



National Science Foundation

Cost Analysis and Audit Resolution Branch
(CAAR)
Financial Capability Reviews



IMPORTANT LINKS:

National Science Foundation
www.nsf.gov

Division of Institution and Award Support
www.nsf.gov/bfa/dias

Cost Analysis and Audit Resolution Branch
<http://www.nsf.gov/bfa/dias/caar/index.jsp>

NSF Proposal & Award Policies and Procedures Guide
http://www.nsf.gov/publications/pub_summ.jsp?ods_key=papp

Prospective New Awardee Guide
http://www.nsf.gov/publications/pub_summ.jsp?ods_key=pnag

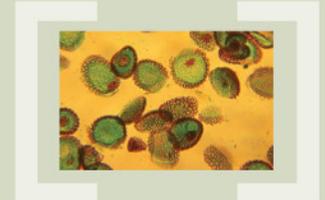
General Federal Requirements
<http://www.nsf.gov/bfa/dias/caar/fed.jsp>

Questions may be directed to CAAR
Phone: (703) 292-8244



Overview/Purpose

The National Science Foundation (NSF) may conduct a Financial Capability Review to verify that an awardee is financially stable, has sufficient resources to complete its proposed research, and has sufficient funds to pay operating expenses. The evaluation of financial capability of a prospective awardee is of particular importance and will require more detailed analysis where the prospective awardee:



- Is a newly formed organization or is experiencing financial difficulties
- Has not received any NSF-funded awards within the preceding 24 months
- Is applying for a Small Business Innovation Research (SBIR) or a Small Business Technology Transfer (STTR) award

Roles

- Financial Capability Reviews are led by an analyst within NSF's Cost Analysis and Audit Resolution Branch (CAAR), who gathers and reviews information from the awardee and makes an overall assessment of its financial viability over the proposed award period.
- Upon completing the review, CAAR submits a recommendation to NSF's Division of Grants and Agreements (DGA), which makes a final decision on funding based on CAAR's recommendation. Generally, NSF does not fund a proposal if there are concerns with the financial viability of an awardee organization.
- Awardee organizations are responsible for providing accurate and complete information to NSF in a timely manner during the review.

Topics Covered by the Review

Information required and the scope of the Financial Capability Review is determined by CAAR staff. However, awardees should present any documentation they feel would support their financial capacity. The review includes an analysis of a prospective awardee's solvency, debt obligations, liquidity, historical profit and loss, cash flow, operating trends and financial commitments. CAAR requires financial statement submission and performs an analysis of cash flow financial projections for the two most recent accounting years, following a two-step process:

1. The review of financial statements: tax returns, recent audit reports, balance sheets (assets, liability, and equity), income statements, and documentation relating to existing or contemplated credit, financing arrangements, or changes in financial position for indications of financial difficulty.
2. If indications of financial difficulty are found, CAAR may request secondary information: cash flow forecasts, pending proposals or any other potential funding, loans or details on liabilities. Also, if an awardee has little or no funding history with NSF, CAAR will assess the awardee's prior experience, if any, in managing federal funds from other federal funding sources.

For more information, see the [Prospective New Awardee Guide](http://www.nsf.gov/publications/pub_summ.jsp?ods_key=pnag):
http://www.nsf.gov/publications/pub_summ.jsp?ods_key=pnag

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