



A MESSAGE FROM THE DIRECTOR

I am pleased to present the National Science Foundation's (NSF) *Agency Financial Report* (AFR) for fiscal year (FY) 2012. NSF's mission is to promote and advance progress in science and engineering research and education in the United States. Innovation is fundamental to NSF's mission and is necessary for the economic prosperity and national security of our country. Innovation arises from basic research in science and engineering. NSF accounts for over 20 percent of the total federal support for basic research conducted at U.S. colleges and universities, and this share increases to 61 percent when medical research supported by the National Institutes of Health is excluded. In many fields such as computer science, NSF is the primary source of federal academic support.



It is innovation that drives our vision of a nation that capitalizes on new concepts in science and engineering and provides global leadership in advancing research and education. NSF's global leadership is of profound importance as we are at the forefront of a new era of science. This new era cuts across every field of science and engineering and may be categorized into the "Era of Observation" and the "Era of Data and Information." In the era of observation, we have the experimental tools and infrastructure that allow scientists to observe from the outer edges of the solar system and universe, to the physical, chemical, geological and biological variables in the ocean and on the seafloor. The new era of observation also includes supporting research phenomena at the nano-, pico-, and femto-scales—observing, for example, a single biological molecule or a neuron in the human brain. That experimental capability, combined with advances in computational hardware and software gives us an infrastructure to develop new knowledge at a level that we could not have foreseen even a few years ago. The new era of observation has led to a new era of data and information in which unprecedented amounts of data and information must be archived and stored to ensure interoperability of data across platforms that will allow investigators to extract useful knowledge that will move the community forward collectively.

Two notable efforts in FY 2012 exemplify the important work being done at the Foundation:

- In May 2012, NSF convened the inaugural Global Summit on Merit Review with participation from nearly 50 heads of primary science funding agencies from around the world and leaders of about 20 science organizations and institutions from the United States and overseas. This forum of international science leadership is the first step toward a more unified approach to the scientific process and developing a foundation for international collaboration. Adoption of a common set of merit review principles was a major achievement of the Summit as this will bolster more effective and efficient international research cooperation. Another key Summit outcome was the formation of the Global Research Council, which will strengthen international collaboration, tackle science process challenges, and share best practices. The next Summit will be co-hosted by Brazil and Germany in Berlin in May 2013; it will address core principles of scientific integrity.
- NSF launched the Innovation Corps (I-Corps) program to leverage productive public-private partnerships and extend the impact of fundamental research discoveries. I-Corps participants learn to

identify valuable product opportunities that can emerge from academic research. The program reached a pivotal one-year milestone in July 2012. Several teams already are receiving public and private follow-on investment and participants have built a novel I-Corps Mentor Network that connects experts from the academic and entrepreneurial communities. Nearly 100 teams composed of academic researchers, student entrepreneurs—undergraduates, graduate students and post-docs—and business mentors participated in the six-month I-Corps program. I-Corps has inspired the research and business communities to collaborate in new ways.

Enabling the success of our programmatic activities are the agency's financial and management activities, which is the focus of this report. I am pleased to report that NSF received its 15th consecutive unqualified opinion from an independent audit of its financial statements. The audit report identified no material weaknesses. In addition, NSF can provide reasonable assurance that the agency is in substantial compliance with the Federal Managers Financial Integrity Act of 1982 and the Federal Financial Management Improvement Act of 1996, 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.

As this report goes to press, NSF also can confirm achievement of 15 of 18 annual performance goals for which results are available at this time, including the agency's three priority goals. In keeping with the requirements of the Government Performance and Results Act (GPRA), NSF will report the complete results of our FY 2012 performance goals in NSF's *Annual Performance Report* (APR) as part of the agency's *FY 2014 Budget Request to Congress*. The APR and the *Highlights* report will be available in February 2013, at www.nsf.gov/about/performance. All NSF's GPRA performance data undergo a rigorous verification and validation review by an independent, external management consultant based on guidance from the General Accountability Office.

Thank you for your interest in the National Science Foundation.



Subra Suresh
Director

November 15, 2012