A MESSAGE FROM THE DIRECTOR

I am pleased to present the *Performance and Accountability Report (PAR)* of the U.S. National Science Foundation (NSF) for Fiscal Year (FY) 2005. This report presents the agency's financial condition and the results of our business operations for the past fiscal year. It also details our performance in meeting the goals established in our strategic plan.

Unlike other federal agencies that support research focused on a defined area such as agriculture, space or energy, NSF has responsibility for the overall health of science and engineering across *all* disciplines and at all levels of education. NSF accomplishes this mission by seeking out and funding research and education projects at the frontiers of science and engineering. Science and technology have become the driving force for progress and prosperity in the global economy, and NSF has a special responsibility in ensuring that the U.S. remains at the leading edge. For it is only by advancing the frontiers of science and engineering that the nation can develop the knowledge and innovative technologies needed to address new challenges, ensure national security, sustain economic prosperity and competitiveness, protect the environment, and maintain a high quality of life for all.

In FY 2005, NSF received nearly 41,800 proposals and made close to 9,800 awards to 1,700 colleges, universities and other research enterprises throughout the country. The discoveries resulting from NSF investments are both exciting and transformative. One recent advance shed light on an age-old question, "are we alone in the universe?" A team of astronomers found a new planet with a hot, rocky, geologically-active world orbiting a star not much different from our Sun. Similarly, NSF-supported researchers are developing new approaches to understanding living systems: chemist J. Andrew McCammon and his colleagues harnessed 10.4 teraflops (one teraflop is equal to one trillion operations per second) of computing power to simulate the behavior of molecules. This has led to a new understanding of the behavior of molecules inside cells and opened a new path for disease treatments, including for one of today's most devastating epidemics, the human immunodeficiency virus (HIV). These are just two examples of recent basic research breakthroughs.

Underlying the Foundation's programmatic achievements is a strong commitment to organizational excellence and sound financial management. There are several achievements of note:

- NSF received our eighth consecutive unqualified opinion from an independent audit of our financial statements, with no material weaknesses reported. My statement of assurance as to the completeness and reliability of our financial and performance information and NSF's compliance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and the Federal Financial Management Improvement Act of 1996

(FFMIA) can be found in Management's Discussion and Analysis, which follows this message.

- NSF is among a handful of agencies that now have achieved successful "Green" ratings in four or more of the President's Management Agenda initiatives.

- All NSF programs evaluated to date by OMB's Program Assessment Rating Tool (PART) are among the 15 percent governmentwide that have received the highest "Effective" rating.

Finally, I am particularly pleased to share with you that NSF achieved one of the highest ratings – second among all agencies – for the "Best Place to Work" in the government. This ranking, based on the most recent Office of Personnel Management survey of federal employees, clearly reflects the level of dedication and innovation that defines both the staff and management at NSF who make organizational excellence a reality.

I invite you to visit our website (www.nsf.gov/discoveries) to learn about the discoveries that are emerging every day, many which will enhance our future in profound and extraordinary ways.

Arden L. Bement, Jr.
Director

November 8, 2005