



A MESSAGE FROM THE DIRECTOR

I am pleased to share with you the *Agency Financial Report (AFR)* of the National Science Foundation (NSF) for Fiscal Year (FY) 2009. NSF is the only federal agency dedicated to the support of research and education across all fields of science and engineering and all levels of education. NSF funds the best ideas and most promising people, searching out the frontiers of science and engineering to foster high-risk, potentially transformative research that will generate important discoveries and new technology.

The enactment in February 2009 of the American Recovery and Reinvestment Act made FY 2009 an extraordinary year for NSF. The Recovery Act included \$3.0 billion for the Foundation, boosting total FY 2009 appropriations to \$9.49 billion. This was a nearly 50 percent increase from the prior year. With these resources, NSF reviewed 45,228 proposals and funded a record 14,641 new awards. The resulting 32 percent funding rate was the highest since FY 2000. Nearly 239,000 proposal reviews were conducted, involving almost 46,000 external reviewers.

Underlying NSF's programmatic activities is NSF's commitment to sound management practices and rigorous financial oversight.

- NSF received its twelfth consecutive unqualified "clean" opinion from an independent audit of its financial statements. The audit report identified no material weaknesses while including one significant deficiency related to the monitoring of cost reimbursement contracts.
- NSF is able to provide reasonable assurance that the agency is in substantial compliance with the Federal Managers' Financial Integrity Act of 1982, and that internal control over financial reporting is operating effectively to produce reliable financial reporting. No material weaknesses were found in the design or operation of the internal controls.
- NSF achieved all three of its mission-related strategic outcome goals of *Discovery*, *Learning*, and *Research Infrastructure*, which together account for 95 percent of the Foundation's investment portfolio. Moreover, the assessment process was validated by an independent external management consultant. NSF's fourth strategic goal, *Stewardship*, focuses on improving the agency's management practices. Its results will be reported in the *Annual Performance Report*, which will be available in February 2010.

These accomplishments and others are more fully discussed in this report.

For FY 2009, in lieu of a Performance and Accountability Report, NSF is preparing three alternative reports. In addition to this *Agency Financial Report*, on February 1, 2010, NSF will transmit its FY 2011 Budget Request to Congress which will include NSF's FY 2009 *Annual Performance Report*. On February 15, 2010, NSF will issue a *Performance Highlights* report which will summarize the agency's key performance and financial information. All three reports will be available on NSF's website at www.nsf.gov/about/performance.

Meanwhile, I encourage you to visit NSF's website for more information about NSF's Recovery Act projects at www.nsf.gov/recovery. To see the most recent NSF-supported research results, visit www.nsf.gov/discoveries. Indeed, they are a testament to America's ingenuity and innovative spirit.

Thank you for your interest in NSF.



Arden L. Bement, Jr.
Director

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