficiently, and cost-effectively. To that end, and in accordance with the Reports Consolidation Act of 2000, we publish this annual report outlining the foremost challenges facing the Agency. These challenges, in turn, underpin our audit and oversight work for the year ahead. This year, we identified five challenges based on their overall significance to NASA's mission, their systemic nature, and how they impact the Agency's susceptibility to fraud, waste, and abuse. These challenges do not imply deficiencies. Instead, they underscore long-standing, complex issues that demand sustained engagement from NASA leadership, Congress, and other key stakeholders. The five challenges are listed below:

- **Establishing a Human Presence on the Moon.** To advance its Ignition initiatives and establish an enduring lunar presence, NASA must overcome the complex technical challenges associated with the Artemis human landing systems and next-generation spacesuits. The Agency must also closely monitor its acquisition strategy for lunar delivery services to develop a permanent Moon base and meet demanding mission timelines.
- **Managing a Robust U.S. Presence in Low Earth Orbit.** To prepare for the International Space Station's retirement, NASA must maintain safe operations while partnering with industry to develop future low Earth orbit destinations. This transition will require adequate oversight, significant financial investment, and reliable crew and cargo transport capabilities.
- **Improving Management of Major Programs and Projects.** To ensure the success of major programs and projects, NASA must commit to realistic schedules, adequate budget resources, and transparent reporting. The Agency's shift toward more service-based commercial acquisitions offers potential benefits but also demands heightened oversight to control costs and mitigate risks.
- **Managing Cybersecurity Risks and Emerging Technology.** To defend against evolving cybersecurity threats and protect sensitive data, NASA must address its decentralized approach to information technology management and keep pace with emerging technologies including super intelligence and quantum computing. To preserve national security, the Agency must also ensure grantees and contractors comply with strict security standards to safeguard intellectual property.
- **Sustaining Mission Critical Capabilities and Support Services.** To maintain America's preeminence in space, NASA must fortify its mission critical capabilities by modernizing aging infrastructure and sustaining a highly technical workforce. Simultaneously, the Agency must ensure rigorous oversight of the commercial partners, contractors, and grantees that provide essential support services.

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OIG Report on NASA's Top Management and Performance Challenges

Addressing these five challenges will be key as NASA tackles its boldest missions yet. The OIG remains committed to helping the Agency overcome these hurdles, and the tangible impact of our oversight is evident in our recent work. In fiscal year 2026, the Office of Audits announced and initiated 10 audits, made 35 recommendations, and identified $127.9 million in monetary impacts.[1] Concurrently, the Office of Investigations yielded a monetary impact of $12 million, with $2 million returned directly to NASA.[2] As the Agency ventures to the Moon and beyond, we will ensure that accountability, integrity, and transparency continue to define this new era of space exploration.

The Office of Inspector General's 2026 report on the Agency's top management and performance challenges is available on our website at https://oig.nasa.gov/nasa-management-challenges/.



Robert H. Steinau
Senior Official

[1] As of September 16, 2026

[2] As of September 15, 2026.

Agency Response to OIG Report on NASA's Top Management and Performance Challenges

National Aeronautics and Space Administration

Office of the Administrator
Mary W. Jackson NASA Headquarters
Washington, DC 20546-0001

October 23, 2026

TO: Senior Official performing the duties of the Inspector General

FROM: Administrator

SUBJECT: Agency Response to Office of Inspector General Report, "2026 Report on NASA's Top Management and Performance Challenges"

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the draft Office of Inspector General (OIG) report, "2026 Report on NASA's Top Management and Performance Challenges" (Q-26-03-00-MSD), dated September 22, 2026. NASA values OIG's independent oversight of our programs and operations, including its recognition of where the Agency is succeeding, and that oversight helps us improve and deliver greater value for every taxpayer dollar entrusted to the Agency.

NASA is once again being called upon to achieve the near-impossible. As outlined at our Ignition event, we are moving with urgency to return American astronauts to the Moon, establish an enduring presence, advance world-changing science and discovery, and develop the capabilities that will take us farther into the solar system. These objectives advance the President's National Space Policy at a consequential moment in the global competition for leadership in space—including returning Americans to the Moon ahead of China—and strengthen our national security, economic prosperity, and technological advantage.

The same drive applies to how we respond to OIG's findings. NASA agrees the five areas identified remain important, and this response describes the substantial progress the Agency has made on each over the past year—including in several areas not fully reflected in the report—along with the actions underway to keep strengthening our performance.

Challenge 1: Establishing a Human Presence on the Moon

Establishing a sustained human presence on the Moon is a strategic, scientific, technological, and economic investment in America's leadership in space. Artemis II sparked a global wave of inspiration as NASA's Orion spacecraft carried astronauts farther from Earth than any humans had ever traveled, revealing breathtaking new views of the Moon and marking a bold step forward in America's return to deep space exploration.

The National Space Policy directs NASA to establish a permanent Moon base, and the Agency's updated Artemis architecture reflects that mandate. Rather than retaining systems that no longer served that goal, NASA terminated or repurposed the Exploration Upper Stage, the Universal Stage Adapter, Mobile Launcher 2, and Gateway's Habitation and

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Agency Response to OIG Report on NASA's Top Management and Performance Challenges

Logistics Outpost—programs that, as OIG's June 2026 report[1] on these terminations documented, had each fallen significantly behind schedule and over budget. Redirecting that investment toward the Moon base mission is a disciplined use of taxpayer resources, not a retreat from Artemis.

With that redirection, NASA restructured Artemis III as an integrated systems test in low Earth orbit (LEO) rather than the first surface landing—a deliberate, step-by-step approach modeled on the Apollo Program's own playbook of proving out rendezvous, docking, and life-support systems before committing a crew to the lunar surface. This reduces risk ahead of the Artemis IV landing while keeping the campaign on schedule. Technicians have completed booster stacking and are now integrating the Space Launch System (SLS) core stage at Kennedy.

NASA is applying the same discipline to the Moon base itself—leveraging existing programs like Commercial Lunar Payload Services and the Lunar Terrain Vehicle to land hardware, test rover operations, and build South Pole infrastructure now, so the Agency can learn and iterate quickly before committing to the full permanent-presence architecture. Phase 1 alone targets roughly 20 robotic landings through 2029, with Blue Origin, Firefly Aerospace, Intuitive Machines, and Voyager Lunar Systems advancing hardware toward 2028 deliveries.

Challenge 2: Managing a Robust U.S. Presence in Low Earth Orbit

Sustaining a robust U.S. presence in LEO is a strategic imperative for American leadership in space. NASA recognizes LEO as the nation's primary training ground for long-duration spaceflight and the foundation for an emerging commercial marketplace, one we must build responsibly.

The Agency is committed to sustaining International Space Station (ISS) operations safely through end of life. NASA has recently taken a significant operational step to reduce the risk from the Russian PrK transfer tunnel air leak. Specifically, cargo operations have shifted to another module, eliminating the need to transit or pressurize the tunnel for routine logistics and substantially reducing crew exposure. NASA continues to work closely with Roscosmos on a long-term path forward for the PrK. On transportation, NASA has secured near-term crew access by adding three Crew Dragon flights to SpaceX's contract through 2030, bringing that contract to 17 missions and $5.9 billion, while investing $359 million in the corrective actions identified by the Starliner Program Investigation Team, including thruster valve redesigns and thermal modifications to the service module as well as the certification of the Vulcan launch vehicle for crewed launches. An uncrewed Starliner-1 cargo flight is planned for December 2026/January 2027, with a crewed Starliner-2 mission to follow in 2028. Together, these awards give NASA two independent, actively improving crew launch providers.

NASA is proceeding toward Commercial LEO Destinations with eyes open. In October, NASA released a Request for Proposal for a commercially owned and operated LEO

[1] NASA OIG, "NASA's Management of Programs and Projects after Mission Termination—Canceled or Repurposed Artemis Campaign Systems" (ML-26-002; June 24, 2026).

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Agency Response to OIG Report on NASA's Top Management and Performance Challenges

destination to succeed the ISS. The $1.3–1.8 billion annual savings cited in OIG's report draws on a January 2022 estimate, and NASA believes it is worth revisiting in light of more recent experience. It remains an open question whether a sufficiently large commercial LEO market exists independent of the Government, and a roughly 10 percent per-seat cost increase on NASA's most recent Dragon award suggests transportation costs may not fall as quickly as once assumed. NASA wants to ensure this transition is priced on what the market actually bears, not on a four-year-old projection, and will refine its estimate once proposals are in hand.

A sustained, well-managed, and honestly priced transition to commercial LEO is foundational to America's leadership in space. It is essential not only for continuous research and operations today, but for preserving national competitiveness as commercial destinations take shape and for ensuring a fiscally sound handoff beyond ISS retirement.

Challenge 3: Improving Management of Major Programs and Projects

NASA's major programs and projects routinely overcome challenges to achieve the near-impossible: missions that break new scientific ground, push the limits of engineering, and operate on demanding timelines. That discipline includes the willingness to make hard calls. For example, when the Exploration Upper Stage and Mobile Launcher 2 fell behind schedule and over budget, NASA terminated both rather than continuing to fund underperforming baselines, redirecting resources to the exploration architecture that can deliver. The Agency continues to strengthen cost control, transparency, and oversight through disciplined baselines, realistic schedules, and sustained investment in workforce capability.

Mars Sample Return illustrates both the risk inherent in first-of-their-kind missions and NASA's willingness to correct course once cost and schedule no longer match the mission's value. What began as a roughly $7 billion mission targeting Earth return by 2033 grew to an estimated $11 billion with return slipping to 2040 before Congress ultimately canceled the program in January 2026, a decision NASA supported, because an open-ended architecture with no credible path to an affordable, on-schedule outcome does not serve the taxpayer or the science.

More broadly, this is an area where NASA has already begun to act ahead of this report. In May 2026, the Agency directed the Science Mission Directorate to overhaul the science formulation and source selection processes Agency-wide. The goal is to shorten the multi-year, multi-phase path from concept study to selection, so funding reaches the highest-priority science faster and with fewer resources lost along the way, directly addressing the thinner flagship mission pipeline the report raises as a concern.

That same flagship pipeline concern is also behind two specific claims worth clarifying: that repurposing the Mars Curiosity Rover engineering model for lunar use could limit NASA's ability to diagnose and resolve issues on active Mars rovers, and that limited plutonium-238 fuel availability could affect future flagship missions like the Uranus Orbiter. Neither reflects the current plan: the engineering unit being considered for lunar use is a separate model from the active Curiosity testbed, supplemented with spare hardware, and the Jet Propulsion Laboratory has confirmed its use for lunar purposes does not reduce the Agency's capacity to

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Agency Response to OIG Report on NASA's Top Management and Performance Challenges

support active Mars rover operations. The plutonium-238 fuel involved is also drawn from an aging supply that would not be certified for use on a new flagship mission, so its use here has no bearing on fuel availability for missions like the Uranus Orbiter.

The report also raises concern that reliance on commercial services limits hands-on experience for NASA project managers. NASA is addressing this directly by embedding its own subject-matter experts across the supply chain to drive outcomes rather than take a passive, procurement-only role, insourcing talent to execute its most ambitious missions, and leaning on commercial providers only where a real, competitive market exists and clearly serves the mission. X-59 shows what this looks like in practice. After only a single flight, there was slow progress in Phase 1 testing and extended downtime due to persistent aircraft system issues. NASA surged internal technical experts into the effort to work alongside the contractor and resolve the problem. Once flight testing resumed, NASA further expanded its in-house involvement, rebuilding core NASA competencies to reduce dependence on a contractor with little incentive to move quickly, resulting in the aircraft now mostly through Phase 1 testing with six successful flights in a single week.

The report's concern about oversight, citing the Starliner Crewed Flight Test as a Type A mishap, reflects findings NASA itself surfaced and made public, releasing its own Program Investigation Team report in February 2026 with 61 corrective recommendations. NASA is committed to owning and learning from its mistakes rather than concealing them, and is working to close all corrective actions before flying future crews.

The report's comparison of today's accelerated mission timelines to the "faster, better, cheaper" era of the 1990s does not reflect the commercial launch market NASA now operates within. That era's failures emerged from expendable, hand-built launch vehicles with limited cadence and high per-launch cost; today's reusable commercial systems have changed what "faster" and "cheaper" mean, enabling shorter development timelines without the added risk the comparison implies. Space Reactor-1 (SR-1) Freedom reflects this approach. Rather than building a new spacecraft from scratch, SR-1 uses an already-integrated bus and flight-proven subsystems, which is what allows an accelerated schedule while still meeting NASA's program and project management requirements. NASA also continues to align radioisotope power system production with the Department of Energy to match real mission demand.

SR-1's planned 2028 launch will mark the moment NASA moves 60 years of U.S. investment in space nuclear power with only a single reactor ever flown, out of the lab and into real flight experience. The missions that follow will deliberately build on that experience. Targeted investment today—leveraging decades of hardware and expertise—will enable NASA to incrementally and successfully transition to a Nuclear NASA.

NASA's programmatic posture reflects the priorities of Executive Order 14369, "Ensuring American Space Superiority"—advancing human exploration, protecting national space interests, accelerating commercial development, and laying the foundation for a new era of space innovation. Together, these efforts reflect an Agency willing to make hard decisions, correct course early, and invest deliberately in the technologies that define what comes next.

(CONTINUED)

Agency Response to OIG Report on NASA's Top Management and Performance Challenges

Challenge 4: Managing Cybersecurity Risks and Emerging Technology

Protecting NASA's information and systems is fundamental to mission success. NASA is addressing the issues identified through targeted initiatives to unify its security posture, mature risk management, and counter emerging threats.

NASA agrees that closing the coordination gap between the Office of the Chief Information Officer's (OCIO) oversight of corporate information technology (IT) assets and Mission Directorate/Center-managed non-corporate assets is essential to consistent, secure IT. OCIO is expanding its centralized, shared services model, transitioning IT from a siloed, duplicative cost center into a secure, efficient utility for networks, storage, and identity management, which streamlines Zero Trust (ZT) adoption and reduces incident-response burden. OCIO was credited in OIG's March 2025 report with ZT progress in the corporate environment and is now extending requirements and services to the non-corporate environment, including updates to NASA-SPEC-2661[2] to incorporate ZT controls, supported by bi-weekly meetings with Mission Directorates to reduce technical debt.

NASA agrees that improving its Federal Information Security Modernization Act score, which OIG rated below the Office of Management and Budget's (OMB) "managed and measurable" benchmark for five consecutive years, is a top priority. In fiscal year 2027, NASA will publish its official Cybersecurity and Privacy Risk Strategy Approach, accompanied by a Risk Supplement to the Assessment and Authorization Handbooks, standardizing risk quantification across systems and aligning with the NASA Enterprise Risk Management Program to directly address the findings in the Government Accountability Office's June 2025 report.

NASA has also centralized Agency-wide vulnerability management oversight under the Senior Agency Information Security Officer, working with the Chief Data and Super Intelligence (SI) Officer (CDSIO) to apply SI to incident response, threat hunting, penetration testing, and Risk Management Framework workflows.

NASA agrees that responsible scaling of Generative SI requires mature, enterprise-wide governance to manage risks such as unauthorized data exposure, inaccurate outputs, ethical and legal concerns, and SI-enabled social engineering—gaps first identified in 2023. The Agency has issued its Data and SI as Strategic Assets Directive, establishing a Data and SI Governance Board and Senior Data and SI Officials in every NASA organization. The Directive also establishes an Enterprise Data and SI Platform as the authoritative registry for data, software, and SI use cases, supported by standardized Open-Source Science practices and continuous monitoring of mission-critical software. Remaining work includes a high-impact SI risk framework, automated compliance tracking, and workforce upskilling.

Finally, NASA agrees that quantum computing's threat to current encryption demands proactive action now, given the risk that adversaries may already be harvesting encrypted data for future decryption. The Agency has stood up a monthly Community of Practice to

[2] NASA Technical Specification, "Control Baselines and Critical Controls for NASA Information Systems Security Configuration Specification" (NASA-SPEC-2661).

(CONTINUED)

Agency Response to OIG Report on NASA's Top Management and Performance Challenges

identify vulnerable algorithms, participates in Office of National Cyber Director, OMB, National Institute of Standards and Technology, and Cybersecurity and Infrastructure Security Agency forums to track emerging standards, and is partnering with other agencies on post-quantum cryptography migration lessons learned. Automated detection and categorization of vulnerable Agency assets is in development with OCIO subject matter experts, and an Integrated Product Team ensures every network, program, and system has a point of contact to report migration metrics.

Challenge 5: Sustaining Mission Critical Capabilities and Support Services

Maintaining American leadership in space, science, aeronautics, and technology depends on the workforce, infrastructure, and procurement systems behind every mission. Over the past year, NASA has taken concrete, measurable action across all three areas, with more underway.

Workforce

NASA's ability to sustain mission critical capabilities relies on a highly skilled, adaptable, future-ready workforce. Over the past year, NASA has taken decisive steps to strengthen institutional capacity and stabilize critical skill areas, in direct response to Administrator directives aligning the workforce with evolving mission demands.

A central piece of that effort is insourcing. The Administrator's February 2026 "Restoring NASA's Core Competencies" directive identified that roughly 75 percent of the Agency's workforce was contractor-held; since then, NASA has used selective insourcing to rebuild capability in key technical and support domains and restore its most mission-critical skills in-house.

NASA has also modernized its hiring to close workforce gaps faster with expanded use of direct hire authorities, workforce analytics built into hiring decisions, and enhanced digital outreach to attract skilled candidates. These actions are coordinated through the newly established Hiring Committee, which reviews Agency-wide hiring requests against skill-gap analyses and workforce planning priorities so hiring stays focused on what mission execution actually requires.

In partnership with the Office of Personnel Management, NASA is also building its long-range workforce strategy through NASA Force, bringing engineers, technologists, and innovators directly into mission-critical roles across exploration, research, and advanced technology.

Infrastructure

NASA remains committed to right-sizing its infrastructure portfolio to support Ignition, Artemis, Moon Base, and commercial partnerships. The Agency Master Plan (AMP) 2.0, informed by the Asset Inventory Assessment, has identified over 20 percent of NASA's real property portfolio for strategic investment based on mission requirements and facility condition, 673 assets for divestment, and 174 assets to out-grant or repurpose. Planned

(CONTINUED)

Agency Response to OIG Report on NASA's Top Management and Performance Challenges

divestment and out-grant actions will reduce NASA's annual maintenance requirements by at least $47 million. The AMP's tiered maintenance strategy, combined with Condition-Based Maintenance (CBM), has avoided $77 million in costs to date, a $1.44 return for every $1 invested in CBM.

NASA has prioritized repairs and upgrades to power, water, heating/cooling, and waste systems at mission-critical centers. The $1 billion in infrastructure funding from the Working Families Tax Cuts Act has been directed to Johnson, Kennedy, Marshall, Stennis, and other centers to address urgent facility conditions and support Artemis launch infrastructure, including Kennedy's common-use launch infrastructure specifically cited in the OIG's report. NASA obligated 100 percent of the Act's first-year funds within that year.

NASA is also advancing Enhanced Use Lease reform and cost recovery to manage commercial demand without compromising NASA's own capabilities. Current out-grants total 489 assets across 5.45 million square feet, generating $61 million in annual maintenance avoidance and a $4.25 billion reduction in current replacement value. Enterprise acquisition strategies have cut procurement timelines from 12–18 months to under 3 months, and the newly implemented Enterprise Logistics Acquisition and Environmental Support Services contracts strengthen compliance and resilience while deploying specialized expertise where it is needed most.

Procurement

NASA has strengthened contract oversight directly in response to the challenges OIG cites. The Agency now requires Administrator approval of contract structure for all awards over $30 million and is actively analyzing opportunities to convert cost-reimbursement actions to fixed-price, reducing reliance on cost-type contracts. For the thousands of research grants and cooperative agreements NASA awards annually, the Agency has added further checks, such as Deputy Administrator and OMB approval on Notices of Funding Opportunities, a two-tier approval process for grants (Deputy Administrator for awards of $1 million or more, Agency Officials-in-Charge below that threshold), and an annual report of all awards to the Deputy Administrator.

Conclusion

The Agency acknowledges its shortcomings and remains committed to continuous improvement. Space exploration inherently involves uncertain outcomes, and NASA is committed to accomplishing the near-impossible while continuously improving safety and robustness.

(CONTINUED)

Agency Response to OIG Report on NASA's Top Management and Performance Challenges

Thank you for the opportunity to review and comment on the draft 2026 Top Management and Performance Challenges report and provide updates on progress. Questions regarding NASA's response may be directed to Mark Jenson, GAO/OIG Audit Liaison Program Manager, at (202) 358-0629.



Jared Isaacman
NASA Administrator

cc:
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Chief Human Capital Officer/Ms. Elliott
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Associate Administrator for Science Mission Directorate/Dr. Fox
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Civil Monetary Penalty Adjustment for Inflation

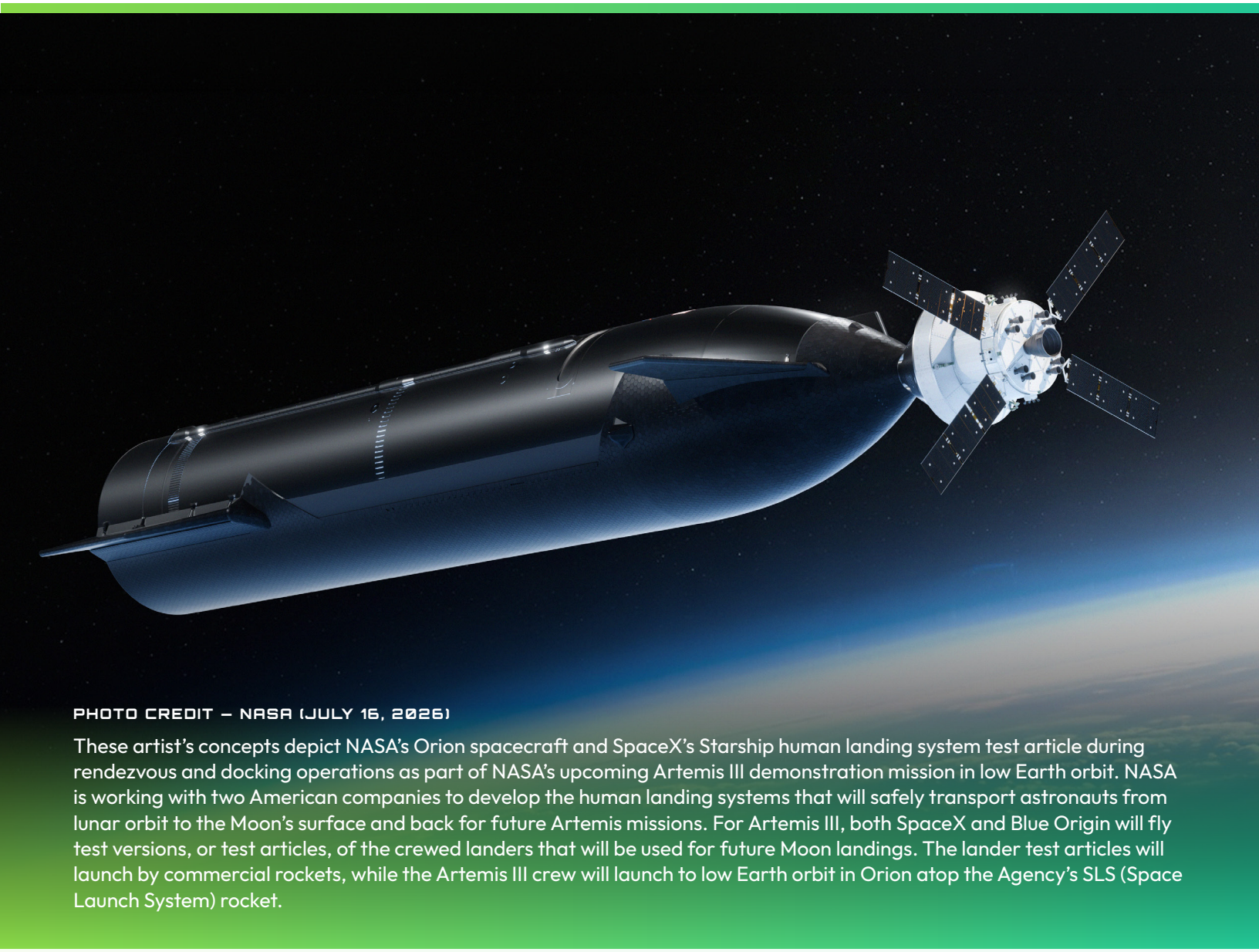


PHOTO CREDIT – NASA (JULY 16, 2026)

These artist's concepts depict NASA's Orion spacecraft and SpaceX's Starship human landing system test article during rendezvous and docking operations as part of NASA's upcoming Artemis III demonstration mission in low Earth orbit. NASA is working with two American companies to develop the human landing systems that will safely transport astronauts from lunar orbit to the Moon's surface and back for future Artemis missions. For Artemis III, both SpaceX and Blue Origin will fly test versions, or test articles, of the crewed landers that will be used for future Moon landings. The lander test articles will launch by commercial rockets, while the Artemis III crew will launch to low Earth orbit in Orion atop the Agency's SLS (Space Launch System) rocket.

For The Fiscal Year Ended September 30, 2026

The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (P.L. 114-74), requires agencies to make annual inflation adjustments to civil monetary penalties and report on these adjustments in their AFR.

Agencies must include, as Other Information, information about civil monetary penalties within their jurisdiction and the annual inflation adjustments made under the Act.

OMB Memorandum M-26-11 (April 17, 2026) directed agencies not to apply an inflation adjustment for 2026 and to continue using 2025 penalty levels. NASA provided notice in the Federal Register Volume 91, No. 185 at https://www.govinfo.gov/content/pkg/FR-2026-09-25/pdf/2026-19687.pdf that penalty amounts will not increase for the 2026 calendar year. Therefore, NASA's current penalty amounts for penalty updates continue to be located in the Federal Register Volume 90, No. 87 at https://www.govinfo.gov/content/pkg/FR-2025-05-07/pdf/2025-07886.pdf.

Grants Programs Information



PHOTO CREDIT – NASA/MICHAEL DEMOCKER

Crews at NASA's Michoud Assembly Facility in New Orleans transport the 130-foot-tall Artemis IV liquid hydrogen tank out of a production cell inside the main factory building into a detached test building on a separate portion of the 829-acre site on May 15, 2026. The liquid hydrogen tank will form part of the core stage for the SLS (Space Launch System) rocket, providing thousands of gallons of super-cold propellant to one of four RS-25 engines.

Significant reporting entities with Federal grant programs must submit a brief, high-level summary of expired, but not closed, Federal grants and cooperative agreements (awards). NASA continues to ensure its grant programs operate efficiently with the timely processing of expired, but not closed, Federal grants and cooperative agreements (awards) for closeout.

The Continuous Monitoring Program ensures ongoing review and validation of financial data and the effectiveness of internal controls over the entire financial management process, including grants. When grants with undisbursed balances in expired accounts are identified, appropriate action is taken to ensure optimum use of grant resources.

In FY 2026, the number of grants that had expired for two or more years remained two. The total amount of undisbursed balances in this population also remained $82,870. One instrument with an undisbursed balance could not be de-obligated and closed, as it remains pending the closeout of cost-reimbursable sub-awards.

NASA continued to use an automated process that sends expired grants to closeout on a weekly basis. This enhancement continues to ensure that the Agency operates efficiently when managing and monitoring the grant closeout process.

CATEGORY	2-3 YEARS	4-5 YEARS	MORE THAN 5 YEARS
Number of Grants/Cooperative Agreements with Zero Dollar Balances	1	–	–
Number of Grants/Cooperative Agreements with Undisbursed Balances	–	1	–
Total Amount of Undisbursed Balances (In Thousands)	**$ –**	**$ 83**	**$ –**

Undisbursed Balances in Expired Grant Accounts

In December 2015, Congress passed the Commerce, Justice, Science, and Related Agencies Appropriations Act, 2016 (Division B of the Consolidated Appropriations Act, 2016, P.L. 114-113), which required NASA to report undisbursed balances in expired grant accounts. OMB Memorandum M-16-18, Financial and Performance Reporting on Undisbursed Balances in Expired Grant Accounts, requires this information to be included each year until instructed otherwise. NASA monitors and tracks grants' undisbursed balances in expired accounts through a monthly review of internal control activities designed to identify undisbursed balances in expired accounts.

NASA generates financial management reports to aid in the tracking and monitoring of undisbursed amounts. An aging report of open obligations is generated monthly to determine the last day on which activity occurred. For open obligations with no activity during a six-month period and/or lacking supporting documentation, further review is performed to determine the validity of obligation balances and the existence of valid source documentation. Additionally, further analysis is performed to determine whether funds can be de-obligated. If obligations are valid, the aging reports are updated to reflect that obligations have been confirmed with Procurement as valid.

NASA will continue to track undisbursed balances in expired grant accounts through its monthly review of internal control activities designed to identify funds for de-obligation. This involves continuous monitoring of undisbursed balances, identifying balances that should be de-obligated, and performing timely closeout of grants and other activities. Additionally, NASA's financial management and procurement offices will continue to collaborate in monitoring and tracking undisbursed balances.

Currently, NASA has no undisbursed balances in expired grant accounts that are eligible for return to the Treasury of the United States. The following chart reflects the total number and dollar amount of undisbursed grants for which the period of performance has ended. All amounts have been obligated to a specific project.

The expired awards listed below include those within 120 days of the period of performance end date. In accordance with the Code of Federal Regulations §200.344, grant recipients have 120 days to finalize reporting and complete all financial transactions. As of this reporting period, 441 expired awards with undisbursed balances totaling $6.9 million remain within the allowable closeout timeframe. Once all closeout requirements are met by the grantee, NASA makes every effort to close out the grants in a timely manner.

FISCAL YEAR	TOTAL NUMBER OF EXPIRED GRANTS WITH UNDISBURSED BALANCES	TOTAL AMOUNT OF UNDISBURSED BALANCES FOR EXPIRED GRANTS (IN THOUSANDS)
2026	977	$ 12,138
2025	1134	$ 14,938
2024	975	$ 12,936



Appendix

PHOTO CREDIT – NASA/JOEL KOWSKY

The Orion Crew Survival System suits that Commander Reid Wiseman, Pilot Victor Glover, and Mission Specialist Christina Koch from NASA, and Mission Specialist Jeremy Hansen from the CSA will wear on the Artemis II test flight are seen in the suit-up room of the Neil A. Armstrong Operations and Checkout Building, Saturday, January 17, 2026, at NASA's Kennedy Space Center in Florida.

Glossary of Acronyms

A

AFR	Agency Financial Report
AFRC	Armstrong Flight Research Center
AICPA	American Institute of Certified Public Accountants
AMP	Agency Master Plan
ARC	Ames Research Center
ARMO	Agency Risk Management Officer
ARMWG	Agency Risk Management Working Group
ASC	Accounting Standards Codification
ATV	Automated Transfer Vehicle

B

BAA	Broad Area Announcement

C

Caltech	California Institute of Technology
CBM	Condition-Based Maintenance
CDSIO	Chief Data and Super Intelligence Officer
CFO	Chief Financial Officer
CLDC	Commercial LEO Destination Contract
CRV	Current Replacement Value
CSA	Canadian Space Agency
CSRS	Civil Service Retirement System

D

DATA Act	Digital Accountability and Transparency Act
DM&R	Deferred Maintenance and Repairs
DNP	Do Not Pay
DRCS	Disasters Response Coordination System
DRFP	Draft Request for Proposal

E

ECC	Enterprise Resource Planning Central Component
EDT	Eastern Daylight Time
EO	Executive Order
ERM	Enterprise Risk Management
ESCO	Energy Service Company
ESPC	Energy Savings Performance Contract
ESA	European Space Agency
EUL	Enhanced Use Lease
EUMETSAT	European Organisation for the Exploitation of Meteorological Satellite
EXPAND	Enhancing Exploration Platforms and Analog Definition

F

FAA	Federal Aviation Administration
FAR	Federal Acquisition Regulation
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FBWT	Fund Balance with Treasury
FCA	Facility Condition Assessment
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FFP	Firm Fixed Price
FFRDC	Federally Funded Research and Development Center
FM QSMO	Financial Management Quality Service Management Office
FMFIA	Federal Managers' Financial Integrity Act
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GRC	Glenn Research Center
GSFC	Goddard Space Flight Center
GTA	Government Task Agreement
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System

H

HLS	Human Landing Systems
HQ	NASA Headquarters
HSMD	Human Spaceflight Mission Directorate
HTV	H-II Transfer Vehicle

I

ICRB	Internal Control Review Board
ISS	International Space Station
IT	Information Technology

J

JAXA	Japan Aerospace Exploration Agency
JPL	Jet Propulsion Laboratory
JSC	Johnson Space Center

K

KSC	Kennedy Space Center

(CONTINUED)

Glossary of Acronyms

L

LaRC	Langley Research Center
LASSO	Lunar Assay via Small Satellite Orbiter
LEO	Low Earth Orbit

M

M&R	Maintenance and Repairs
MAVEN	Mars Atmosphere and Volatile Evolution
MIRI	Mid Infrared Instrument
ML-2	Mobile Launcher 2
MSD	Mission Support Directorate
MSFC	Marshall Space Flight Center
MSWG	Management System Working Group

N

NASA	National Aeronautics and Space Administration
NEO	Near-Earth Object
NextSTEP	Next Space Technologies for Exploration Partnerships
NFS	NASA FAR Supplement
NGC	New General Catalogue
NHPA	National Historic Preservation Act
NIRCam	Near Infrared Camera
NOAA	National Oceanic and Atmospheric Administration
NSSC	NASA Shared Services Center

O

OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
ODRM	Objectives-Driven Risk Management
OES	Office of the Executive Secretariat
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPTEC	Optical Payload Test, Evaluating and Calibration
OSMA	Office of Safety and Mission Assurance

P

P.L.	Public Law
P3	Public-Private Partnerships
PAR	Performance and Accountability Report
PDT	Pacific Daylight Time
PIIA	Payment Integrity Information Act
PIIP	Payment Integrity Improvement Program
PIO	Performance Improvement Officer
PP&E	Property, Plant, and Equipment
PrK	PrK transfer tunnel

Q

QUESST	Quiet SuperSonic Technology

R

R&D	Research and Development
RFI	Request for Information
RFP	Request for Proposal
RTMD	Research and Technology Mission Directorate

S

SAP	Systems Applications and Products
SAR	Synthetic Aperture Radar
SBR	Statement of Budgetary Resources
SSC	Stennis Space Center
SFFAS	Statement of Federal Financial Accounting Standards
SI	Super Intelligence
SLS	Space Launch System
SMD	Science Mission Directorate
SoA	Statement of Assurance
SR-1	Space Reactor-1 Freedom
STEM	Science, Technology, Engineering, and Mathematics
STScI	Space Telescope Science Institute
SWOT	Surface Water and Ocean Topography

U

U.S.	United States
U.S.C.	United States Code
UESC	Utility Energy Service Contract
UKSA	United Kingdom Space Agency
USSGL	U.S. Standard General Ledger

V

VIPer	Volume of Integrated Performance
VSAT	Vertical Solar Array Technology

W

WFTCA	Working Families Tax Cuts Act

Z

ZT	Zero Trust

Thank You

The AFR was created through the hard work and dedication of NASA employees. We extend our sincerest thanks and acknowledgments, especially to the individuals and organizations listed below.

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PHOTO CREDIT – NASA

NASA's Financial Management Team responsible for accounting for the taxpayer's money.

OFFICE OF SAFETY AND MISSION ASSURANCE

Mary Skow

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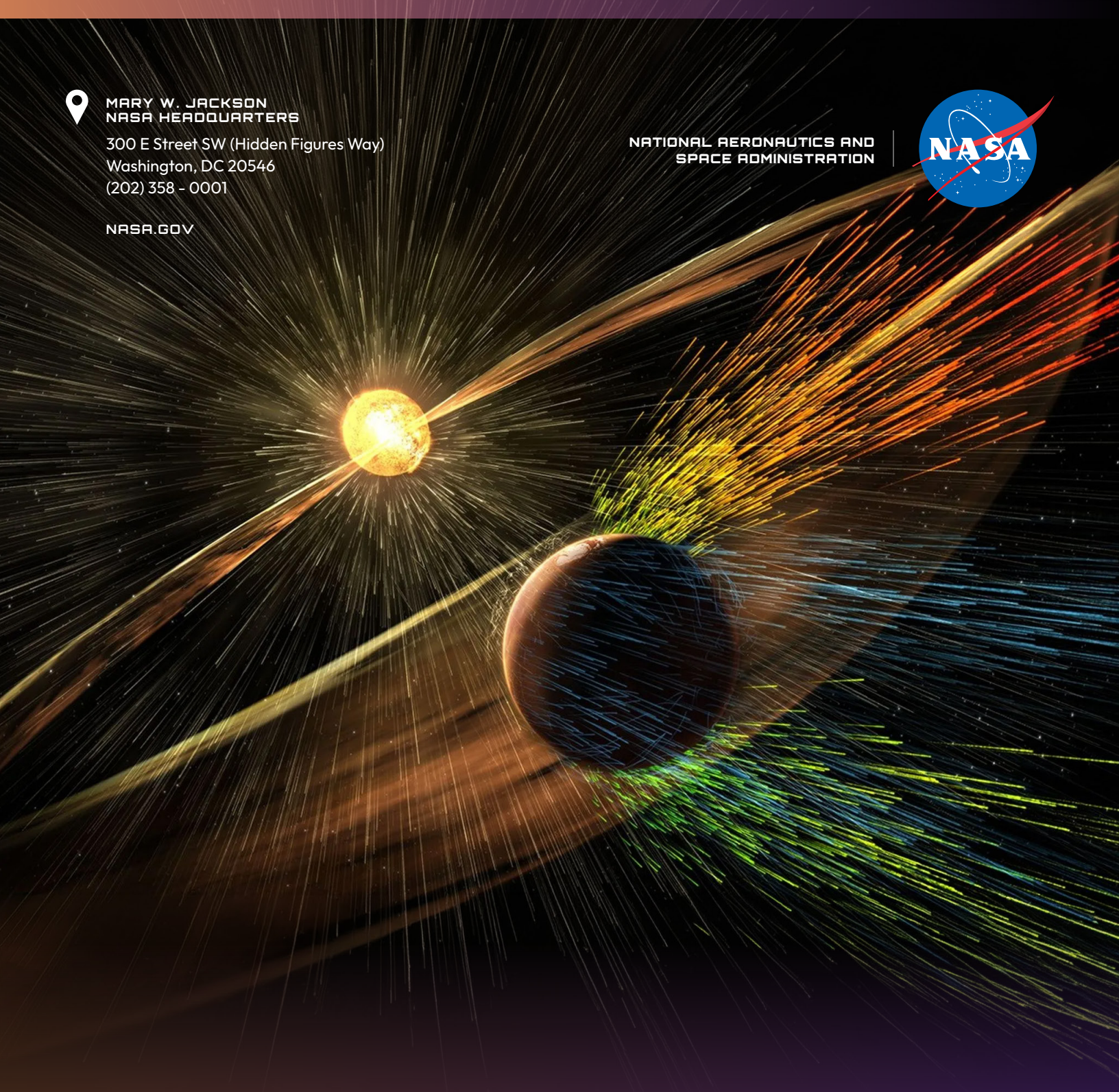
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SPACE ADMINISTRATION



SCAN ME

THANK YOU FOR YOUR INTEREST IN NASA'S FY 2026 AFR

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BACK COVER IMAGE

This July 23, 2026, illustration depicts charged particles from a solar storm stripping away charged particles of Mars' atmosphere, one of the processes of Martian atmosphere loss studied by NASA's MAVEN (Mars Atmosphere and Volatile Evolution) mission. NASA MAVEN mission scientists have found that certain types of auroras on Mars form in a similar way to Earth-based auroras.

PHOTO CREDIT – NASA