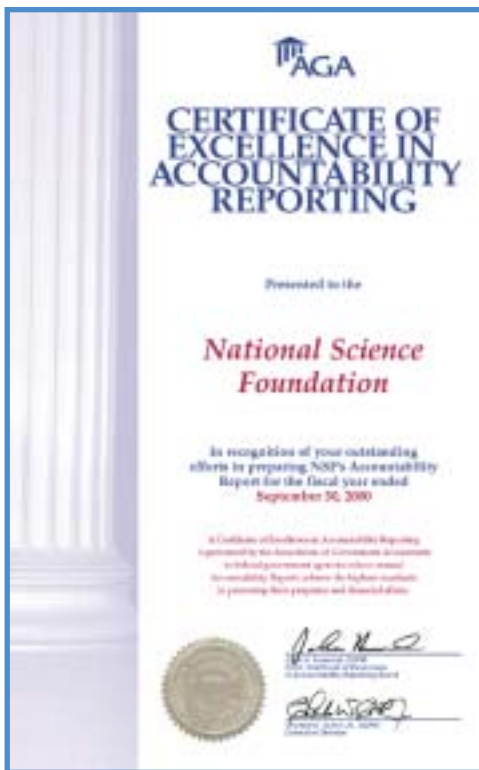


MESSAGE FROM THE CFO



FY 2001 was a very successful year for the Foundation's business operations. During the year, NSF

- Received an unqualified opinion on its financial condition, providing a solid foundation for a discussion of agency performance and strategic investments in people, ideas, and tools.
- Was the only federal agency to receive a green indicator on OMB's Management Scorecard—for outstanding financial management.
- Implemented a new finance and payroll system into NSF's enterprise architecture successfully and seamlessly.
- Became only the second agency to be awarded the Association of Government Accountants' Certificate of Excellence in Accountability Reporting for two consecutive years.

NSF continues to be an efficient operation. A small, dedicated staff of about 1,200—with an operating budget that is just 5 percent of the agency's total budget—manages a nearly \$5 billion operation. Technology fuels these efficiencies, and NSF has long been recognized as the leader in the federal use of information technology. In the past year alone, NSF electronically processed


nearly 14,000 grantee payments (91 percent); received 32,000 proposals (99 percent) electronically; and accepted nearly 20,000 electronic signatures on incoming proposals.





In November 2001, the Director of OMB publicly commended NSF for both excellence in financial management and efficient operations. Clearly, the Foundation's leadership in advancing the frontiers of science and engineering is fueled by a commitment to leading edge excellence in administration and management processes. Looking ahead, while NSF's strategy is on target and implementation improves daily, NSF intends to continue to raise the bar for more effective and efficient management operations. In the coming year, our focus will be on the government-wide initiatives outlined in the President's Management Agenda, including human capital, competitive sourcing, and e-government. We will also be addressing issues identified during our annual financial statement audit, such as improved cost accounting and grantee oversight, as well as the agency's management challenges.

For five decades, NSF grants have led to historical breakthroughs. In FY 2002, NSF intends to continue to invest in innovations to our management operations to ensure that the agency is prepared for a new era of progress.


Thomas N. Cooley
Chief Financial Officer