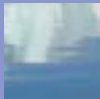




# FINANCIAL HIGHLIGHTS



NSF funds studies in ice dynamics, paleoenvironments (deduced from ice cores), numerical modeling, glacial geology, and remote sensing.

NSF is a recognized leader in federal financial management. Since inception of the President's Management Agenda in 2001, NSF is the only federal agency to have successfully met the Administration's core criteria for a "green" financial performance rating (see page 7). NSF provides accurate and timely financial information to enhance management decisions. The Foundation uses a data warehousing environment to produce automated financial statements and close its books and maintains an integrated financial system that supports daily operations and meets all federal requirements.

As a federal agency, the Foundation prepares the following annual financial statements: Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Statement of Financing. Supplementary statements are also prepared including Budgetary Resources by Major Budgetary Accounts, Intragovernmental Balances, Deferred Maintenance, and Stewardship Investments. The statement on Stewardship Investments is shown on page 21.

This chapter presents highlights of NSF's FY 2003 financial condition. A more detailed discussion of financial performance and a complete set of financial statements, accompanying notes and the audit opinion can be found in NSF's *FY 2003 Performance and Accountability Report*.

**Audit Results.** The Foundation is committed to providing quality financial management to all of our stakeholders. We honor that commitment by preparing annual financial statements in conformity with generally accepted U.S. accounting principles and then subjecting these statements to an independent audit to ensure their reliability in assessing NSF's performance. An unqualified audit opinion is a measure of the fair presentation of our financial statements; for the sixth consecutive year, NSF received an unqualified "clean" audit opinion in FY 2003.

**Operating Results.** The following table summarizes NSF's key workload and financial indicators. For fiscal years 1999 to 2003, NSF's programmatic expenses (budget obligations), administrative and management costs, competitive proposals, and competitive awards all increased, reflecting the increase in the budget. However, over this period, there has been only a small increase in NSF staff.

### NSF Recent Trends, FY 1999 to FY 2003

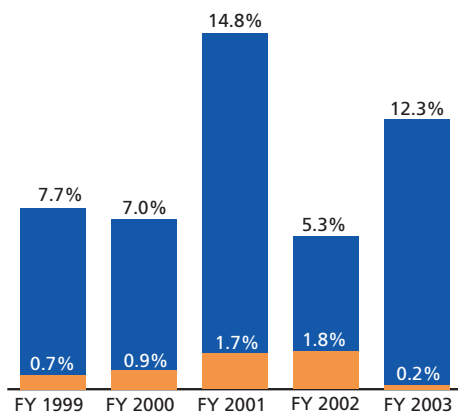
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Change from FY 1999 to FY 2003
<b>Budget Obligations</b> (Millions of Dollars)	\$3,691	\$3,948	\$4,532	\$4,774	\$5,369	<b>45%</b>
<b>Administration and Management</b> (Millions of Dollars)	\$177	\$189	\$214	\$231	\$251	<b>42%</b>
<b>Number of Employees</b> (Full-Time Equivalent) <sup>1</sup>	1,189	1,200	1,220	1,242	1,244	<b>5%</b>
<b>Number of Competitive Proposals</b>	28,578	29,508	31,942	35,164	40,075	<b>40%</b>
<b>Number of Competitive Awards</b>	9,189	9,850	9,925	10,406	10,844	<b>18%</b>
<b>Average Annual Research Grant Size</b>	\$94,000	\$105,800	\$113,601	\$115,666	\$135,609	<b>44%</b>
<b>Average Research Grant Duration</b> (Years)	2.8	2.8	2.9	2.9	2.9	<b>0.1</b>
<b>Total Assets</b> (Millions of Dollars)	\$4,573	\$5,140	\$6,002	\$6,713	\$7,425	<b>62%</b>
<b>Total Liabilities</b> (Millions of Dollars)	\$332	\$380	\$415	\$366	\$380	<b>14%</b>
<b>Net Position</b> (Millions of Dollars)	\$4,241	\$4,760	\$5,587	\$6,347	\$7,045	<b>66%</b>

<sup>1</sup> Includes Office of Inspector General and National Science Board staff.

### Budget and Staffing, FY 1999 to FY 2003

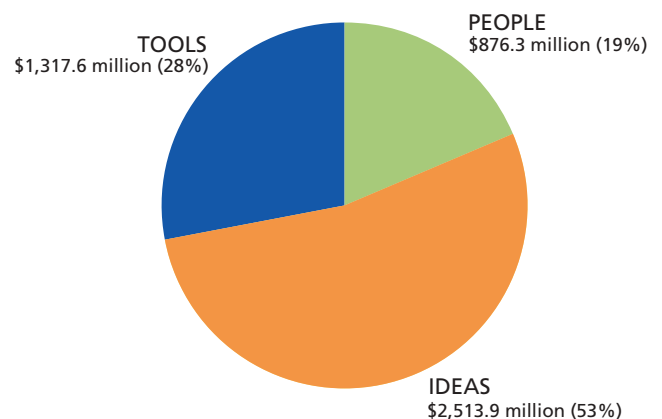
In the past five years, the growth in NSF's budget has significantly outpaced the growth in staffing.

■ % CHANGE IN BUDGET (obligations)  
■ % CHANGE IN EMPLOYEES



### NSF FY 2003 Net Program Cost—\$4.7 Billion

About 96% of costs are derived from direct support of program activities; the balance represents costs for staffing and support of the National Science Board and the Office of Inspector General.



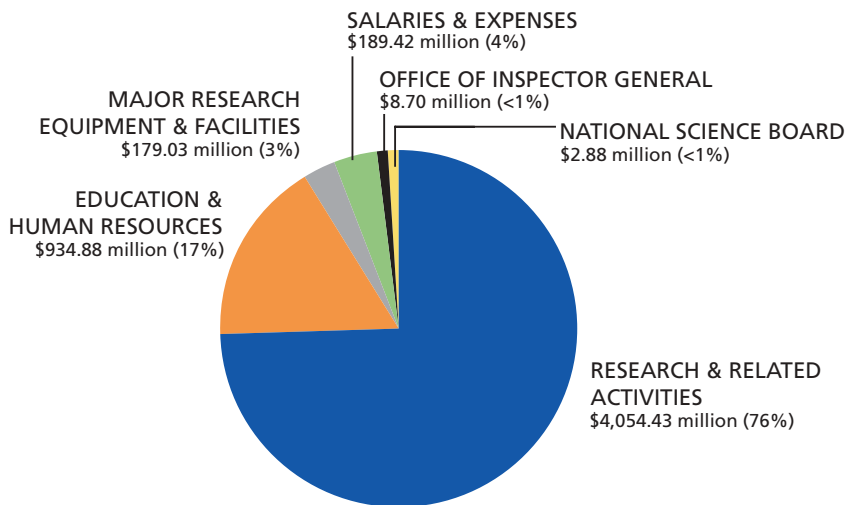
**Funding and Net Costs.** NSF is funded through six congressional appropriations, including Research and Related Activities; Major Research Equipment and Facilities Construction; Education and Human Resources; and Salaries and Expenses. A fifth appropriation funds the Office of Inspector General. In FY 2003, Congress authorized and provided a sixth appropriation to fund the National Science Board. Other revenue sources, such as reimbursable authority, transfers from other federal agencies, donations and H1-B Nonimmigrant Petitioner receipts account for a minor portion of NSF's budget.

NSF incurs costs from the programmatic activities in which it engages to accomplish its Strategic Outcome Goals of *People*, *Ideas*, and *Tools*. About 96 percent of costs derive from direct support of these activities. The balance of the costs incurred—about 4 percent—includes (staff) salaries and expenses and support for the activities of the National Science Board and the Office of Inspector General. As indicated in the chart on page 19, more than half of NSF's FY 2003 costs were incurred from activities associated with the *Ideas* goal, 28 percent from the *Tools* goal, and 19 percent from the *People* goal.

NSF BY THE NUMBERS	
\$5.37 billion	FY 2003 Budget (obligations)
4%	NSF share of total annual federal spending for research and development
22%	NSF share of federal funding for nonmedical basic research at academic institutions
40,000	Proposals evaluated in FY 2003 through a competitive process of merit review
11,000	New awards funded in FY 2003
54,000	Scientists and engineers who evaluate proposals for NSF each year
213,000	Proposal reviews done each year
39,000	Students supported by NSF Graduate Research Fellowships since 1952
200,000	People (researchers, postdoctoral fellows, trainees, students) NSF directly supports

**NSF FY 2003 Budget by Appropriation Account—\$5.37 Billion**  
(Obligations in Millions of Dollars)

NSF is funded primarily through six congressional appropriations. Other revenue sources such as transfers from other agencies, donations, and H1-B receipts account for a minor portion of the Foundation's resources.



Note: Totals may not add because of rounding.

# FINANCIAL HIGHLIGHTS

## Stewardship Investments Research and Human Capital

(Thousands of Dollars)  
(Unaudited)

	2003	2002	2001	2000	1999
<b>Research and Human Capital Activities</b>					
Basic Research	\$ 3,519,159	\$ 3,092,060	\$ 2,692,243	\$ 2,636,518	\$ 2,507,569
Applied Research	218,152	193,788	211,421	173,670	188,742
Education and Training	867,489	767,734	704,949	596,517	599,323
Non-Investing Activities	<u>196,363</u>	<u>183,887</u>	<u>170,757</u>	<u>162,021</u>	<u>143,980</u>
<b>Total Research and Human Capital Activities</b>	<b><u>\$ 4,801,163</u></b>	<b><u>\$ 4,237,469</u></b>	<b><u>\$ 3,779,370</u></b>	<b><u>\$ 3,568,726</u></b>	<b><u>\$ 3,439,614</u></b>
<b>Inputs, Outputs, and/or Outcomes</b>					
<b>Research and Human Capital Activities</b>					
<u>Investments in</u>					
Universities	\$ 3,310,365	\$ 2,919,897	\$ 2,631,405	\$ 2,470,300	\$ 2,385,492
Industry	178,000	185,062	162,176	160,573	154,555
Federal Agencies	144,792	106,458	125,823	132,790	150,959
Small Businesses	186,400	144,844	130,977	119,345	110,884
Federal Research and Development Centers and others	<u>981,606</u>	<u>881,208</u>	<u>728,989</u>	<u>685,718</u>	<u>637,724</u>
	<b><u>\$ 4,801,163</u></b>	<b><u>\$ 4,237,469</u></b>	<b><u>\$ 3,779,370</u></b>	<b><u>\$ 3,568,726</u></b>	<b><u>\$ 3,439,614</u></b>
Support to					
Scientists	\$ 427,304	\$ 394,144	\$ 355,261	\$ 359,228	\$ 350,841
Postdoctoral Programs	163,239	148,334	128,499	117,504	120,386
Graduate Students	<u>475,315</u>	<u>402,620</u>	<u>362,820</u>	<u>315,583</u>	<u>323,324</u>
	<b><u>\$ 1,065,858</u></b>	<b><u>\$ 945,098</u></b>	<b><u>\$ 846,580</u></b>	<b><u>\$ 792,315</u></b>	<b><u>\$ 794,551</u></b>
<b>Outputs and Outcomes</b>					
Number of					
Awards Actions	23,000	21,000	20,000	20,000	20,000
Senior Researchers	30,000	28,000	27,000	24,000	23,000
Other Professionals	12,000	11,000	10,000	8,000	9,000
Postdoctoral Associates	6,000	6,000	6,000	5,000	4,000
Graduate Students	27,000	26,000	25,000	22,000	20,000
Undergraduate Students	32,000	32,000	31,000	30,000	29,000
K-12 Students	14,000	11,000	11,000	12,000	12,000
K-12 Teachers	85,000	84,000	83,000	83,000	90,000

**Statement of Stewardship Investments.** This statement shows NSF's investments in research and education activities and primary output over the past five years. In FY 2003, NSF invested \$4.8 billion in research and human capital at universities, through industry, at other federal agencies, and at small businesses, as well as at Federal Research and Development Centers. NSF's FY 2003 portfolio included approximately 23,000 active awards that supported over 200,000 researchers, postdoctoral associates, teachers, and students from kindergarten to graduate school.