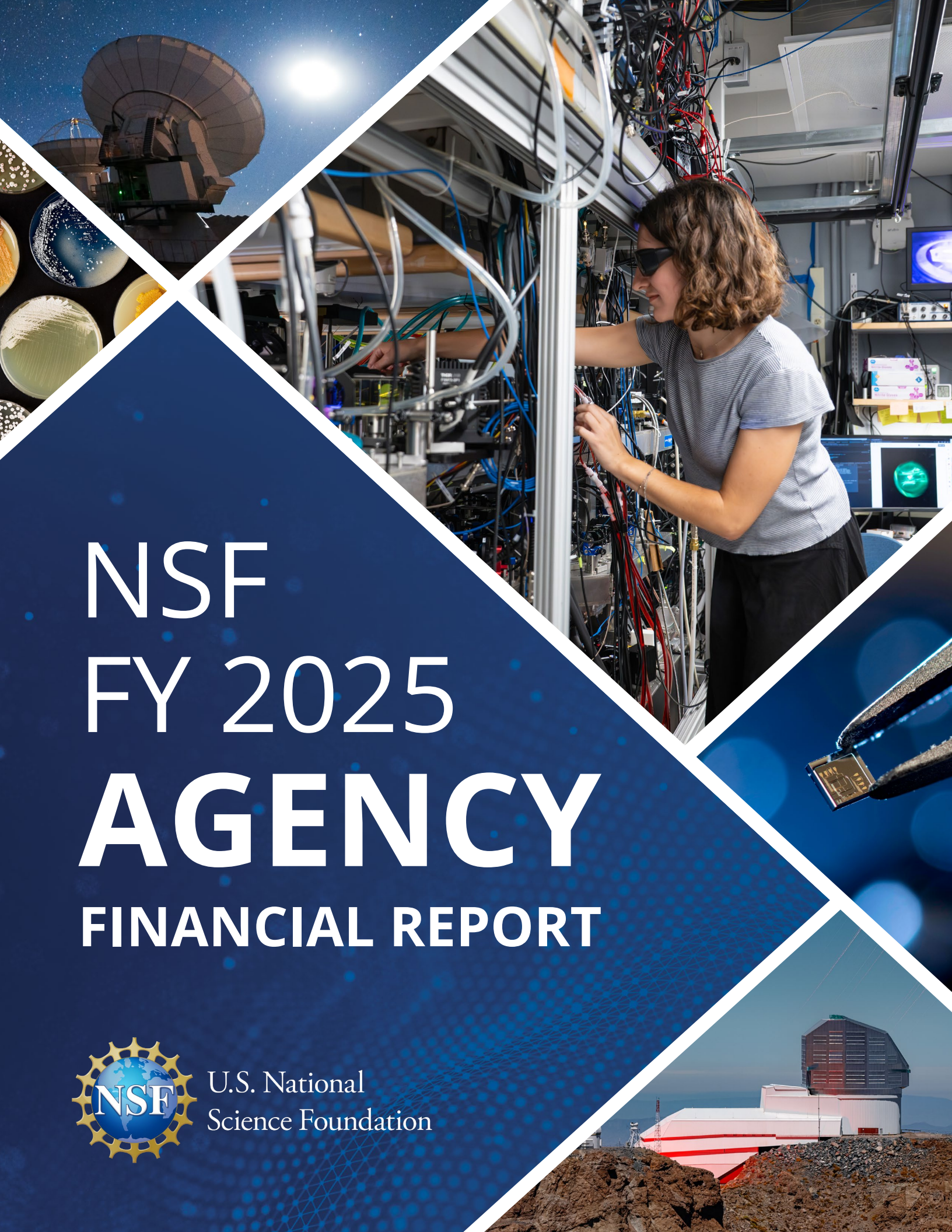


NSF FY 2025 AGENCY FINANCIAL REPORT

U.S. National Science Foundation

NSF MISSION AND VISION

Mission

To promote the progress of science; to advance the national health, prosperity, and welfare; and to secure the national defense; and for other purposes.

—from The National Science Foundation Act of 1950 (P.L. 81-507)

Vision

A prosperous and secure future for all Americans, driven by NSF's strategic investments in research, innovation, STEM education and workforce development.

ABOUT THIS REPORT

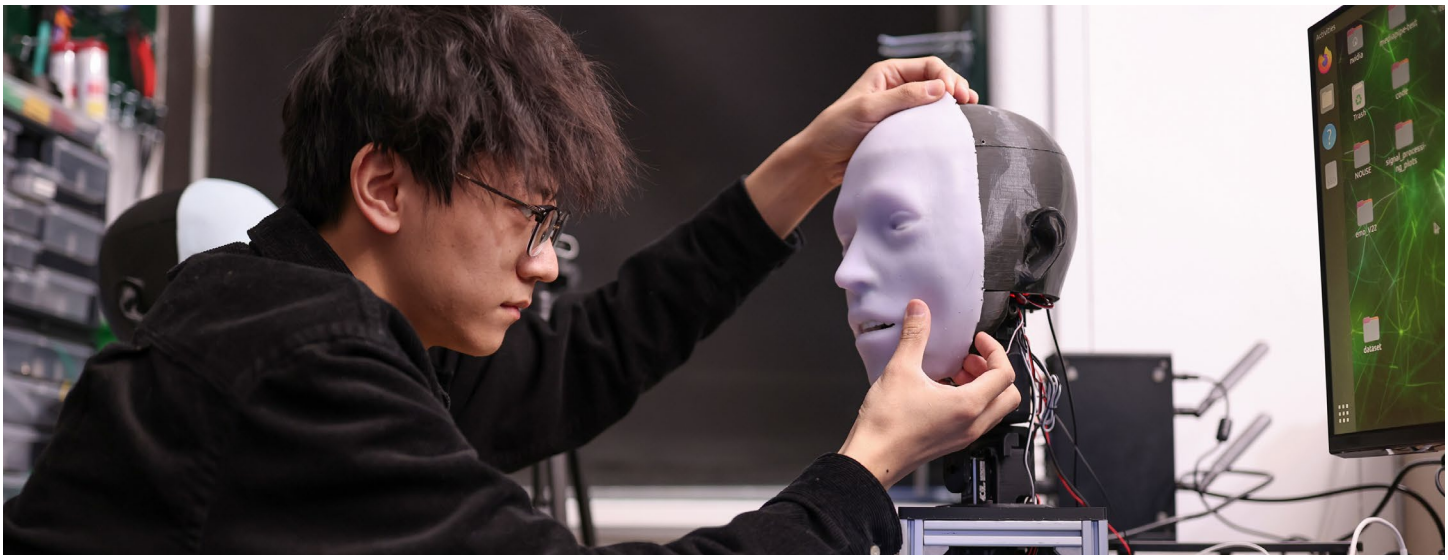
The U.S. National Science Foundation (NSF) Agency Financial Report (AFR) for Fiscal Year (FY) 2025 provides an overview of financial and performance information to demonstrate accountability to the President, Congress and the American public. The NSF AFR follows Office of Management and Budget (OMB) guidance and meets the requirements of the Chief Financial Officers Act of 1990, as amended by the Government Management Reform Act of 1994, the Federal Managers' Financial Integrity Act of 1982, the Reports Consolidation Act of 2000 and the Government Performance and Results Modernization Act of 2010.

The NSF ***Annual Financial Report*** is organized into three chapters:

- **Chapter 1: Management's Discussion & Analysis (MD&A)** provides an overview of NSF's mission, organizational structure, performance highlights, financial condition and management assurances related to internal controls.
- **Chapter 2: Financials** presents the results of NSF's annual financial statement audit along with the agency's principal financial statements and notes.
- **Chapter 3: Other Information** contains information on FY 2025 NSF management challenges from the Office of the Inspector General (OIG), Payment Integrity Information Act reporting, open and expired grant reporting, patents and inventions resulting from NSF support and other relevant information.

The ***Annual Performance Report (APR)*** also provides additional information on the progress NSF has made toward achieving its goals and objectives as described in the agency's strategic plan and Annual Performance Plan, including the strategic objectives, performance goals and Agency Priority Goals. The *APR* is included in NSF's annual Budget Requests to Congress. NSF publishes the AFR and APR on the agency's website as soon as they are finalized.[1]

NSF welcomes suggestions on how to make these reports more informative. You can reach us at: accountability@nsf.gov or call (703) 292-8200.



Columbia engineers build Emo, a silicon-clad robotic face that makes eye contact and uses two AI models to anticipate and replicate a person's smile before the person actually smiles, a major advance in robots predicting human facial expressions accurately, improving interactions, and building trust between humans and robots. The study's lead author, Yuhang Hu, is a doctoral student at Columbia Engineering in Hod Lipson's lab. Image credit: John Abbott/Columbia Engineering

[1] Online resource for NSF's accountability reports: https://www.nsf.gov/about/performance/

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MESSAGE FROM NSF LEADERSHIP

Image credit: Giovanni Rodriguez/ U.S. National Science Foundation

I am pleased to present the U.S. National Science Foundation (NSF) Fiscal Year (FY) 2025 Agency Financial Report. The AFR demonstrates NSF's commitment to sound financial stewardship and accountability in providing transparent financial and performance information to the American people. Since its inception, NSF has stood at the center of the Nation's innovation ecosystem, supporting discoveries that strengthen prosperity, security and opportunities for all. In this report, you will see how that work continues through scientific and engineering initiatives that expand the frontiers of knowledge—made possible by responsible stewardship of public resources, and management practices that preserve the integrity of merit review. In FY 2025, NSF has carried its mission forward by investing in ideas that transform knowledge, in tools that enable discovery, and in people whose work advances the Nation's future.

On May 10, 2025, NSF commemorated its 75th anniversary. At its founding in 1950, the agency's small initial research award portfolio was just the beginning of a national commitment to scientific discovery through rigorous research investments across the subsequent decades. NSF-funded projects have advanced technologies as diverse as biotechnology, semiconductors, cybersecurity and the internet. NSF also invested in the continued growth of the American STEM workforce, as evidenced by over 274 Nobel Prize recipients whose research was backed by the Foundation.

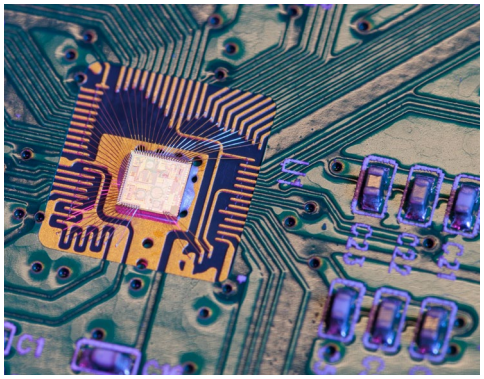
Throughout the fiscal year, NSF advanced two initiatives central to American competitiveness. Construction began on the NSF Leadership-Class Computing Facility at The University of Texas at Austin, where the Horizon system will deliver a tenfold improvement in simulation performance and more than a hundredfold increase for AI applications. Designed to interoperate with the National AI Research Resource, this facility will expand open computing access nationwide and accelerate discovery across disciplines. NSF also launched the Semiconductor Innovation Engine in Florida to strengthen U.S. manufacturing in a critical sector. This is a clear commitment to Made in America priorities: by building regional capacity, leveraging public-private partnerships, and developing a skilled workforce, this effort will ensure that the United States continues to lead in technological advancement and innovation. Demand for NSF resources continues to grow, demonstrating both the vibrancy of America's research community and the agency's responsibility to effectively manage its investments.

With the publication of the *FY 2025 Agency Financial Report*, I am pleased to report that NSF has received its 28th consecutive unmodified "clean" opinion on its financial statements. The independent auditor identified no material weaknesses or significant deficiencies that affect the completeness and reliability of the data. Based on assessments conducted in accordance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and the Office of Management and Budget's Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, NSF can provide reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively, and that the financial and performance information contained in this report is complete, reliable, and accurate. These outcomes demonstrate the NSF's commitment to effectively managing taxpayer resources to promote scientific and engineering discovery, empower the STEM workforce, and secure the national defense.

Brian Stone
Chief of Staff Performing the Duties of the NSF Director

CHAPTER ONE

MANAGEMENT'S DISCUSSION AND ANALYSIS


Images from left to right: High school students and science teachers gathered at Arlington Martin High School in Texas to learn about quantum physics, thanks to a first-of-its-kind national pilot program called Quantum for All led by Karen Jo Matsler, assistant professor in practice and master teacher in the UTeach program at The University of Texas at Arlington. Image credit: University of Texas at Arlington

A recently designed microchip from the lab of UW ECE Professor Chris Rudell (in gold, mounted to the green circuit board). This chip is a 2.4 GHz full-duplex transceiver, which employs multiple self-interference cancellation techniques to improve signal fidelity and efficiently use limited bandwidth. Image credit: Ryan Hoover, Electrical & Computer Engineering, University of Washington

Deployed in September 2025, the NSF LCCF Ranch archive system delivers massive, high-performance storage and tape-based archiving for research data. Image credit: TACC

AGENCY OVERVIEW

Mission and Vision

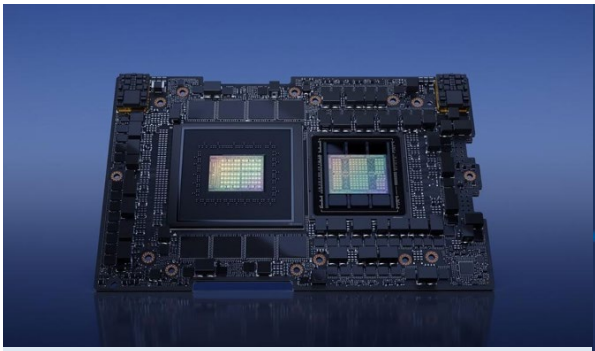
The U.S. National Science Foundation (NSF) was established in 1950 "to promote the progress of science; to advance the national health, prosperity, and welfare; [and] to secure the national defense." For over seventy-five years, NSF has stood as a cornerstone of the Nation's research enterprise, enabling discoveries that redefine possibility and reshape daily life. The agency's support for fundamental science has led to technologies that now underpin communication, medicine and industry. NSF investment in STEM education created pathways for students who would become leaders in laboratories, classrooms and communities nationwide. By building facilities that opened new windows on the universe and by forging partnerships that linked institutions and ideas, NSF ensured that the promise of discovery was shared broadly. Today, the agency carries that same commitment, prepared to meet new challenges with the same spirit of curiosity and public trust that guided its creation in 1950.

NSF recently recognized its 75th anniversary, a moment to reflect on the agency's enduring role in advancing discovery and innovation. This milestone marks NSF's legacy as a catalyst for federal investment in fundamental research, and underscores how the agency's mission has remained constant through the expansion into new frontiers of science and engineering. This continuity provides stability for partnering institutions, while expanding opportunities for the Nation to advance in emerging disciplines. Throughout the fiscal year, NSF led collaborations that expanded access to artificial intelligence, enabling researchers nationwide to use advanced models and data resources. Agency investments in semiconductors connected academic research with manufacturers, producing new technologies and training programs that support resilient supply chains. New advances in quantum science unlocked new possibilities for computing and communication. Innovative education initiatives introduced emerging technologies into classrooms, museums, and community colleges, equipping students with the requisite skills for tomorrow's workforce.

The following scientific highlights illustrate how NSF's intentional stewardship of public resources drives outcomes that advance America's research and development priorities.

Agency Highlights

Artificial Intelligence: NSF advanced the ***National Artificial Intelligence Research Resource (NAIRR)*** pilot, a multi-agency effort designed to open access to computing, data, software and training resources for researchers and educators across the Nation. In FY 2025, the pilot expanded to include fourteen federal agencies and twenty-eight nongovernmental partners, widening its reach and reinforcing its role as shared infrastructure for the research community. Complementing this effort, NSF launched a $100 million investment in ***National AI Research Institutes***, extending a nationwide network that connects universities, industry and communities to accelerate innovation and prepare the next generation of STEM talent. These initiatives align with the White House's National AI Action Plan[1], which calls for democratizing access to advanced AI tools and ensuring that innovation serves the public good. These advancements underscore how NSF connects its mission to address national priorities that will shape the U.S. in the decades ahead.



NVIDIA Grace Hopper Superchips, designed for Accelerated Generative AI, have entered full production.

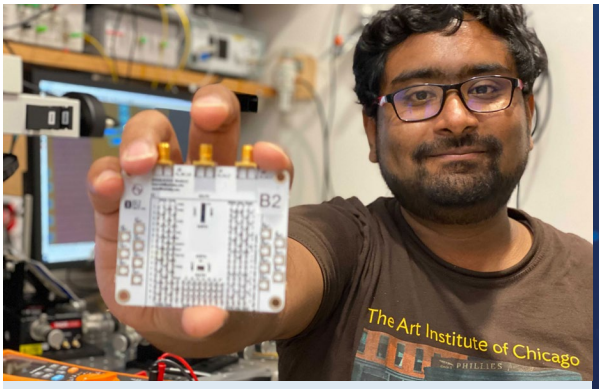
Image credit: NVIDIA

NSF-NVIDIA Partnership Powers Nation's AI Leadership

NSF partnered with NVIDIA to launch the Open Multimodal AI Infrastructure (OMAI), led by the Allen Institutes for AI (Ai2). The $152 million collaboration—a $75 million award from NSF, and a $77 million contribution from NVIDIA—will create a fully open suite of advanced AI models specifically designed to support the U.S. scientific community. The public-private investment will accelerate AI-enabled science and ensure the U.S. produces leading open models that enhance America's global AI dominance. NSF's support is provided through its Mid-Scale Research Infrastructure program, which funds high-impact, high-reward, community-driven infrastructure that fills the gap between individual research grants and large-scale national facilities. The project will also build a national AI-ready workforce, supporting training efforts beyond traditional tech hubs, strengthening American competitiveness in AI and other critical technologies.

Quantum Information Science: NSF also expanded support for quantum technologies, an area central to national competitiveness. In FY 2025, the agency advanced the National Quantum Virtual Laboratory, a collaborative framework that connects researchers across sectors to accelerate the development of quantum devices and applications. Through strategic partnerships with universities, industry, and international collaborators, NSF-funded teams produced breakthroughs such as the fabrication of the first U.S.-made electronic–photonic quantum chip, a milestone that demonstrates both scientific ingenuity and the promise of expanded domestic production. These efforts align with broader national priorities to secure leadership in quantum information science, a field expected to transform computing, communication, and sensing in the decades ahead. By sustaining long-term investments and fostering collaboration, NSF ensures that the United States will continue to shape the strategic direction of this emerging frontier.

[1] https://www.ai.gov/action-plan



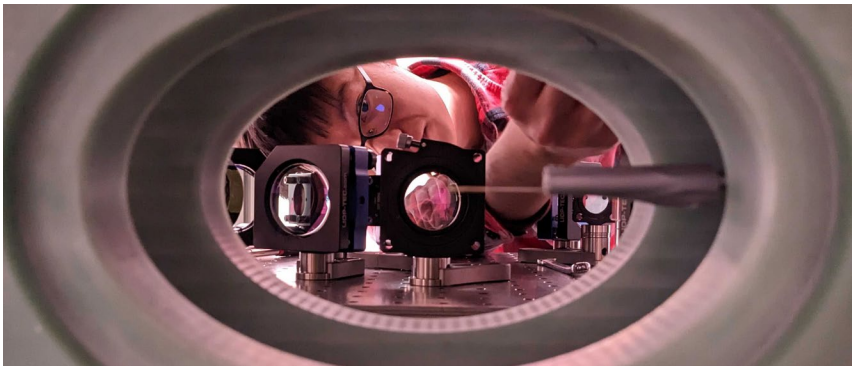
Northwestern's Anirudh Ramesh, holds a circuit board containing the new silicon chip. For the first time, scientists at Northwestern University, Boston University (BU) and University of California, Berkeley (UC Berkeley) have built a tiny photonic quantum system into a traditional electronic chip. A built-in electronic system monitors and stabilizes quantum light sources in real time. The chip was fabricated in high-volume commercial semiconductor foundry, demonstrating its practicality for mass production.

Image credit: Anirudh Ramesh/Northwestern University

NSF Support Delivers a World First in Quantum Technology

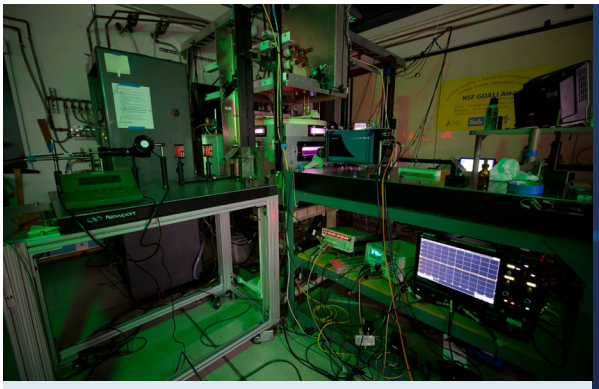
An interdisciplinary team of NSF-funded researchers from three universities has created the world's first electronic–photonic quantum system on a chip, and demonstrated that it can be mass-produced in a commercial semiconductor foundry. With support from Ayar Labs and GlobalFoundries, the team integrated quantum light sources and control electronics on a single piece of silicon, allowing the chip to generate reliable streams of photon pairs to carry quantum information. With many of these electronic–photonic quantum chips working together, researchers can develop powerful large-scale systems for quantum communication, computing and sensing.

Building the Science and Technology Workforce of the Future: NSF has sustained its commitment to people, a core tenet of its mission since 1950. The ***NSF Graduate Research Fellowship Program (NSF GRFP)***, established in 1952, embodies that commitment by supporting students at the earliest stages of their careers. Over the decades, NSF GRFP recipients have included 274 Nobel laureates, demonstrating how early federal support can shape discoveries that transform science, engineering and society. In FY 2025, NSF funded new fellowship cohorts at graduate institutions across the country. The program reflects NSF's conviction that the progress of science requires the continued cultivation of American STEM talent. Complementing this effort, the ***NSF Established Program to Stimulate Competitive Research (NSF EPSCoR)*** invested $29.2 million in Research Infrastructure Improvement awards across 11 jurisdictions, enhancing laboratory capacity, supporting faculty and student researchers, and creating partnerships that connect regional strengths to national priorities.



Images from left to right: Kon H. Leung, Caltech, is seen here working on the apparatus used to trap 6,100 atoms. Image credit: Caltech/Gyohei Nomura

Isaac Metcalf is a materials science and nanoengineering graduate student at Rice University and a lead author on a study featured on the cover of Science. Image credit: Jeff Fitlow/Rice University



In the center and glowing purple is the plasma etching machine donated by Lam Research. It is surrounded by laboratory equipment used by Gekelman and Pribyl to modify the machine and measure the properties of the pulsed plasma inside it. In the background is a poster recognizing their GOALI award from NSF.

Image credit: Phil Travis, Steve Vincena/UCLA

NSF-Funded Plasma Science Powers Next-Generation Semiconductors

Earlier this year, Lam Research, a U.S.-based maker of semiconductor fabrication equipment, unveiled a new product that can reliably mass-produce the complex circuits required for future electronic applications, particularly those involving AI. This new technology traces back to a decade ago, when a small team of scientists in a university lab began work supported by a partnership between NSF and La Research. Created through the NSF Grant Opportunities for Academic Liaison with Industry (NSF GOALI) program—which promotes cooperation between research institutions and industry to develop breakthrough technologies for U.S. industry—the partnership enabled the team to develop a way to precisely control plasma, the electrically charged state of matter that makes semiconductor etching machines work.

World-Class Research Infrastructure: In FY 2025, NSF advanced the construction of the ***NSF Leadership-Class Computing Facility (NSF LCCF)***, which accounted for the agency's largest Major Research Equipment and Facilities Construction (MREFC) investment at approximately $124 million. Led by the Texas Advanced Computing Center at the University of Texas at Austin, the NSF LCCF will house Horizon, a supercomputer expected to deliver more than a tenfold improvement in simulation performance and a hundredfold increase for artificial intelligence applications. Designed as a distributed facility, the LCCF will partner with four science centers across the country to contribute expertise and resources, ensuring broad and inclusive access to advanced computing. Beyond hardware, the project encompasses software development, workforce training, and outreach initiatives that will prepare the next generation of researchers to work at the frontiers of data and computation. When operational, the LCCF will stand as both a national resource and a symbol of NSF's vision for a secure and prosperous future, driven by research, innovation and education.

Reflecting on NSF's 75th anniversary reveals how the agency can expand its legacy to advance these future research and development frontiers. The Nation is preparing for a new generation of technologies—including artificial intelligence, quantum science and biotechnology—that are expected to affect daily life as significantly as earlier breakthroughs such as the microchip and the internet. These fields require more than research alone; they demand modern facilities, powerful computational resources and targeted investment in the scientific workforce whose ideas will shape future discoveries. The President's Executive Order on Restoring the Gold Standard in Science reaffirmed the nation's commitment to research that is transparent, independent and worthy of public trust—principles that have guided NSF's mission since its inception. While the agency’s mission remains constant, its focus is continuously sharpened by the needs of the moment—driving discovery, cultivating talent for tomorrow's challenges and reinforcing the Nation's leadership in science, engineering and innovation.

NSF by the Numbers

NSF BY THE NUMBERS FY 2025

90%
Percent of research funding allocated based on competitive merit review in FY 2025.

30,858
Members of the S&E community participated in the merit review process.

1,621
Awards made to institutions in **50** states, the District of Columbia and **3** territories.

$8,826,000,000	FY 2025 Appropriations (does not include mandatory accounts).[1]
1,621	Colleges, universities and institutions receiving NSF funding in FY 2025.
43,532	Proposals evaluated in FY 2025 through a competitive merit review process.
8,377	Competitive awards funded in FY 2025.
197,242	Proposal reviews conducted in FY 2025.
71,500	Students supported by NSF Graduate Research Fellowships since 1952.

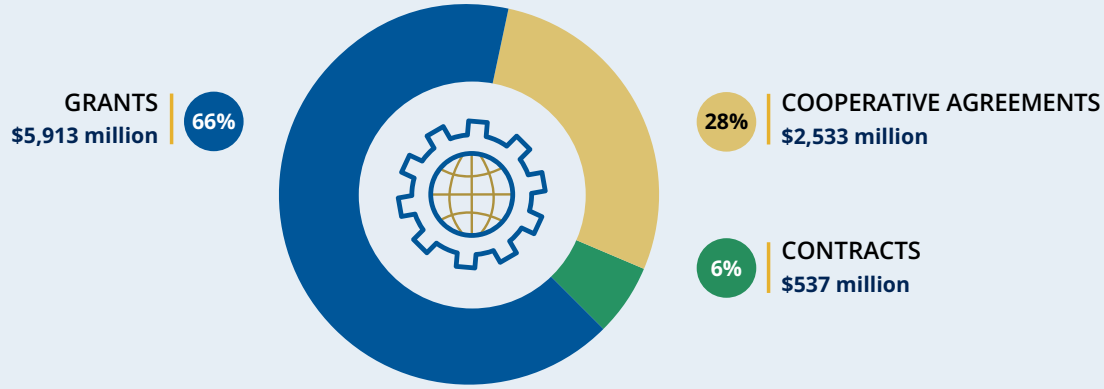
Notes:
[1] This graphic summarizes the scale of NSF's FY 2025 activity and provides a window into how the agency's appropriations flow through the research ecosystem.

$8,826 million in FY 2025 appropriated funds supported NSF's rigorous merit review system; the agency received over 43,000 proposals, which generated nearly 200,000 reviews from 30,858 community experts. This process generated 8,377 competitive awards to 1,621 institutions across the country, demonstrating the reach of NSF's funding and the importance of expert judgment in the merit review process. The NSF Graduate Research Fellowship Program (NSF GRFP) has continued to demonstrate a long-term return on investment, supporting 71,500 students since 1952. Taken together, these figures illustrate NSF's operational landscape behind the financial statements, revealing a high volume of expert-driven activity that turns federal appropriations into scientific capacity nationwide.

FIGURE 1.1: NSF AWARD MECHANISMS

FY 2025 OBLIGATIONS FOR RESEARCH AND EDUCATION PROGRAMS

($8,982 million)



NSF Research and Education programs include R&RA, EDU and MREFC appropriations. Other institutions funded include federal, state and local governments; nonprofit organizations; and international organizations. Totals may not add due to rounding.

Figure 1.1 provides an overview of how NSF directed its FY 2025 Research and Education program obligations across its primary award mechanisms.

- **Grants** are NSF's primary award mechanism, accounting for 66 percent of obligations and supporting work that unfolds across campuses, laboratories and learning spaces throughout the nation.
- **Cooperative Agreements** represented 28 percent of obligations and supported research centers and major facilities that rely on sustained coordination with NSF.
- **Contracts** comprised 6 percent and were used primarily for the direct benefit of the federal government, such as acquiring products or services, with some activities providing broader public benefit.

NSF also utilized **Other Arrangement / Transaction** authorities to support innovative approaches within the NSF Technology, Innovation and Partnerships directorate. These obligations were approximately $98M in FY 2025.

Organizational Structure

NSF is an independent federal agency that operates under the National Science Foundation Act of 1950. The agency is led by a Director[2] who is appointed by the President and confirmed by the U.S. Senate. NSF also has a National Science Board (NSB) which establishes the agency's scientific policies and serves as advisor to Congress and the President. NSB members are also presidentially appointed and are prominent contributors to the STEM research and education community. The NSF Director and NSB work jointly to pursue the goals and objectives of NSF.

NSF's Chief Science Officer (CSO) and Chief Management Officer (CMO), which report to the Director, are also key components of the agency's leadership structure. The CSO oversees scientific directorates that align with NSF's core mission areas, and the CMO oversees offices responsible for the agency's operational and management functions. These directorates and offices work in concert to deliver and support the NSF mission through programs which encompass the full breadth of science and engineering disciplines.

NSF's workforce consists of federal employees, along with scientists, engineers and educators who are detailed from their institutions under the Intergovernmental Personnel Act (IPA) program. These temporary appointments consolidate expertise from national institutions and strengthen the connections between NSF and the research ecosystem it serves. More information on NSF's organizational structure is available at https://nsf-gov-resources.nsf.gov/files/NSF-Organizational-Chart.pdf.

[2] As of September 30, 2025, the NSF Director position is currently vacant.

PERFORMANCE

Progress Toward Achievement of Performance Goals

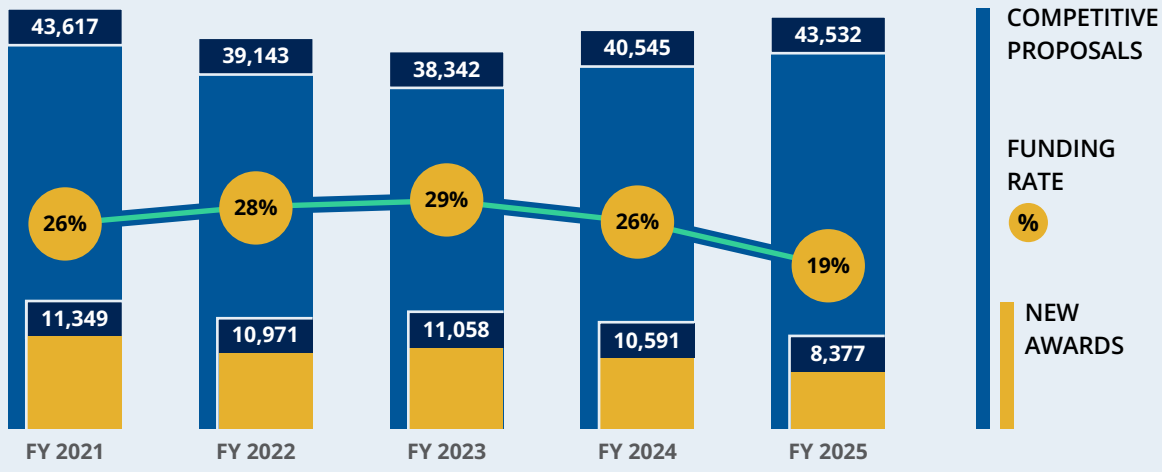
Each year, NSF reports financial and organizational performance information to demonstrate accountability to our stakeholders, including the American public. In addition to the *NSF Agency Financial Report*, NSF produces an *Annual Performance Plan and Report*, including performance results from the prior fiscal year. The *FY 2027 NSF Annual Performance Plan and Report* will provide a complete discussion of NSF's performance measures, including descriptions of the metrics, methodologies, FY 2025 results, trends, verification and validation of performance data. NSF will include its revised performance plan in its *FY 2027 NSF Budget Request to Congress* and will publish the plan on the NSF website in February 2026.

Proposal Workload and Management Trends

NSF continuously monitors key portfolio, proposal workload and financial measures to understand short- and long-term trends and to help inform management decisions. For an analysis of the long-term trends in competitive proposals, awards, funding rate and other portfolio metrics, see the *U.S. National Science Foundation's Merit Review Process, Fiscal Year 2023 Digest*.[3] NSB intends to publish the subsequent FY 2024 digest in the coming months.

Figure 1.2 identifies three key portfolio measures: competitive proposals acted upon, new awards and funding rates.

FIGURE 1.2: NUMBER OF NSF COMPETITIVE PROPOSALS, NEW AWARDS AND FUNDING RATES



New awards are subset of competitive proposals.

[3] The NSF Merit Review Process, FY 2023 Digest may be accessed at https://www.nsf.gov/nsb/publications/2022/merit_review/nsb202314.pdf.

Table 1.1 provides proposal workload and management trends over five years. Highlights of these indicators are as follows:

- Between FY 2024 and FY 2025, the ***number of competitive proposal actions increased by 8 percent***, from 40,454 to 43,532.
- There were ***8,377 new awards*** in FY 2025, a decrease from FY 2024 new awards (10,591).
- The ***overall funding rate in FY 2025 was 19 percent***, a decrease of 7 percentage points from FY 2024. Funding rates differ by directorate and are presented in the agency's annual budget request to Congress.
- The ***average annual award size of competitive awards was $260,362***, a 2 percent increase compared to FY 2024 ($256,099).
- The ***number of active awards decreased to 54,773*** in FY 2025 compared to 58,081 in FY2024. The 5-year average number of active awards is over 57,000.

Table 1.1: FY 2025 Proposal Workload and Management Trends

MEASURE		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	PERCENT CHANGE (FY 2025-FY 2024)	AVERAGE (FY 2021-FY 2025)
PORTFOLIO	Competitive proposal actions	43,617	39,143	38,342	40,454	43,532	8%	41,018
	Competitive award actions	11,349	10,971	11,058	10,591	8,377	-21%	10,469
	Average annual award size (competitive awards)	$231,202	$220,680	$259,967	$256,099	$260,362	2%	245,662
	Funding rate	26%	28%	29%	26%	19%	-27%	27%
PROPOSAL WORKLOAD	Number of active awards[1]	56,427	58,384	58,477	58,081	54,773	-6%	57,228
	Proposal reviews conducted	211,903	187,318	179,958	187,829	197,242	5%	192,850
FINANCIAL	Number of grant payments	29,734	27,065	27,426	25,951	26,493	2%	27,334
	Award expenses incurred but not reported at 9/30 ($ in millions)[2]	$461	$457	$482	$481	$455	-5%	$467

Notes:
[1] Active awards include all active awards regardless of whether funds were received during the fiscal year.
[2] FY 2025 number reflects an accrual, and all other years reflect the validated estimate for the fiscal year. This metric does not include accruals for NSF Small Business Innovation Research (NSF SBIR) awards.

FINANCIAL DISCUSSION AND ANALYSIS

NSF has a history of excellence in financial management, with 28 consecutive unmodified financial statement audit opinions. During FY 2025, in alignment with the NSF's strategic goal to excel in operations and management, the agency focused on continuing to enhance its operational processes, systems and control environment—addressing significant management executive orders, while continuing to maintain its successful track record in payment integrity.

Modernizing Payments To and From America's Bank Account (Executive Order 14247)

- NSF implemented a new strategic initiative to eliminate paper checks from its financial operations. The agency successfully discontinued its remaining paper check disbursements by the September 30, 2025 executive order deadline, and launched an outreach strategy to achieve the long-term goal of eliminating paper check receipts. This modernization effort will fully align NSF with federal priorities to streamline payment systems and enhance fiscal efficiency.

Protecting America's Bank Account Against Fraud, Waste, and Abuse (Executive Order 14249)

- NSF is committed to continuing to enhance its robust safeguards against fraud, waste and abuse. In FY 2025, the NSF Office of the Inspector General (NSF OIG) completed a performance audit of the agency's compliance with the Payment Integrity and Information Act of 2019 (PIIA). This audit concluded that NSF complied with all payment integrity reporting and risk assessment requirements. Despite the agency's low historical risk for significant improper payments, NSF has taken a proactive risk management approach to further strengthen its payment integrity controls through future enhancements to align with new executive order requirements.

NSF's FY 2025 financial statements received an unmodified audit opinion, indicating they are presented fairly and free from material misstatements. The independent auditor and NSF's internal control program evaluations identified no material weaknesses. The Independent Auditor's Report is in Chapter 2, *Financials*, followed by NSF management's response.

Analysis of Financial Statements

Chapter 2, *Financials*, contains NSF's FY 2025 principal financial statements and accompanying notes. The following discussion of NSF's financial condition and results of operations should be read alongside these financial statements and notes.

The principal financial statements are prepared to report the financial position, financial condition and results of operations, pursuant to the requirements of 31 U.S.C. 3515(b). The statements are prepared from records of federal entities in accordance with federal generally accepted accounting principles (GAAP) and the formats prescribed in OMB Circular A-136. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Table 1.2 summarizes NSF's financial position in FY 2025 and key financial statement line items that may be of likely public or congressional interest. A description of these line items are provided in the paragraphs below the table.

Table 1.2: NSF's Financial Position in FY 2025

KEY FINANCIAL MEASURES	FY 2025
Gross Program Costs	**$10,015**
Less Earned Revenue	$88
Net Cost of Operations	**$9,927**
Assets	
Fund Balance with Treasury	$18,401
Other Assets	$597
Total Assets	**$18,998**
Liabilities	
Accounts Payable	$120
Accrued Grant Liabilities	$517
Other Liabilities	$108
Total Liabilities	**$745**
Net Position (Assets minus Liabilities)	**$18,253**

(Dollars in Millions)

Significant Budgetary Resources

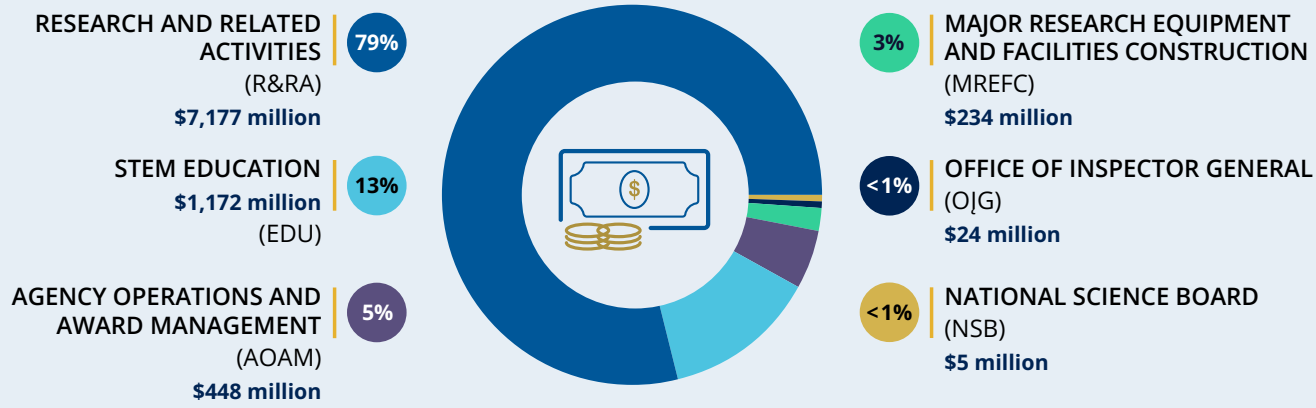
The ***Statement of Budgetary Resources*** presents how much budget authority NSF received from Congress and other sources (*Budgetary Resources*) and compares this to how NSF used those resources (*Status of Budgetary Resources*).

NSF is funded primarily through congressional *Appropriations* that are provided to six accounts (shown in Figure 1.3: Research and Related Activities (***R&RA***), STEM Education (***EDU***), Major Research Equipment and Facilities Construction (***MREFC***), Agency Operations and Award Management (***AOAM***), the National Science Board (***NSB***) and the Office of Inspector General (***OIG***). In 2025, appropriations in these six accounts totaled $9,060 million. FY 2025 appropriations were held at the same enacted level as FY 2024, reflecting no change in total budget authority. In FY 2025, R&RA, EDU and MREFC appropriations funded the agency's programmatic activities, accounting for 95 percent of NSF's total appropriations.

FIGURE 1.3: NSF BUDGET STRUCTURE

FY 2025 APPROPRIATIONS BY ACCOUNT

($9,060 million)



Major Research Equipment and Facilities Construction Account (MREFC) appropriated funds were not included in the emergency designation transmitted to the Committee on Appropriations on March 24, 2025, making these funds unavailable for obligation in FY 2025. Totals may not add due to rounding.

- ***R&RA*** invests in early-stage research and the development of a future-focused science and engineering workforce that can accelerate progress in fundamental and translational science and engineering research as well as support the private sector. This is NSF's largest appropriation and accounted for 79 percent of FY 2025 funding.
- ***EDU*** supports education and training programs to help prepare a diverse domestic STEM workforce. These investments—spanning pre-K through graduate school and beyond—ensure pathways for people and ideas ready to solve pressing global challenges in science and engineering. EDU is NSF's second-largest appropriation and is 13 percent of the agency's budget.
- ***MREFC*** supports the acquisition, construction and commissioning of major facilities and larger mid-scale research infrastructure, providing unique capabilities at the frontiers of science and engineering. In FY 2025, this account was 3 percent of the agency's total appropriations, totaling $234 million.
- ***AOAM*** supports NSF agency operations and award management activities for the broad range of NSF programs. AOAM was 5 percent of NSF's total FY 2025 appropriations.
- ***OIG*** and ***NSB*** activities are funded by their respective separate appropriations, each accounting for less than 1 percent of NSF's total FY 2025 budget. The NSB received an appropriation of $5 million in FY 2025, whereas the OIG received approximately $24 million in FY 2025 appropriations.

NSF also received $167 million of funding via warrant from the Nonimmigrant Petitioner Account (H-1B), $50 million from the CHIPS and Science Act of 2022, and $26 million of donations from private companies, academic institutions, nonprofit foundations and individuals. These resources totaled $10,738 million (*Total Budgetary Resources*) for FY 2025.

Assets and Liabilities

The ***Balance Sheet*** compares the total amounts available for use by NSF (assets) to the amounts owed to other entities (liabilities). Amounts that make up the difference are the "net position", which is presented in greater detail in the ***Statement of Changes in Net Position***. Cash (*Fund Balance With Treasury*) accounts for the majority of NSF's assets. Cash is received through appropriations and collections and decreased by expenditures and rescissions.

FIGURE 1.4: FY 2025 TOTAL ASSETS

Totals may not add due to rounding.

NSF held total liabilities of $745 million at the end of the year. Of this amount, NSF estimated $517 million (69%) in expenses that grantees incurred in FY 2025 but had not yet reported to NSF by September 30, 2025 (*Accrued Grant Liabilities*). This line item reflects the estimated amount of unbilled work performed for which NSF owes payment. The second-largest component of total liabilities is accounts payable, or the amounts NSF owes other entities (other than grant recipients) for services that have been performed but have not yet been paid.

FIGURE 1.5: FY 2025 TOTAL LIABILITIES

** Includes Advances from Others and Deferred Revenue, Other intragovernmental Liabilities and Other Post Employment Liability. Totals may not add due to rounding.

Program Costs

The ***Statement of Net Cost*** (Figure 1.6) presents the full cost of NSF operations by major program. The net cost of operations for each NSF program equals the program's total ("gross") cost, minus any offsetting earned revenue.

The major programs that NSF reports in its FY 2025 *Net Cost of Operations* (Figure 1.8) align with the agency's largest sources of funds: appropriations for R&RA, EDU, MREFC, and CHIPS for America Workforce and Education, plus Donations and Dedicated Collections. NSF does not separately report costs incurred for indirect general operation activities (e.g. salaries, training and activities related to the advancement of NSF information systems technology) and activities of the NSB and the OIG. Instead, these costs were allocated to each major program for reporting purposes. The allocated costs account for approximately 6 percent of total FY 2025 Net Costs. These administrative and management activities support the agency's program goals.

FIGURE 1.6: FY 2025 TOTAL NET COST

Totals may not add due to rounding.

ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

The Federal Managers' Financial Integrity Act of 1982 (FMFIA)[4] and OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*,[5] require NSF to annually evaluate the effectiveness of agency internal controls and provide reasonable assurance to the President and Congress on control system adequacy.

The FY 2025 unmodified Statement of Assurance, with no identified material weaknesses, provides reasonable assurance as to the overall adequacy and effectiveness of internal controls based on information that the system of internal control is operating efficiently and effectively. Based on evidence gathered from annual evaluations and reviews, NSF provides reasonable assurance that the objectives of FMFIA and the Federal Financial Management Improvement Act of 1996 (FFMIA) were achieved and that internal control processes over reporting, operations and compliance are effective.

U.S. National Science Foundation

FY 2025 Statement of Assurance

The U.S. National Science Foundation (NSF) management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act* (FMFIA).

NSF conducted its assessment of risk and internal control processes in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, NSF can provide reasonable assurance that internal control over operations, reporting and compliance was operating effectively as of September 30, 2025.

Brian Stone
Chief of Staff performing the duties of the NSF Director

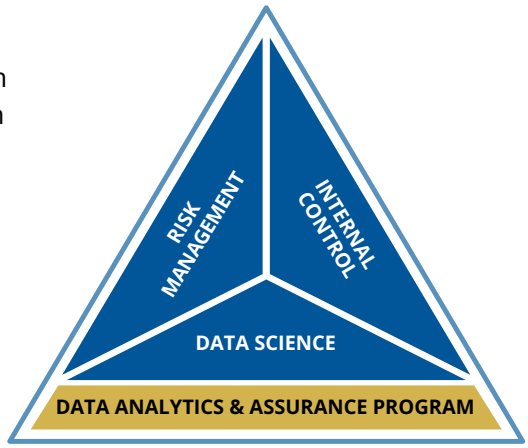
December 18, 2025

[4] FMFIA can be accessed at: https://www.congress.gov/bill/97th-congress/house-bill/1526/text
[5] OMB Circular A-123 can be accessed at: https://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2016/m-16-17.pdf

Summary of Annual Assurance Activities

NSF ensures that its policies, processes and systems support a mature, agile and sustainable control environment, through effective governance and oversight informed by internal and external risk. This risk-based approach enables NSF to focus on the most consequential management issues to provide assurance that operations function as intended, and furthers the agency's integration of its evolving Enterprise Risk Management (ERM) program and its system of internal controls.

NSF's ***Data Analytics Assurance Program (DAAP)*** is the engine for the agency's ERM and internal control program, with active engagement from leaders and process owners across the agency. The DAAP facilitates open and collaborative discussion on enterprise and internal control risks, and leverages data science and innovative technology to continuously improve the effectiveness of risk monitoring. The DAAP supports the NSF mission by:



- Driving value through compliance.
- Fostering collaborative risk management
- Empowering data-driven risk decisions.

The DAAP's FY 2025 focus areas supporting NSF's annual statement of assurance were as follows:

- ***ERM*** – NSF continued to mature its ERM program in alignment with risk management standards issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Integrated Framework, advancing an integrated approach that strengthens both effective risk management and internal control activities.
- ***Internal Control*** – Oversight of NSF's internal controls over financial reporting was conducted to evaluate program integrity in accordance with OMB Circular A-123, the Government Accountability Office's (GAO's) Green Book, and COSO's Internal Control Integrated Framework and Internal Control Over Financial Reporting Compendium of Approaches and Examples through the following key activities:
  - Assessed internal control entity-level controls
  - Conducted Biannual Risk and Control Checkpoints related to key risk areas
  - Conducted internal control over financial reporting risk assessment through testing and modernizing the control environment
  - Provided grant accrual validation support
  - Completed IT General Controls assessment
  - Executed the Statement of Standards for Attestation Engagements 18 (SSAE 18) review cycle.

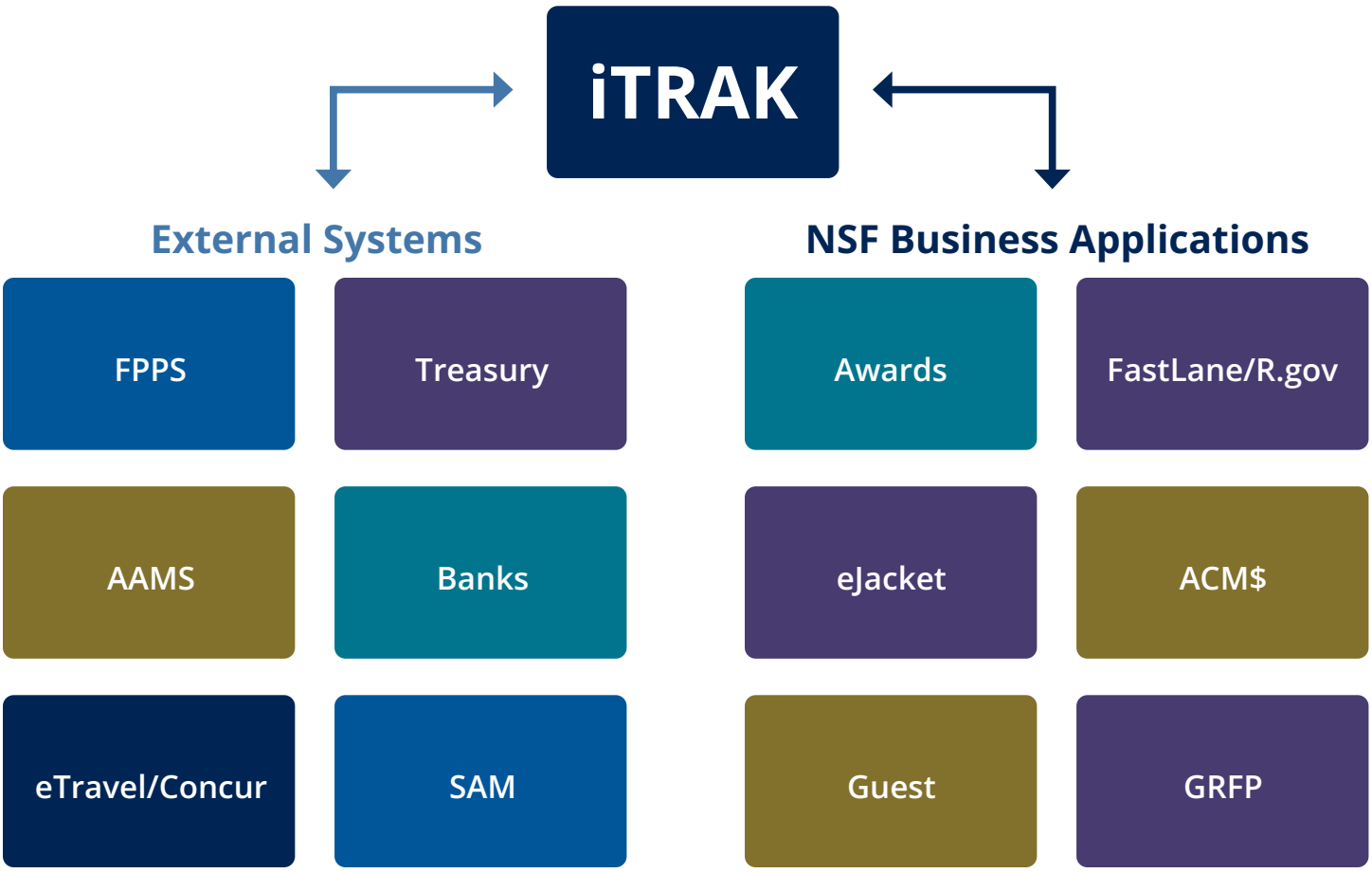
In addition, the DAAP monitors internal controls over compliance with applicable laws and regulations, including the *Antideficiency Act*; *Digital Accountability and Transparency Act*; *Government Charge Card Abuse Prevention Act*; *Federal Information Security Modernization Act Management Act*; *Federal Financial Management Improvement Act*; *Single Audit Act*; and other requirements applicable to internal control and agency operations. The DAAP identified no instances of non-compliance with these laws and regulations in FY 2025.

Financial Management Systems

NSF's financial management system, iTRAK (shown in Figure 1.9), is NSF's Oracle-based, commercial-off-the-shelf financial system and is hosted in a cloud environment. In compliance with FMFIA, FFMIA and other federal requirements, iTRAK provides automated business processes, funds control management, and financial reporting capabilities for NSF's external and internal customers, including grantees, financial and administrative staff, and program managers. iTRAK maintains a robust audit trail for financial transactions, facilitating data and analytic capabilities and strengthening internal controls. iTRAK's service provider provides NSF assurance for its financial system through service provider audits (using the SSAE No. 18 technical auditing standard) at the application, platform and infrastructure levels. All three components received unmodified audit opinions (i.e., clean) for FY 2025, providing NSF with reasonable assurance that its financial system controls are operating effectively and as designed.

In FY 2025, NSF continued planning for its next generation financial system roadmap and will continue to enhance iTRAK's functional and technical capabilities to streamline operations and address government-wide mandates. Looking forward, NSF plans to continue to modernize financial management capabilities through targeted system enhancements and increased usage of data analytic and automation.

Figure 1.7: NSF Financial Management System Framework



iTRAK supports NSF's fiscal stewardship by providing managers and staff with actionable financial data and reporting to provide decision support for programs and operational functions. iTRAK interfaces with NSF's awards, grants, procurement and business systems, including:

- **Award Cash Management Service (ACM$)** – NSF's grant payment system.
- **MyNSF Awards (Awards)** – NSF's award and award amendment processing, approval and notification system.
- **eJacket** – NSF's internal proposal processing system, post-award request tracking and approval system, and document repository.
- **Research.gov** – Research community website that provides quick access to research information and grants management services. Research.gov replaced FastLane.
- **Graduate Research Fellowship Program (GRFP) System** – Enables NSF to process applications and manage active graduate research fellowships.
- **Guest Travel and Reimbursement System (Guest)** – Internal application for NSF employees who work on the financial tasks associated with hosting flat-rate panel review meetings.
- **Automated Acquisition Management Solution (AAMS)** – NSF's commercial-off-the-shelf contract writing system (CWS).

iTRAK also interfaces with external systems operated by Treasury, Citibank and federal systems such as the Federal Personnel Payroll System (FPPS), eTravel/Concur and the General Services Administration's System for Award Management (SAM). These internal and external systems comprise NSF's extended financial system environment and control landscape.

CHAPTER TWO
FINANCIALS

U.S. National Science Foundation
Office of Inspector General

MEMORANDUM

DATE: December 17, 2025

TO: Dr. Victor McCrary
Chair
National Science Board

Mr. Brian Stone
NSF Chief of Staff, Performing the duties of the NSF Director
U.S. National Science Foundation

FROM: Megan E. Wallace
Acting Inspector General

SUBJECT: Final Report No. 26-02-001, *Audit of the U.S. National Science Foundation's Fiscal Year 2025 Financial Statements*

This memorandum transmits the Kearney & Company, P.C.'s report on its financial statement audit of the U.S. National Science Foundation (NSF) for FY 2025.

Audit Reports on Financial Statements; Internal Control over Financial Reporting; and Compliance with Laws, Regulations, Contracts, and Grant Agreements

The *Chief Financial Officers Act of 1990* (CFO Act, Pub. L. No. 101-576), as amended, requires that NSF's Inspector General or an independent external auditor, as determined by the Inspector General, audit NSF's financial statements in accordance with *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States. We contracted with the independent certified public accounting firm Kearney & Company, P.C. (Kearney) to audit NSF's financial statements as of September 30, 2025. The contract requires that the audit be performed in accordance with GAS; Office of Management and Budget Bulletin 24-02, *Audit Requirements for Federal Financial Statements*; and the U.S. Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency *Financial Audit Manual*. For FY 2025, Kearney provided: (1) its opinion on the financial statements, (2) a report on internal control over financial reporting, and (3) a report on compliance with laws, regulations, contracts, and grant agreements. In its audit of NSF, Kearney:

- Found that the financial statements referred to above present fairly, in all material respects, the financial position of NSF as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the year then ended, in accordance with accounting principles generally accepted in the United States of America.
- Identified no material weaknesses in internal control over financial reporting.[1]
- Identified no instances in which NSF's financial management systems did not substantially comply with the *Federal Financial Management Improvement Act of 1996* (FFMIA, Pub. L. No. 104-208).
- Identified no reportable instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements tested or other matters.

NSF's response to the draft reports, dated December 17, 2025, follows Kearney's reports.

Kearney is responsible for the attached auditor's reports dated December 17, 2025, and the conclusions expressed therein. We do not express opinions on NSF's financial statements or internal control over financial reporting or on whether NSF's financial management systems substantially complied with the requirements of FFMIA, or conclusions on compliance and other matters.

Kearney's Independent Auditor's Report is meant only to be distributed and read as part of the Agency Financial Report (AFR).

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact Theresa S. Hull, Assistant Inspector General, Office of Audits, Inspections, and Evaluations at 703-292-7100 or OIGpublicaffairs@nsf.gov.

[4] A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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INDEPENDENT AUDITOR'S REPORT

To the Chief of Staff, Performing the Duties of the Director and Acting Inspector General of the U.S. National Science Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the U.S. National Science Foundation (NSF), which comprise the Balance Sheet as of September 30, 2025, the related Statements of Net Cost and Changes in Net Position, and the combined Statement of Budgetary Resources (hereinafter referred to as the "financial statements") for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NSF as of September 30, 2025 and its net cost of operations, changes in net position, and budgetary resources for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the NSF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for: 1) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 2) the preparation, measurement, and presentation of required supplementary information (RSI) in accordance with U.S. generally accepted accounting principles; 3) the preparation and presentation of other information included in the NSF's Agency Financial Report (AFR), as well as ensuring the consistency of that information with the audited financial statements and the RSI; and 4) the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the NSF's ability to continue as a going concern for a reasonable period of time beyond the financial statement date.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NSF's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the NSF's ability to continue as a going concern for a reasonable period of time beyond the financial statement date.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Deferred Maintenance and Repairs, and the Combined Statement of Budgetary Resources by Major Budget Accounts be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by OMB and the Federal Accounting Standards Advisory Board (FASAB), who consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the AFR. The other information comprises: Other Information 1 – Summary of FY 2025 Financial Statement Audit and Management Assurances; Other Information 2A – Inspector General's *Management Challenges for the U.S. National Science Foundation in Fiscal Year 2026* Report; Other Information 2B – NSF Response to FY 2026 Management Challenges; Other Information 3 – Payment Integrity Information Act Reporting; Other Information 4 – Civil Monetary Penalty Adjustment for Inflation; Other Information 5 – Grants Program Reporting; Other Information 6 – Undisbursed Balances in Expired Grant Accounts; Other Information 7 – Patents and Inventions; and Other Information 8 – Acronyms, which do not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02, we have also issued reports, dated December 17, 2025, on our consideration of the NSF's internal control over financial reporting and on our tests of the NSF's compliance with certain provisions of laws, regulations, contracts, and grant agreements, as well as other matters. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness

of the NSF's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering the NSF's internal control over financial reporting and compliance.

Alexandria, Virginia
December 17, 2025

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COMPANY

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Chief of Staff, Performing the Duties of the Director and Acting Inspector General of the U.S. National Science Foundation

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements, and the related notes to the financial statements of the U.S. National Science Foundation (NSF) as of and for the year ended September 30, 2025, which collectively comprise the NSF's financial statements, and we have issued our report thereon dated December 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NSF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NSF's internal control. Accordingly, we do not express an opinion on the effectiveness of the NSF's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 24-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During the audit, we noted certain additional matters involving internal control over financial reporting that we will report to the NSF's management in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the NSF's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering the NSF's internal control. Accordingly, this report is not suitable for any other purpose.

Alexandria, Virginia
December 17, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

To the Chief of Staff, Performing the Duties of the Director and Acting Inspector General of the U.S. National Science Foundation

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, the financial statements, and the related notes to the financial statements of the U.S. National Science Foundation (NSF) as of and for the year ended September 30, 2025, which collectively comprise the NSF's financial statements, and we have issued our report thereon dated December 17, 2025.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NSF's financial statements are free from material misstatement, we performed tests of the NSF's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts and disclosures, including the provisions referred to in Section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 24-02.

The results of our tests of compliance with FFMIA disclosed no instances in which the NSF's financial management systems did not comply substantially with Section 803(a) requirements related to Federal financial management system requirements, applicable Federal accounting standards, or application of the United States Standard General Ledger at the transaction level.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on the effectiveness of the NSF's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 24-02 in considering the NSF's compliance. Accordingly, this report is not suitable for any other purpose.

Alexandria, Virginia
December 17, 2025

Attachment I

U.S. National Science Foundation's Management Response

U.S. National Science Foundation
Office of the Chief Financial Officer

MEMORANDUM

DATE: December 17, 2025

TO: Megan Wallace, Inspector General (Acting)

FROM: Caitlyn Fife, Chief Financial Officer

SUBJECT: Management's Response to Independent Auditor's Report for Fiscal Year (FY) 2025

Thank you for the opportunity to comment on the Independent Auditor's Report on the U.S. National Science Foundation's (NSF) FY 2025 financial statements. I am pleased to report that NSF has achieved its 28th consecutive unmodified audit opinion on its financial statements, and that the Report on Internal Control Over Financial Reporting had no material weaknesses or significant deficiencies. These achievements demonstrate our staff's sustained commitment to sound financial management, strong internal controls, and operational effectiveness.

I am grateful for the strong collaborative partnership between our offices in achieving the shared objective of demonstrating NSF's effective stewardship of public resources. I also greatly appreciate the professionalism, transparency, and flexibility of Kearney & Company throughout the financial statement audit process.

We look forward to continuing to work with the Office of Inspector General in future audits. If you have any questions or require additional information, please contact Jesse Simons, Deputy Chief Financial Officer, at jsimons@nsf.gov.

U.S. NATIONAL SCIENCE FOUNDATION

Financial Statements

As of and for the Fiscal Year Ended
September 30, 2025

U.S. National Science Foundation Balance Sheet
As of September 30, 2025 (Amounts in Thousands)

Assets		**2025**
Intragovernmental Assets		
Fund Balance With Treasury (Note 2)	$	18,401,384
Accounts Receivable, Net		
Assets for Custodial and Non-Entity Liabilities - Other Than the General Fund of the US Government (Note 7)		9,555
Accounts Receivable, Net		23,293
Total Accounts Receivable, Net		32,848
Advances and Prepayments		61,605
Total Intragovernmental Assets		18,495,837
Other Than Intragovernmental Assets		
Accounts Receivable, Net		1,483
Property, Plant, and Equipment, Net (Note 3)		501,055
Total Other Than Intragovernmental Assets		502,538
Total Assets	**$**	**18,998,375**

Liabilities		
Intragovernmental Liabilities		
Accounts Payable		
Accounts Payable	$	21,889
Total Accounts Payable		21,889
Advances from Others and Deferred Revenue		214
Other Liabilities		
Other Liabilities (Without Reciprocals)		3,168
Liability to the General Fund of US Government - for Custodial and Other Non-Entity Assets		1,347
Other Current Liabilities - Benefit Contributions Payable		1,904
Total Other Liabilities		6,419
Total Intragovernmental Liabilities		28,522

Other Than Intragovernmental Liabilities		
Accounts Payable		98,225
Federal Employee Salary, Leave, and Benefits Payable		42,200
Other Post-Employment Liabilities		5,922
Environmental and Disposal Liabilities (Note 6)		13,655
Other Liabilities		
Accrued Grant Liabilities		517,349
Liability for Non-Fiduciary Deposit Fund (Note 2)		39,236
Total Other Liabilities		556,585
Total Other Than Intragovernmental Liabilities		716,587
Total Liabilities	**$**	**745,109**
Net Position		
Unexpected Appropriations		
Unexpected Appropriations - Funds from Other Than Dedicated Collections	$	17,004,622
Total Unexpended Appropriations (Consolidated)		17,004,622
Cumulative Results of Operations		
Cumulative Results of Operations - Funds from Dedicated Collections (Note 7)		711,369
Cumulative Results of Operations - Funds from Other Than Dedicated Collections		537,275
Total Cumulative Results of Operations (Consolidated)		1,248,644
Total Net Position	**$**	**18,253,266**
Total Liabilities and Net Position	**$**	**18,998,375**

The accompanying notes are an integral part of these statements.

U.S. National Science Foundation Statement of Net Cost
For the Fiscal Year Ended September 30, 2025 (Amounts in Thousands)

Program Costs		**2025 (Note 12)**
Research and Related Activities		
Gross Costs	$	8,184,517
Less: Earned Revenue		(77,978)
Net Research and Related Activities	**$**	**8,106,539**
STEM Education		
Gross Costs	$	1,318,551
Less: Earned Revenue		(9,995)
Net STEM Education	**$**	**1,308,556**
Major Research Equipment and Facilities Construction		
Gross Costs	$	319,771
Less: Earned Revenue		-
Net Major Research Equipment and Facilities Construction	**$**	**319,771**
CHIPS for America Workforce and Education		
Gross Costs	$	9,026
Less: Earned Revenue		-
Net CHIPS for America Workforce and Education	**$**	**9,026**
Donations and Dedicated Collections		
Gross Costs	$	183,448
Less: Earned Revenue		-
Net Donations and Dedicated Collections	**$**	**183,448**
Net Cost of Operations (Note 11)	**$**	**9,927,340**

The accompanying notes are an integral part of these statements.

U.S. National Science Foundation Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2025 (Amounts in Thousands)

	2025		
	Funds from Dedicated Collections (Consolidated Totals) (Notes 7 & 12)	**Funds from Other Than Dedicated Collections (Consolidated Totals) (Note 12)**	**Consolidated Total (Note 12)**
Unexpended Appropriations			
Beginning Balances	**$ -**	**$ 17,943,822**	**$ 17,943,822**
Appropriations Received	-	8,876,000	8,876,000
Appropriations Transferred In / (Out)	-	9,694	9,694
Other Adjustments (Canceled Authority)	-	(106,250)	(106,250)
Appropriations Used	-	(9,718,644)	(9,718,644)
Net Change in Unexpended Appropriations	**-**	**(939,200)**	**(939,200)**
Total Unexpended Appropriations, Ending	**$ -**	**$ 17,004,622**	**$ 17,004,622**
Cumulative Results of Operations			
Beginning Balances	**$ 703,123**	**$ 526,066**	**$ 1,229,189**
Appropriations Used	-	9,718,644	9,718,644
Non-Exchange Revenue	-	55	55
Donations (Note 11)	-	26,268	26,268
Transfers In / (Out) Without Reimbursement	167,635	(301)	167,334
Imputed Financing (Note 11)	-	34,935	34,935
Other	-	(441)	(441)
Net Cost of Operations (Note 11)	(159,389)	(9,767,951)	(9,927,340)
Net Change in Cumulative Results of Operations	**8,246**	**11,209**	**19,455**
Total Cumulative Results of Operations, Ending	**$ 711,369**	**$ 537,275**	**$ 1,248,644**
Net Position	**$ 711,369**	**$ 17,541,897**	**$ 18,253,266**

The accompanying notes are an integral part of these statements.

U.S. National Science Foundation Statement of Budgetary Resources
For the Fiscal Year Ended September 30, 2025 (Amounts in Thousands)

Budgetary Resources		**2025**
Unobligated Balance from Prior Year Budget Authority, Net	$	1,566,875
Appropriations		9,079,098
Spending Authority from Offsetting Collections		92,161
Total Budgetary Resources	**$**	**10,738,134**
Status of Budgetary Resources		
New Obligations and Upward Adjustments	$	9,885,079
Unobligated Balance, End of Year		
Apportioned, Unexpired		152,298
Unapportioned, Unexpired		207,667
Unobligated Balance, Unexpired, End of Year		359,965
Unobligated Balance, Expired, End of Year		493,090
Unobligated Balance, End of Year		853,055
Total Status of Budgetary Resources	**$**	**10,738,134**
Net Outlays (Note 11)		
Net Outlays	$	9,970,004
Distributed Offsetting Receipts		(31,125)
Net Agency Outlays	**$**	**9,938,879**

The accompanying notes are an integral part of these statements.

NOTES TO THE PRINCIPAL FINANCIAL STATEMENTS

Note 1. Summary of the Significant Accounting Policies

A. Reporting Entity

The U.S. National Science Foundation (NSF or "Foundation") is an independent federal agency created by the National Science Foundation Act of 1950, as amended (42 United States Code (U.S.C.) 1861-75). Its primary mission is to promote the progress of science; to advance the national health, prosperity, and welfare; and to secure the national defense. NSF initiates and supports scientific research and research fundamental to the engineering process and programs to strengthen the Nation's science and engineering potential. NSF also supports critical education programs in science, technology, engineering and mathematics (STEM) fields, which help prepare future generations of scientists and engineers. NSF funds research and education in science and engineering by awarding grants and contracts to educational and research institutions throughout the United States (U.S.) and its territories. NSF, by law, cannot operate research facilities except in the polar regions. NSF enters into relationships through awards to fund the research operations conducted by grantees. Information on NSF funding by institution can be found at https://fiscal.treasury.gov/files/reports-statements/combined-statement/cs2024/c54.pdf.

NSF is led by a presidentially-appointed, Senate-confirmed Director and a 24-member National Science Board (NSB). As of September 30, 2025, there were 22 members serving on the NSB. The NSF Director position was vacant as of September 30, 2025. The NSB members represent a cross section of prominent leaders in science and engineering research and education, and are appointed by the President for 6-year terms. The NSF Director is an ex officio member of the Board. NSF's workforce, including staff in the NSB Office and the Office of the Inspector General, is composed of federal employees as well as scientists from research institutions on a temporary basis. NSF provides the opportunity for scientists, engineers and educators to join the Foundation as temporary program directors and advisors. These "rotators" provide input during the merit review process of proposals; provide insight for new directions in the fields of science, engineering and education; and support cutting-edge interdisciplinary research. Rotators can come to NSF under multiple mechanisms. The largest numbers come on Intergovernmental Personnel Act (IPA) assignments and remain employees of their home institutions. NSF facilitates IPA assignments through grants to their institution as a reimbursement in whole or in part for salary and benefits, and that reimbursement is then paid by the institution to their employee. All rotators are subject to criminal conflict of interest statutes as well as the government-wide Standards of Ethical Conduct of Employees of the Executive Branch, which prohibit them from participating in NSF proposals and awards affecting themselves and their home organizations.

In accordance with Federal Accounting Standards Advisory Board (FASAB) Statement of Federal

Financial Accounting Standard (SFFAS) No. 47, Reporting Entity, financial information for the Arctic Research Commission (ARC), a consolidation entity for which NSF is accountable, is included in the accompanying financial statements and footnotes. ARC is an independent federal agency funded through NSF's appropriation, specifically as an activity in the Research and Related Activities (R&RA) account.

NSF also serves as the host agency and financial administrator for The National Nanotechnology Coordination Office (NNCO) and the National Coordination Office (NCO) for the Networking Information Technology Research and Development (NITRD) Program, which are part of the National Science and Technology Council of the White House Office of Science and Technology Policy. NNCO and NITRD are funded from the appropriations of multiple federal agencies. Financial information for NNCO and NITRD is consolidated in NSF's financial statements and footnotes.

B. Basis of Presentation

These financial statements have been prepared to report the financial position and results of operations of NSF as required by the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, the Reports Consolidation Act of 2000, and the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, revised July 14, 2025. While the statements have been prepared from the books and records of NSF in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. NSF prepares the following financial statements for presentation:

The *Balance Sheet*, and certain accompanying notes to the financial statements, presents agency assets, liabilities and net position (which equals total assets minus total liabilities) as of the end of the reporting period.

The *Statement of Net Cost* presents the gross costs of programs, less earned revenue, to arrive at the net cost of operations, for both the programs and NSF overall, for the reporting period.

The *Statement of Changes in Net Position* reports beginning balances, budgetary and other financing sources, and net cost of operations to arrive at ending net position balances.

The *Statement of Budgetary Resources* provides information about how budgetary resources were made available, as well as the status of budgetary resources at the end of the reporting period.

A *Statement of Custodial Activity* is not presented as NSF custodial activity is incidental to its primary mission and the amounts collected are immaterial to the financial statements as a whole. NSF custodial activity is presented in Note 10.

C. Basis of Accounting

The accompanying financial statements have been prepared in accordance with U.S. GAAP for federal entities using the accrual method of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The accompanying financial statements also include budgetary accounting transactions that ensure compliance with legal constraints and controls over the use of federal funds.

D. Budgetary Terms

The purpose of federal budgetary accounting is to control, monitor and report on funds made available to federal agencies by law and help ensure compliance with the law. The following Budgetary Terms are commonly used:

- **Appropriation** means a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.
- **Budgetary Resources** mean amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

- **Offsetting Collections** mean payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress. They usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government and from intragovernmental transactions with other Government accounts. The authority to spend offsetting collections is a form of budget authority.
- **Offsetting Receipts** mean payments to the Government that are credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. Usually they are deducted at the level of the agency and subfunction, but in some cases, they are deducted at the level of the Government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, they usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government, and from intragovernmental transactions with other Government accounts.
- **Obligation** means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.
- **Outlay** means a payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are "means of financing" transactions). Outlays generally are equal to cash disbursements but are also recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending.

E. Revenues and Other Financing Sources

NSF receives a majority of its funding through appropriations contained in the Commerce, Justice, Science, and Related Agencies Appropriations Act. NSF receives annual, multi-year and no-year appropriations that may be expended within statutory limits. NSF also receives funding via warrant from a receipt account for dedicated collections reported as Nonimmigrant Petitioner Account (H-1B) funds. Additional amounts are obtained from reimbursements for services performed for other federal agencies, and receipts to the NSF Donations Account. NSF also receives interest earned on overdue receivables, which is included in the amounts returned to the Treasury at the end of each fiscal year.

In FY 2025, the Full-Year Continuing Appropriations and Extensions Act, 2025 under Public Law (P.L. 119-4), provided funding for NSF's appropriations. Appropriations are recognized as a financing source at the time the related "funded" program or administrative expenditures are incurred. Donations are recognized as revenues when funds are received. Revenues from reimbursable agreements are recognized when the services are performed and the related expenditures are incurred. Reimbursable agreements are mainly for grant administrative services provided by NSF on behalf of other federal agencies.

In FY 2022, the CHIPS and Science Act, 2022 under Public Law (P.L. 117-167) provided NSF funding for Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Workforce and Education Fund beginning in FY 2023. The CHIPS appropriation provides funding to support the domestic enhancement, development and production of microelectronics and its workforce.

In accordance with 42 U.S.C. Section 1862 (a)(3), NSF has authority "to foster the interchange of scientific and engineering information among scientists and engineers in the United States and foreign countries" and in 42 U.S.C. Section 1870 (f), NSF is authorized to receive and use funds donated by others. These funds must be donated without restriction other than that they must be used in furtherance of one or more of the general purposes of the Foundation and are made available for obligations as necessary to support NSF programs. Donations may be received from private companies, academic institutions, non-profit foundations and individuals. NSF accepts contributions from foreign governments in support of various NSF-funded projects and the use of these funds is restricted to the awardee for which it is contributed. NSF does not retain ownership of funds contributed by foreign governments and solely acts as an intermediary to transfer the funds from foreign partners to the awardee. In accordance with OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, funds received by NSF from foreign governments are deposited and held in a deposit fund account at Treasury.

F. Fund Balance With Treasury

Fund Balance With Treasury (FBWT) is composed of appropriated funds that are available to pay current liabilities and finance authorized purchase commitments, and non-appropriated funding sources from donations and foreign contributions. Foreign contributions are considered non-entity assets and are used to support awardees pursuant to agreements between NSF and foreign governments. FBWT is an asset to NSF and a liability of the General Fund. FBWT is primarily increased by appropriations and decreased by disbursements. When disbursements are made, Treasury finances those disbursements using a combination of receipts, other inflow, and borrowing from the public (if there is a budget deficit). Cash receipts and disbursements are processed by Treasury.

G. Accounts Receivable, Net

Accounts Receivable, Net consists of amounts due from governmental agencies, private organizations and individuals. It includes debts related to criminal restitutions adjudicated by the Department of Justice, where NSF is identified as the payee. Additionally, NSF has the right to conduct audits of awardees to verify billed amounts. These audits may result in monies owed back to NSF. Upon resolution of the amount owed by the awardee to NSF, a receivable is recorded.

NSF establishes an allowance for loss on accounts receivable that are deemed uncollectible in accordance with SFFAS 1, *Accounting for Selected Assets and Liabilities* and FASAB Technical Bulletin 2020-1, *Loss for Intragovernmental Receivables*. NSF analyzes each account independently to assess collectability and the need for an offsetting allowance or write-off. NSF writes off delinquent debt from non-federal sources that is more than 2 years old. NSF's intragovernmental receivables are not written off, but rather the allowance is used to present the net realizable value.

Assets for Custodial and Non-Entity Liabilities – Other Than the General Fund of the U.S. Government consist of a receivable of sequestered H-1B funds due from the Department of Homeland Security.

H. Advances and Prepayments

Advances and Prepayments consist of advances to federal agencies which are issued when agencies are operating under working capital funds or are unable to incur costs on a reimbursable basis. Advances are reduced when documentation supporting expenditures is received. Payments are only made within the amount of the recorded obligation.

I. Property, Plant, and Equipment, Net

NSF capitalizes Property, Plant, and Equipment (PP&E) with costs exceeding $25 thousand and useful lives of 2 or more years; items not meeting these criteria are recorded as operating expenses. NSF currently reports capitalized PP&E at original acquisition value; assets acquired from the General Services Administration (GSA) excess property schedules are recorded at the value assigned by the donating agency; and assets transferred in from other agencies are valued at the cost recorded by the transferring entity for the asset net of accumulated depreciation or amortization.

The PP&E balance includes Equipment, Aircraft, Buildings and Structures, Leasehold Improvements, Construction in Progress, Internal Use Software and Software in Development. These balances are comprised of PP&E maintained "in-house" by NSF to support operations and PP&E under the United States Antarctic Program (USAP). The majority of USAP property is under the custodial responsibility of the NSF prime contractor for the program. The USAP is undergoing a multi-year modernization project initiated in FY 2019. Depreciation expense is calculated using the straight-line method with a half-year convention. The half-year convention recognizes one-half of the annual depreciation expense in both the first and last years of an asset's useful life regardless of when it is placed in service. The economic useful life classifications for capitalized assets are as follows:

EQUIPMENT	
5 years	Computers and peripheral equipment, fuel storage tanks, laboratory equipment and vehicles
7 years	Communications equipment, office furniture and equipment, pumps and compressors
10 or 15 years	Generators, air traffic control, weather forecasting aids, landing systems equipment
20 years	Movable buildings (e.g., trailers)
AIRCRAFT	
7 years	Aircraft and aircraft conversions
BUILDINGS AND STRUCTURES	
31.5 years	Buildings and structures placed in service prior to 1994
39 years	Buildings and structures placed in service after 1993
LEASEHOLD IMPROVEMENTS	
NSF's headquarters is leased through GSA under a non-cancelable occupancy agreement. Leasehold improvements performed by GSA are financed with NSF-appropriated funds. Amortization is calculated using the straight-line half-year convention upon transfer from construction in progress.	

(Continued on next page)

CONSTRUCTION IN PROGRESS

Costs incurred for construction projects are accumulated and tracked as construction in progress until the asset is placed in service. Beneficial Occupancy is the point in time when the facility is ready for safe occupancy and use by NSF. Items that pertain to the safety and health of any future occupants of the facility must be corrected before a Beneficial Occupancy is granted and the facility occupied. All construction efforts at the construction site may not be completed (e.g., punch list items or other minor construction activities may still be required for construction to be considered complete), but the facility space can be used for its intended purpose. When Beneficial Occupancy is granted, the project is transferred from construction in progress to real property and depreciated over the respective useful life of the asset.

INTERNAL USE SOFTWARE AND SOFTWARE IN DEVELOPMENT

NSF controls, values and reports purchased or developed software as tangible property assets, in accordance with SFFAS No. 10, *Accounting for Internal Use Software*. NSF identifies software investments as capital property for items that, in the aggregate, cost $500 thousand or more to purchase, develop, enhance or modify a new or existing NSF system, or configure a government-wide system for NSF needs. Software projects that are not completed at year-end and are expected to exceed the capitalization threshold are recorded as software in development. All internal use software meeting the capitalization threshold is amortized over a 5-year period using the straight-line half-year convention.

J. Property, Plant, and Equipment in the Custody of Other Entities

NSF awards grants, cooperative agreements, and contracts to various organizations, including colleges and universities, non-profit organizations, state and local governments, Federally Funded Research and Development Centers (FFRDCs), and private entities. The funds provided may be used in certain cases to purchase or construct PP&E to be used for operations or research on projects or programs sponsored by NSF. In these instances, NSF funds the acquisition of property but transfers custody of the assets to these entities. NSF's authorizing legislation specifically prohibits the Foundation from operating such property directly.

In practice, NSF's ownership interest in such PP&E is similar to a reversionary interest. To address the accounting and reporting of these assets, specific guidance was sought by NSF and provided by the FASAB. This guidance stipulates that NSF should disclose the value of Federally Owned Property (FOP) held by others in its financial statements based on information contained in the audited financial statements of these entities (if available). Entities that separately present net book value (NBV) of NSF-owned property in their audited financial statements are listed in Note 4, *Property, Plant and, Equipment in the Custody of Other Entities*, along with the NBV of the property held. Entities which hold FOP but do not separately present the NBV of NSF-owned property in their audited financial statements are also listed in Note 4, *Property, Plant, and Equipment in the Custody of Other Entities*, with a notation as "Unavailable."

K. Accounts Payable

Accounts Payable consists of liabilities to commercial vendors, contractors, and federal agencies. *Accounts Payable* are expenses for goods and services received but not yet paid for by NSF. At year-end, NSF accrues for the amount of estimated unpaid expenses to vendors and contractors for which invoices have not been received, but goods and services have been delivered and performed.

L. Other Intragovernmental Liabilities

Other Intragovernmental Liabilities consist primarily of the employer portion of payroll taxes and benefits, payroll taxes associated with unfunded leave, unfunded Federal Employees' Compensation Act (FECA), and liabilities for non-entity assets. A liability is recorded for payments made for workers' compensation pursuant to the FECA because NSF will reimburse the U.S. Department of Labor (DOL) 2 years after the payment of expenses. Liabilities for custodial non-entity assets are recorded to offset accounts receivable balances associated with canceled appropriations.

M. Federal Employee Salary, Leave, and Benefits Payable

Federal Employee Salary, Leave and Benefits Payable primarily consists of accrued payroll and unfunded employee leave. Accrued payroll relates to services performed by NSF employees. The Department of Interior's Business Center is NSF's payroll service provider. NSF accrues the amount of salaries earned but not paid as of the end of the reporting period.

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each quarter, the balance in the accrued annual leave account is adjusted to reflect changes. To the extent current and prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future appropriations. Sick leave and other types of non-vested leave are expensed as taken.

N. Other Post-Employment Liabilities

Other Post-Employment Liabilities consist of an actuarial FECA liability and other post-employment benefits due and payable. An actuarial liability is recorded for estimated future payments for workers' compensation pursuant to the FECA. The actuarial FECA liability is the present value of estimated future payments calculated by DOL and is recorded as an unfunded liability. Future appropriations will be used for DOL's estimated reimbursement. Other post-employment benefits due and payable include salary and benefits continuation and lump sum leave payouts related to the fiscal year 2025 deferred resignation program.

O. Liabilities Not Covered by Budgetary Resources

Liabilities Not Covered by Budgetary Resources may include liabilities associated with future environmental cleanup, legal claims, FECA, unfunded leave, and other post-employment benefits due and payable resulting from the fiscal year 2025 deferred resignation program.

NSF cannot pay for liabilities unless authorized by law and covered by budgetary resources. Liabilities covered by budgetary resources are those for which appropriated funds are available as of the Balance Sheet date and include new budget authority, unobligated balances of budgetary resources, spending authority from offsetting collections, and recoveries of budget authority through downward adjustments of prior year obligations.

P. Other Liabilities (Other Than Intragovernmental)

Other Liabilities (Other Than Intragovernmental) consist of Accrued Grant Liabilities and a Liability for Non-Fiduciary Deposit Funds.

Accrued Grant Liabilities consist of estimated liabilities to grantees for expenses incurred but not reported (IBNR) by September 30th. For standard grants and cooperative agreements, NSF's grant accrual methodology utilizes a linear regression model based on the statistical correlation between prior year unliquidated obligations and prior year expenses IBNR.

Accrued Grant Liabilities also consist of an accrual specifically for NSF Small Business Innovation Research (NSF SBIR) and NSF Small Business Technology Transfer (NSF STTR) grants. NSF SBIR and NSF STTR awards have unique terms and conditions compared to standard NSF grants and cooperative agreements. This methodology calculates any SBIR and STTR funds approved for payment, but not yet disbursed to the grantee as of September 30th.

Liability for Non-Fiduciary Deposit Funds consists primarily of foreign contributions. NSF does not own or use the funds contributed by its foreign partners. NSF acts solely as an intermediary to transfer the funds from the foreign partner to the awardee which manages the applicable project. The Liability for Non-Fiduciary Deposit Funds does not have budgetary impact.

Q. Net Position

Net Position is the residual difference between assets and liabilities and is composed of Unexpended Appropriations and Cumulative Results of Operations, presented separately by Dedicated Collections and Funds Other Than Dedicated Collections. *Unexpended Appropriations* represent the amount of undelivered orders and unobligated balances of budget authority. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. *Cumulative Results of Operations* represent the net results of NSF's operations since the Foundation's inception.

R. Retirement Plan

In FY 2025, approximately 1 percent of NSF employees participated in the Civil Service Retirement System (CSRS), to which NSF matches contributions up to 7 percent of pay. The majority of NSF employees are covered by the Federal Employees Retirement System (FERS) and Social Security. A primary feature of FERS is the thrift savings plan to which NSF automatically contributes 1 percent of pay. The maximum NSF matching contribution is 5 percent of employee pay, of which 3 percent is fully matched, and 2 percent is matched at 50 percent. NSF also contributes to the employer's matching share for Social Security for FERS participants.

Although NSF funds a portion of the benefits under FERS and CSRS relating to its employees and withholds the necessary payroll deductions, the Foundation has no liability for future payments to employees under these plans, nor does NSF report CSRS, FERS, Social Security assets or accumulated plan benefits on its financial statements. Reporting such amounts is the responsibility of the Office of Personnel Management (OPM) and the Federal Retirement Thrift Investment Board.

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and provide these factors to the agency for current period expense reporting. Information is also provided by OPM regarding the full cost of health and life insurance benefits on OPM's Benefits Administration website: https://www.opm.gov retirementcenter/publications-forms/benefits-administration-letters/2025/25-304.pdf.

S. Contingencies and Possible Future Costs

Contingencies - Claims and Lawsuits: NSF is a party to various legal actions and claims brought against it. In the opinion of NSF management and legal counsel, the ultimate resolution of these actions and claims will not materially affect the financial position or operations of the Foundation. NSF recognizes the contingency in the financial statements when claims are probable, expected to result in a material loss, and the payment amounts can be reasonably estimated, whether from NSF's appropriations or the Judgment Fund, administered by the Department of Justice under Section1304 of Title 31 of the U.S.C.

There are some cases where the likelihood of loss is deemed reasonably possible. A contingent liability is not required to be recorded but the estimated loss must be disclosed in the footnotes. In addition, there are cases where the likelihood of loss is deemed remote. A contingent liability is not required to be recorded or disclosed for these cases. Claims and lawsuits can also be made and filed against awardees of the Foundation by third parties.

NSF is not a party to these actions and NSF believes there is no possibility that NSF will be legally required to satisfy such claims. Judgments or settlements of the claims against awardees that impose a financial obligation on them may be claimed as costs under the applicable contract, grant or cooperative agreement and thus may affect the allocation of program funds in future fiscal years. In the event that the claim becomes probable and amounts can be reasonably estimated, the claim will be recognized.

Contingencies – Unasserted Claims: For claims and lawsuits that have not been made and filed against the Foundation, NSF management and legal counsel determine, in their opinion, whether the resolution of the actions and claims they are aware of will materially affect the Foundation's financial position or operations. NSF recognizes a contingency in the financial statements if unasserted claims are probable of assertion, and if asserted, would be probable of an unfavorable outcome and expected to result in a measurable loss, whether from NSF's appropriations or the Judgment Fund. NSF discloses unasserted claims if the loss is more likely than not to occur, but the materiality of a potential loss cannot be determined.

Termination Claims: NSF engages organizations, including FFRDCs, in cooperative agreements and contracts to manage, operate and maintain research facilities for the benefit of the scientific community. As part of these agreements and contracts, NSF funds on a pay-as-you-go basis certain employee benefit costs (accrued vacation and other employee related liabilities, severance pay and medical insurance), long-term leases, and vessel usage and drilling. In some instances, an award decision is made to continue operation of a facility with a different entity performing operation and management duties. In such an occurrence, NSF does not classify the facility as terminated. Claims submitted by the previous managing entity for expenditures not covered by the indirect cost rate included in the initial award are subject to audit and typically paid with existing program funds.

Agreements with FFRDCs include a clause that commits NSF to seek appropriations for termination expenses, if necessary, in the event a facility is terminated. NSF considers termination of these facilities only remotely possible. Should a facility be terminated, NSF is obligated to seek termination expenses for FFRDCs in excess of the limitation of funds set forth in the agreements, including any Post-Retirement Benefit liabilities, from Congress. Nothing in these agreements can be construed as implying that Congress will appropriate funds to meet the terms of any claims. Termination costs that may be payable to an FFRDC operator cannot be estimated until such time as the facility is terminated.

Environmental and Disposal Liabilities: NSF assesses the likelihood of required cleanup and establishes its environmental liability estimates in accordance with the requirements of the SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, and as amended by SFFAS No. 12, *Recognition of Contingent Liabilities Arising from Litigation*, and SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, and the Federal Financial Accounting and Auditing Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*.

Special attention is paid to USAP to ensure compliance with the Antarctic Conservation Act requirements for environmental cleanup in Antarctica. NSF continually monitors USAP in regards to environmental issues. While NSF is not legally liable for environmental cleanup costs in the Antarctic, there are occasions when the NSF Office of Polar Programs chooses to accept responsibility and commit funds toward cleanup efforts of various sites as resources permit.

Decisions to commit funds are in no way driven by concerns of probable legal liability for failure to engage in such efforts, but rather a commitment to environmental stewardship of Antarctic natural resources. Environmental cleanup projects started and completed during the year are reflected in NSF's financial statements as expenses for the current fiscal year. An estimated cost would be accrued for approved projects that are anticipated to be performed after the fiscal year-end or will take more than one fiscal year to complete.

T. Use of Estimates

Management has made certain estimates and assumptions when reporting assets, liabilities, revenues, expenses, and note disclosures. Estimates underlying the accompanying financial statements can include accounting for grant liabilities, accounts payable, environmental liabilities, payroll, and PP&E. Actual results may differ from these estimates, and the difference will be adjusted for and included in the financial statements of the following quarter.

U. Permanent Indefinite Appropriations

NSF maintains permanent indefinite appropriations for R&RA, STEM Education (STEM EDU), Major Research Equipment and Facilities Construction (MREFC) and CHIPS. The R&RA appropriation is used for polar research and operations support, reimbursements to other federal agencies for operational and science support, and logistical and other related activities for USAP. The STEM EDU appropriation is used to support science and engineering education, and human resources programs and activities. The MREFC appropriation supports the procurement and construction of unique national research platforms, major research equipment and USAP modernization projects. The CHIPS appropriation is used to support the domestic development and production of microelectronics and to strengthen the domestic microelectronics workforce.

V. Classified Activities

Accounting Standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Note 2. Fund Balance With Treasury

Fund Balance With Treasury (FBWT) consists of the following components as of September 30, 2025:

(Amounts in Thousands)		2025
Unobligated Balance	$	853,055
Obligated, Not Yet Disbursed		17,509,080
Non-Budgetary FBWT and Donations Sequestration		39,249
Total FBWT	$	18,401,384

Obligated, Not Yet Disbursed includes obligations for which outlays have not been made. Unobligated Balance includes current period amounts available for obligation or commitment as well as recoveries of prior year obligations, reimbursements and other income, and other unobligated expired funds that are unavailable for new obligations. *Non-Budgetary FBWT and Donations Sequestration* primarily includes a non-fiduciary deposit fund account for foreign contributions, which is a liability to NSF totaling $39 million as of September 30, 2025. *Non-Budgetary FBWT and Donations Sequestration* are considered non-entity assets.

Note 3. Property, Plant, and Equipment, Net

To support the Financial Report of the U.S. Government (FR) compilation process, the Property, Plant, and Equipment, Net reconciliation as of September 30, 2025 is below:

(Amounts in Thousands)		2025
		Net PP&E
Balance Beginning of Fiscal Year	$	493,778
Capitalized Acquisitions		48,243
Dispositions/Revaluations		(386)
Depreciation Expense		(40,580)
Balance as of September 30, 2025	$	501,055

The components of *Property, Plant, and Equipment, Net* as of September 30, 2025 are shown below. As of September 30, 2025, NSF determined that scheduled maintenance or repairs on one item of Antarctic capital equipment in poor condition was not completed and was deferred or delayed for a future period. Further details on asset impairments and deferred maintenance are included in the Required Supplementary Information.

(Amounts in Thousands) **2025**

	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Equipment	$ 180,840	$ (150,227)	$ 30,613
Aircraft	13,180	(13,180)	-
Buildings and Structures	377,503	(212,250)	165,253
Leasehold Improvements	30,584	(17,006)	13,578
Construction in Progress	202,370	-	202,370
Internal Use Software	195,889	(142,459)	53,430
Software in Development	35,811	-	35,811
Total PP&E	$ 1,036,177	$ (535,122)	$ 501,055

Note 4. Property, Plant, and Equipment in the Custody of Other Entities

NSF received a ruling from FASAB on accounting for non-USAP PP&E owned by NSF but in the custody of and used by others (see Note 1J. *Property, Plant, and Equipment in the Custody of Other Entities*). The FASAB guidance requires NSF FOP in the custody of others be excluded from NSF PP&E as defined in the SFFAS No. 6, *Accounting for Property, Plant, and Equipment*. NSF is required to disclose the NBV of PP&E held by others for any entity which separately discloses NSF property in the most recently issued audited financial statements of the organization holding the assets.

Major facilities with significant FOP are required to disclose in their audited financial statements the value of FOP in their custody. With the exception of these major facilities, other entities which received NSF funding are not required to report FOP separately in their audited financial statements. For entities that hold FOP but do not disclose the NBV in their audited financial statements, the value of FOP will be listed as unavailable below.

Entities with Audited and Separately Reported NSF Federally Owned Property

(Amounts in Thousands)

	Net Book Value	Fiscal Year Ending
Associated Universities, Inc.	$ 200,687	9/30/2024
Association of Universities for Research in Astronomy, Inc.	$ 1,295,176	9/30/2024
California Institute of Technology	Unavailable	9/30/2024
Dartmouth College	Unavailable	6/30/2024
Earthscope Consortium Inc.	Unavailable	6/30/2024
Florida State University	Unavailable	6/30/2024
GENCO	Unavailable	Unavailable
Oregon State University	Unavailable	6/30/2024
SRI International	Unavailable	12/27/2024
University Corporation for Atmospheric Research	$ 71,333	9/30/2024
University of Alaska Fairbanks	$ 113,000	6/30/2024
University of California San Diego	Unavailable	6/30/2024
University of Central Florida Board of Trustees, The	Unavailable	6/30/2024
University of Hawaii	Unavailable	6/30/2024
University of Rhode Island	Unavailable	6/30/2024
University of Washington	Unavailable	6/30/2024
University of Wisconsin System	$ 11,400	6/30/2024
Woods Hole Oceonographic Institution	Unavailable	12/31/2024

Note 5. Leases

NSF currently has a non-cancelable occupancy agreement with GSA for its headquarters in Alexandria, VA. This agreement contains escalation clauses tied to operating expenses and taxes and was originally scheduled to remain active through FY 2032. However, as of September 30, 2025, NSF's current occupancy agreement will be ending in FY 2026.

NSF also has an occupancy agreement with GSA for warehouse space in Springfield, VA that will expire in FY 2029 and contains an escalation clause tied to operating expenses. The agreement has a cancellation clause that allows NSF to terminate use with 120-day notice and contains a contingent rental based on re-appraised rental rates.

NSF serves as the administrative funding agent for two National Coordinating Offices (NCOs), the National Nanotechnology Coordinating Office (NNCO) and the Networking And Information Technology Research And Development (NITRD) Program. NSF has an occupancy agreement with GSA on behalf of these NCOs for office space at L'Enfant Plaza, Washington, D.C. that will expire in FY 2028. The cancellation clause with the agreement allows NSF to terminate use with 120-day notice.

Intragovernmental lease payments made to GSA during FY 2025 are presented below by asset category:

(Amounts in Thousands)		2025
Real Property	$	25,962
Vehicles		5
Total Intragovernmental Lease Expense	$	25,967

Note 6. Environmental and Disposal Liabilities

Asbestos

Pursuant to FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, federal entities are required to recognize a liability for federal property asbestos cleanup costs. Some NSF-owned buildings and structures used to support USAP have been identified as having, or expecting to have, friable and non-friable asbestos containing material.

As required by SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, NSF works with the current USAP contractor through the Antarctic Support Contract (ASC) to determine the need for asbestos liability adjustments based on actual asbestos costs incurred on an annual basis. Actual asbestos remediation costs are submitted by the ASC and the asbestos liability is adjusted for the impact. The asbestos liability was $14 million as of September 30, 2025.

Note 7. Funds from Dedicated Collections

In FY 1999, Title IV of the American Competitiveness and Workforce Improvement Act of 1998 (P.L. 105-277) established the H-1B Nonimmigrant Petitioner Account in the General Fund of the U.S. Treasury. Funding is established from fees collected for alien, nonimmigrant status petitions. This law requires that a prescribed percentage of the funds in the account be made available to NSF for the following activities:

- Scholarships in Science, Technology, Engineering and Mathematics
- Grants for Mathematics, Engineering or Science Enrichment Courses
- Systemic Reform Activities

The H-1B Nonimmigrant Petitioner fees are available to the Director of NSF until expended. The funds may be used for scholarships to low income students, or to carry out a direct or matching grant program to support private and/or public partnerships in K-12 education. The H-1B fund is set up as a permanent indefinite appropriation by NSF. These funds are described in the Budget of the U.S. Government (President's Budget). *Funds from Dedicated Collections* are accounted for in a separate Treasury Account Symbol (TAS), and the budgetary resources are recorded as *Funds from Dedicated Collections Transferred In / (Out)*. *Funds from Dedicated Collections* are reported in accordance with SFFAS No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*. As of September 30, 2025, NSF was subject to a temporary H-1B sequestration of $10 million.

Balance Sheet as of September 20, 2025

(Amounts in Thousands)		2025
Assets		
Intragovernmental Assets		
Fund Balance With Treasury	$	719,145
Accounts Receivable, Net		
Assets for Custodial and Non-Entity Liabilities - Other Than the General Fund of the US Government		9,555
Total Accounts Receivable, Net		9,555
Total Intragovernmental Assets		728,700
Total Assets	**$**	**728,700**
Liabilities		
Other Than Intragovernmental Liabilities		
Accounts Payable		354
Other Liabilities		
Accrued Grant Liabilities		16,977
Total Other Liabilities		16,977
Total Other Than Intragovernmental Liabilities		17,331
Total Liabilities	**$**	**17,331**
Net Position		
Cumulative Results of Operations	$	711,369
Total Net Position	**$**	**711,369**
Total Liabilities and Net Position	**$**	**728,700**

Statement of Net Cost for the Fiscal Year Ended September 30, 2025

(Amounts in Thousands)		2025
Cross Costs	$	159,389
Less: Earned Revenue		-
Net Cost of Operations	**$**	**159,389**

Statement of Changes in Net Position for the Fiscal Year Ended September 30, 2025

(Amounts in Thousands)		2025
Net Position (Cumulative Results of Operations), Beginning	**$**	**703,123**
Transfers In / (Out) Without Reimbursement		167,635
Net Cost of Operations		(159,389)
Net Change in Cumulative Results of Operations		8,246
Net Position (Cumulative Results of Operations), Ending	**$**	**711,369**

Note 8. Notes Related to the Statement of Budgetary Resources

A. Undelivered Orders at the End of the Year

In accordance with SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, the amount of budgetary resources obligated for undelivered orders was $17 billion for the period ended September 30, 2025.

(Amounts in Thousands)		2025
Undelivered Orders, Unpaid - Non-Federal	$	16,665,824
Undelivered Orders, Paid - Federal		60,511
Undelivered Orders, Unpaid - Federal		327,319
Total Undelivered Orders - Federal		387,830
Total Undelivered Orders	$	17,053,654

B. Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires explanations of material differences between amounts reported in the Statement of Budgetary Resources (SBR) and the actual balances published in the President's Budget. The FY 2027 President's Budget will include FY 2025 budget execution information and is scheduled for publication in the spring of 2026 and can be found upon publication on the OMB website at: https://www.whitehouse.gov/omb/informationresources/budget/.

Balances reported in NSF's FY 2024 SBR and the actual FY 2024 balances reported in the FY 2026 President's Budget Request, published May 2, 2025, are shown in a table below for Budgetary Resources, New Obligations and Upward Adjustments, Distributed Offsetting Receipts, Net Outlays and any related differences. The differences reported are due to differing reporting requirements for expired and unexpired appropriations between the Treasury guidance used to prepare the SBR and the OMB guidance used to prepare the President's Budget. The SBR includes both unexpired and expired appropriations, while the President's Budget presents only unexpired budgetary resources that are available for new obligations. Additionally, the Distributed Offsetting Receipts amount on the SBR includes donations, while the President's Budget does not.

(Amounts in Thousands)	2024			
	Total Budgetary Resources	New Obligations and Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resource	$ 10,751,754	$ 9,746,030	$ 36,722	$ 9,438,235
Expired Accounts	(337,466)	(93,087)	-	-
Budget of the U.S. Government	$ 10,414,288	$ 9,652,943	$ 36,722	$ 9,438,235

Note 9. Awards to Affiliated Institutions

NSB members may be affiliated with institutions that are eligible to receive grants and awards from NSF. NSF made awards totaling $689 million to Board member affiliated institutions as of September 30, 2025. The Board does not review all NSF award actions; however the following require NSB approval for the NSF Director to take action under delegated authority:

- Proposed awards where the average annual award amount is the greater of 1 percent of the prior year current plan of the awarding directorate/office, or 0.1 percent of the prior year enacted NSF budget level;
- MREFC awards;
- Amendments to awards and procurement actions specifying a dollar amount in the Board resolution, if the amended award exceeds the lesser of $10 million dollars or 20 percent of the amount specified in the Board resolution; and
- In the case of procurements when no amount was specified in the Board resolution, if the amended amount exceeds the lesser of $10 million dollars or 20 percent of the contract ceiling award amount.

The Director will continue to consult with the NSB on programs which represent a significant, long-term investment, particularly those which will be funded as an ongoing NSF-wide activity or which involve substantive policy, interagency or international issues.

The Director's Review Board (DRB) reviews proposed actions for evaluation adequacy and documentation, and compliance with Foundation policies, procedures and strategies. Items requiring DRB action include large awards and Requests for Proposal that meet or exceed a threshold of 2.5 percent of the prior year Division or Subactivity Plan. In addition, the DRB reviews all items requiring NSB action as well as NSB information items prior to submission.

NSF may fund awards meeting the above requirements to institutions affiliated with Board members. Federal conflict of interest rules prohibit NSB members from participating in matters where they have a conflict of interest or there is an impartiality concern without prior authorization from the Designated Agency Ethics Official or delegee. Prior to Board meetings, all NSB action items are screened for conflict of interest/impartiality concerns by the NSB Counsel and a Legal Administrative Specialist in the NSB. Members who have conflicts are either recused from the matter or receive a waiver from the Deputy Ethics Official to participate. NSB did not approve any awards to Board member affiliated institutions in FY 2025.

Note 10. Incidental Custodial Collections

NSF collects custodial non-exchange revenues that are immaterial and incidental to its primary mission; therefore, NSF does not prepare a separate Statement of Custodial Activity. The custodial revenues consist of interest, penalties, and other miscellaneous general fund receipts. At the end of each fiscal year, the custodial collections are transferred to the General Fund of the Treasury. For the year ended September 30, 2025, NSF collected $5 million in custodial revenues and transferred the collections to Treasury at the end of the fiscal year.

Note 11. Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation)

The Reconciliation of Net Cost to Net Outlays reconciles the net costs for a federal entity's programs and operations to the net outlays for that entity. The reconciliation validates the relationship between budgetary and proprietary accounting information. Examples of the reconciling items identified are: (1) transactions which resulted in an outlay but did not result in a cost; (2) unpaid expenses included in the net cost in this reporting period but not yet included in outlays; and (3) other temporary timing differences such as special adjustments including prior period adjustments due to correction of errors.

(Amounts in Thousands)	2025			
	Intragovernmental		Other than Intragovernmental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	**$**	**246,611**	**9,680,729**	**9,927,340**
Components of Net Operating Cost Not Part of the Budgetary Outlays				
Property, Plant, and Equipment Depreciation Expense		-	(40,580)	(40,580)
Applied Overhead / Cost Capitalization Offset		-	48,243	48,243
Increase / (Decrease) in Assets not Affecting Budgetary Outlays				
Accounts Receivable, Net		(6,688)	90	(6,598)
Other Assets		26,900	(14)	26,886
(Increase) / Decrease in Liabilities not Affecting Budgetary Outlays				
Accounts Payable		49,211	(8,401)	40,810
Federal Employee Salary, Leave, and Benefits Payable		-	(7,459)	(7,459)
Other Post-Employment Liabilities		-	(4,628)	(4,628)
Environmental and Disposal Liabilities		-	(1,149)	(1,149)
Other Liabilities		(454)	22,228	21,774
Financing Sources				
Imputed Costs		(34,935)	-	(34,935)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays		**34,034**	**8,330**	**42,364**
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost				
Financing Sources				
Donated Revenue		-	(26,268)	(26,268)
Transfers Out (In) Without Reimbursement		301	-	301
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost		**301**	**(26,268)**	**(25,967)**
Miscellaneous Items				
Custodial / Non-Exchange Revenue		(270)	(4,588)	(4,858)
Total Miscellaneous Items		**(270)**	**(4,588)**	**(4,858)**
Total Net Outlays (Calculated Total)	**$**	**280,676**	**9,658,203**	**9,938,879**
Related Amounts on the Statement of Budgetary Resources				
Net Outlays				$ 9,970,004
Distributed Offsetting Receipts				(31,125)
Budgetary Agency Outlays, Net				**$ 9,938,879**

Note 12. Reclassification of Financial Statement Line Items for FR Compilation Process

To prepare the FR, the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position. Treasury eliminates intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the NSF's financial statements and the NSF's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2024 FR can be found on the FR website and a copy of the 2025 FR will be posted to this site as soon as it is released: https://www.fiscal.treasury.gov/reports-statements/.

The term "intragovernmental" is used in this note to refer to amounts that result from transactions with other components of the Federal Government. The term "non-federal" is used to refer to transactions with non-federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local and foreign governments.

Reclassification of Statement of Net Cost (SNC) to Line Items Used for the Government-wide SNC for the Fiscal Year Ending September 30, 2025 (Amounts in Thousands)

FY 2025 National Science Foundation SNC		Line Items Used to Prepare FY 2025 Government-wide SNC			
Financial Statement Line	**Amount**	**Dedicated Collections**	**Other Than Dedicated Collections**	**Total**	**Reclassified Financial Statement Line**
GROSS COSTS					
Research and Related Activities	$ 8,184,517	$ 159,389	$ 9,521,340	$ 9,680,729	Non-Federal Gross Cost
		159,389	9,521,340	9,680,729	Total Non-Federal Gross Cost
STEM Education	1,318,551	-	59,875	59,875	Benefit Program Costs
Major Research Equipment and Facilities Construction	319,771	-	34,935	34,935	Imputed Costs
CHIPS for America Workforce and Education	9,026	-	221,084	221,084	Buy/Sell Costs
Donations and Dedicated Collections	183,448	-	18,690	18,690	Other Expenses (Without Reciprocals)
		-	334,584	334,584	Total Federal Gross Cost
TOTAL GROSS COSTS	**$ 10,015,313**	**$ 159,389**	**$ 9,855,924**	**$ 10,015,313**	**TOTAL RECLASSIFIED GROSS COSTS**
EARNED REVENUE					**EARNED REVENUE**
Research and Related Activities	$ (77,978)	$ -	$ -	$ -	Non-Federal Earned Revenue
		-	-	-	Total Non-Federal Earned Revenue
STEM Education	(9,995)	-	(87,973)	(87,973)	Buy/Sell Revenue (Exchange)
		-	(87,973)	(87,973)	Total Federal Earned Revenue
TOTAL EARNED REVENUE	**$ (87,973)**	**$ -**	**$ (87,973)**	**$ (87,973)**	**TOTAL RECLASSIFIED EARNED REVENUE**
NET COST OF OPERATIONS	**$ 9,927,340**	**$ 159,389**	**$ 9,767,951**	**$ 9,927,340**	**NET COST OF OPERATIONS**

Reclassification of Statement of Changes in Net Position (SCNP) to Line Items Used for the Government-wide Statement of Operations and Changes in Net Position for the Fiscal Year Ending September 30, 2025(Amounts in Thousands)

FY 2025 National Science Foundation SCNP		Line Items Used to Prepare FY 2025 Government-wide SCNP				
Financial Statement Line	**Amount**	**Dedicated Collections**	**Other Than Dedicated Collections**	**Total**		**Reclassified Financial Statement Line**
UNEXPECTED APPROPRIATIONS						
Beginning Balance	**$ 17,943,822**	**$ -**	**$ 17,943,822**	**$ 19,173,011**		**Net Position, Beginning of Period (Includes Unexpended Appropriations and Cumulative Results of Operations)**
Appropriations Received	8,876,000	-	8,769,750	8,769,750		Appropriations Received
Appropriations Transferred In / (Out)	9,694	-	9,694	9,694		Non-Expenditures Transfers - Into Unexpended Appropriations & Financing Sources (Federal)
Other Adjustments (Canceled Authority)	(106,250)	-	-	-		Other Adjustments
Appropriations Used	(9,718,644)	-	(9,718,644)	(9,718,644)		Appropriations Used
Net Change in Unexpended Appropriations	**(939,200)**					
TOTAL UNEXPENDED APPROPRIATIONS, ENDING	**$ 17,004,622**					
CUMULATIVE RESULTS OF OPERATIONS						
Beginning Balance	**$ 1,229,189**	**$ 703,123**	**$ 526,066**	**Included Above**		**Net Position, Beginning of Period (Included Above)**
Appropriations Used	9,718,644	-	9,718,644	9,718,644		Appropriations Used
Non-Exchange Revenue	55					
Donations	26,268	-	30,844	30,844		Other Taxes and Receipts
Other (1 of 2)	4,521					
Total Non-Exchange Revenues	30,844	-	30,844	30,844		Total Non-Federal Non-Exchange Revenues
		499	-	499		Accruals for Entity Amounts to be Collected in a TAS Other Than the General Fund of the U.S. Government - Non-Exchange (RC 16) - federal non-exchange revenue
		-	(301)	(301)		Expenditure Transfers-Out of Financing Sources
		176,691	-	176,691		Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
		(9,555)	-	(9,555)		Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
Transfers In / (Out) Without Reimbursement	167,334	167,635	(301)	167,334		Total Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In (Out)
Imputed Financing	34,935	-	34,935	34,935		Imputed Financing Sources
		-	-	-		Collections for others transferred to the General Fund of the U.S. Government
		-	(4,900)	(4,900)		Collections Transferred into a TAS Other Than the General Fund of the U.S. Government
		-	(62)	(62)		Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
Other (2 of 2)	(4,962)	-	(4,962)	(4,962)		Total Non-Entity Collections Transferred and Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
		167,635	9,779,160	9,946,795		Total Financing Sources
Net Cost of Operations	(9,927,340)	(159,389)	(9,767,951)	(9,927,340)		Net Cost of Operations
Net Change in Cumulative Results of Operations	**19,455**					
TOTAL CUMULATIVE RESULTS OF OPERATIONS, ENDING	**$ 1,248,644**					
NET POSITION	**$ 18,253,266**	**$ 711,369**	**$ 17,541,897**	**$ 18,253,266**		**NET POSITION**

REQUIRED SUPPLEMENTARY INFORMATION

Deferred Maintenance and Repairs

For the Fiscal Year Ended
September 30, 2025

Deferred Maintenance and Repairs

NSF performs condition assessment surveys in accordance with SFFAS No. 42, *Deferred Maintenance and Repairs*, for capitalized PP&E, including fully depreciated personal property to determine if any maintenance and repairs are needed to keep an asset in an acceptable condition or restore an asset to a specific level of performance. NSF considers deferred maintenance and repairs to be any maintenance and repairs that are not performed on schedule, unless it is determined from the condition of the asset that scheduled maintenance does not have to be performed. Deferred maintenance and repairs also include any other type of maintenance or repair that, if not performed, would render the PP&E non-operational. Circumstances such as non-availability of parts or funding are considered reasons for deferring maintenance and repairs.

NSF considered whether any scheduled maintenance or repair necessary to keep fixed assets of the agency in an acceptable condition was deferred at the fiscal year ended September 30, 2025. Assets deemed to be in excellent, good or fair condition are considered to be in acceptable condition. Assets in poor or very poor condition are in unacceptable condition and the deferred maintenance and repairs required to get them to an acceptable condition are reported. NSF determines the condition of an asset in accordance with standards comparable to those used in the private industry. Due to the environment and remote location of Antarctica, all deferred maintenance and repairs on assets in poor or very poor condition are considered critical in order to maintain operational status.

In accordance with SFFAS No. 42, NSF disclosed the beginning and ending balances for deferred maintenance. For the fiscal year ended September 30, 2025, NSF determined that scheduled maintenance or repairs on one item of Antarctic capital equipment in poor condition was not completed and was deferred or delayed for a future period, a decrease from the three items totaling $500 thousand in deferred maintenance at the beginning of FY 2025. The dollar amount of the deferred maintenance for this item was $300 thousand as of the fiscal year ended September 30, 2025. The item was heavy mobile equipment and was not considered critical to NSF operations.

REQUIRED SUPPLEMENTARY INFORMATION

Combining Statement of Budgetary Resources by Major Budget Accounts

Required Supplementary Information *(September 30, 2025)*

In the following table, NSF budgetary information for the fiscal year ended September 30, 2025, as presented in the Statement of Budgetary Resources, is disaggregated for each of NSF's major budget accounts.

Combined Statement of Budgetary Resources 2025 (Amounts in Thousands)

	R&RA	EDU	MREFC	CHIPS	OIG, AOAM and NSB	Special and Donated	Total
Budgetary Resources							
Unobligated Balance from Prior Year Budget Authority, Net	$ 577,710	$ 387,442	$ 369,361	$ 25,042	$ 16,885	$ 190,435	$ 1,566,875
Appropriations	7,162,794	1,172,000	23,400	50,000	477,500	193,404	9,079,098
Spending Authority from Offsetting Collections	81,094	6,081	-	-	4,986	-	92,161
Total Budgetary Resources	**$ 7,821,598**	**$ 1,565,523**	**$ 392,761**	**$ 75,042**	**$ 499,371**	**$ 383,839**	**$ 10,738,134**
Status of Budgetary Resources							
New Obligations and Upward Adjustments	$ 7,462,578	$ 1,285,679	$ 336,773	$ 75,000	$ 482,097	$ 242,952	$ 9,885,079
Unobligated Balance, End of Year							
Apportioned, Unexpired	40,391	8,245	49,899	-	2,529	51,234	152,298
Unapportioned, Unexpired	52,682	59,190	6,057	42	43	89,653	207,667
Unobligated Balance, Unexpired, End of Year	93,073	67,435	55,956	42	2,572	140,887	359,965
Unobligated Balance, Expired, End of Year	265,947	212,409	32	-	14,702	-	493,090
Total Unobligated Balance, End of Year	359,020	279,844	55,988	42	17,274	140,887	853,055
Total Status of Budgetary Resources	**$ 7,821,598**	**$ 1,565,523**	**$ 392,761**	**$ 75,042**	**$ 499,371**	**$ 383,839**	**$ 10,738,134**
Net Outlays							
Net Outlays	7,736,542	1,253,099	294,941	8,513	503,146	173,763	9,970,004
Distributed Offsetting Receipts	-	-	-	-	-	(31,125)	(31,125)
Net Agency Outlays	**$ 7,736,542**	**$ 1,253,099**	**$ 294,941**	**$ 8,513**	**$ 503,146**	**$ 142,638**	**$ 9,938,879**

CHAPTER THREE

OTHER INFORMATION

SUMMARY OF FY 2025 FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Table 3.1: Summary of Financial Statement Audit

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)					
Audit Opinion	*Unmodified*				
Restatement	*No*				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	*0*	-	-	-	*0*

Table 3.2: Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	*Unmodified*					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	*0*	-	-	-	-	*0*

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	*Unmodified*					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	*0*	-	-	-	-	*0*

Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	*Systems conform to financial management system requirements*					
Non-Conformances	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total non-conformances	*0*	-	-	-	-	*0*

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Agency	**Auditor**
Federal Financial Management System Requirements	*No lack of substantial compliance noted*	
Applicable Federal Accounting Standards	*No lack of substantial compliance noted*	
USSGL at Transaction Level	*No lack of substantial compliance noted*	

MANAGEMENT CHALLENGES FOR THE U.S. NATIONAL SCIENCE FOUNDATION IN FISCAL YEAR 2026

U.S. National Science Foundation
Office of Inspector General

December 5, 2025

U.S. National Science Foundation
Office of Inspector General

MEMORANDUM

DATE: December 5, 2025

TO: Dr. Victor McCrary
Chair
National Science Board

Mr. Brian Stone
NSF Chief of Staff, Performing the duties of the NSF Director
U.S. National Science Foundation

FROM: Megan E. Wallace
Acting Inspector General

SUBJECT: Management Challenges for the U.S. National Science Foundation in Fiscal Year 2026

Attached for your information is our report, *Management Challenges for the U.S. National Science Foundation in Fiscal Year 2026*. The *Reports Consolidation Act of 2000* (Pub. L. No. 106- 531) requires us annually to update our assessment of the "most serious management and performance challenges facing the agency … and the agency's progress in addressing those challenges." A summary of the report will be included in the U.S. National Science Foundation Agency Financial Report.

We appreciate the courtesies and assistance NSF staff provided during the completion of this report.

If you have questions, please contact me at 703-292-7100.

Attachment

INTRODUCTION

The U.S. National Science Foundation (NSF) is an independent federal agency that supports science and engineering in all 50 states and U.S. territories. Congress established NSF in 1950 to promote the progress of science; advance the national health, prosperity, and welfare; and secure the national defense. NSF fulfills its mission primarily by making grants. Its investments account for about 25 percent of federal support to America's colleges and universities for basic research. NSF also supports solutions-oriented research with the potential to produce advancements for the American people.

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires us annually to update our assessment of NSF's "most serious management and performance challenges ... and the agency's progress in addressing those challenges." Each year, we identify these challenges based on our audit, inspection and investigative work; knowledge of the NSF's operations; independent sources such as U.S. Government Accountability Office reports and NSF's advisory committees; and discussions with NSF senior staff and contractors. We identify management challenges as those that meet at least one of the following criteria:

- The issue involves an operation that is critical to an NSF core mission.
- The issue presents a risk of fraud, waste or abuse to NSF or other government assets.
- The issue involves strategic alliances with other agencies, the U.S. Office of Management and Budget, the administration, Congress or the public.
- The issue is related to key initiatives of the president.

It is important to note that identifying an issue as a "management challenge" does not necessarily mean NSF is having difficulty addressing it; instead, it means we identify the issue as one of the top challenges facing NSF and report on NSF's progress in addressing it, as required by the Act.

We identified three areas representing the most serious management and performance challenges facing NSF in FY 2026:

- Adapting to Changes in NSF's Grant-making Environment;
- Overseeing the United States Antarctic Program (USAP); and
- Mitigating Threats to Research Security.

We introduced a new challenge, "Adapting to Changes in NSF's Grant-making Environment," to reflect the many changes NSF has been experiencing over the past year. This challenge incorporates two challenge areas from last year: "Overseeing NSF's Funding Portfolio" and "Managing Human Capital." We also combined the prior-year challenge, "Overseeing and Managing Risks of Sexual Assault/Harassment in Antarctica," with "Overseeing the United States Antarctic Program (USAP)."

Finally, we removed two prior-year challenges, "Growing Participation and Capacity in STEM Education and Workforce" and "Addressing Sexual Harassment in the Scientific Enterprise." Nevertheless, addressing harassment in the scientific enterprise remains an issue that needs to be addressed. As described in our February 2025 report, Review of NSF Award Recipient Compliance with NSF's Harassment Terms and Conditions, we evaluated whether 100 recipient organizations were complying with NSF's harassment terms and conditions.

We found that these recipients generally had policies and procedures to prohibit harassment. However, the majority had not implemented policies and procedures—or updated their existing policies and procedures—to specifically incorporate NSF's harassment terms and conditions. As a result, recipient policies were often insufficient to ensure compliance with NSF's harassment terms and conditions and were not consistent with NSF's terms, conditions and other guidance. We made four recommendations to help ensure NSF-funded research and learning environments are free from all forms of harassment. We will continue to monitor NSF's progress in this area.

Following the issuance of this report, NSF will include its Management Challenges Progress Report and its response to *Management Challenges for the U.S. National Science Foundation in Fiscal Year 2025* in its Agency Financial Report.

The NSF NRAO Very Large Array (NSF VLA) telescope is located on the Plains of San Agustin, about 80 kilometers west of the Array Operations Center in Socorro, New Mexico. The VLA is composed of 27 individual antennas arranged in a "Y" pattern. Four times each year, the VLA antennas are moved into new configurations by a transporter that moves along dual sets of railroad tracks. In their closest configuration (about 1 kilometer wide) the VLA is able to image large portions of the sky. In its largest configuration (about 36 kilometers wide) the VLA is able to hone in on the fine details of astronomical objects. Image credit: NRAO/AUI and photographer Kelly Gatlin; digital composite, Patricia Smiley

Challenge 1: Adapting to Changes in NSF's Grant-Making Environment

Making grants to support promising scientific research is a key element of NSF's mission. NSF's grant-making environment has undergone significant changes in 2025, as well as in the past several years. NSF faces a substantial loss of institutional knowledge due to workforce reductions in 2025, including the departure of its director and other senior leaders.

The NSF Technology, Innovation and Partnerships (NSF TIP) directorate was formally established by the CHIPS and Science Act of 2022. The Act created several new requirements for NSF and provided NSF with the authority to use new types of award instruments. Although the Act authorized NSF's budget to more than double by FY 2027, to nearly $19 billion, actual appropriations have fallen short. NSF was funded at $9.06 billion in FYs 2024 and 2025, and NSF's FY 2026 budget request was $3.9 billion.

NSF continues to adapt to changes in its grant-making environment. For example, the NSF TIP directorate has continued to make significant progress in implementing its flagship initiative, the NSF Regional Innovation Engines (NSF Engines). This initiative aims to invest in multiple regions across the U.S., spurring research-driven economic growth in parts of the nation that have not fully participated in the technology boom of the past few decades. In January 2024, NSF announced the first nine NSF Engines, awarding coalitions spanning industry, higher education, nonprofit, tribal nations, and state and local governments. Each team received an initial $15 million over the first 2 years, with the potential to receive up to $160 million each over a decade. Sixty percent of the inaugural NSF Engines awardees included partners who were new to NSF funding and may have less experience managing federal funds than more traditional NSF awardees.

KEY FACTS

- This challenge involves an operation that is critical to an NSF core mission. It is also related to key initiatives of the president.
- The TIP Directorate has made extensive progress in implementing new programs.
- NSF is taking steps to manage its funding portfolio risks.
- NSF expects a workforce reduction of 25 percent between FY 2024 and FY 2026.
- NSF has made significant progress toward optimizing its workforce, but it faces a substantial loss of institutional knowledge due to workforce reductions.

The U.S. Office of Management and Budget (OMB) also updated the "Uniform Guidance" (Title 2 of the Code of Federal Regulations)—which comprises administrative requirements, cost principles and audit requirements for federal awards—effective for all federal awards issued on or after October 1, 2024. NSF issued an update to its Award Terms and Conditions to implement the updated Uniform Guidance, which required the more than 2,000 institutions that receive NSF funding to amend their award management environments to comply with the updated federal and NSF guidelines. OMB is expected to propose additional revisions to the Uniform Guidance in 2026. NSF is also implementing further changes to its grant management policies and processes to comply with the Executive Order on Improving Oversight of Federal Grantmaking, issued on August 7, 2025.

NSF has strengthened its controls and implemented risk mitigation techniques; however, new award instruments, programs and regulations present inherent challenges in ensuring the proper stewardship and accountability of award funds.

Workforce Reductions and Restructuring

Workforce reductions also create challenges for grant oversight and management. In its FY 2026 Budget Request to Congress, NSF proposed a 25 percent reduction in staffing, from 1,735 employees in FY 2024 to 1,297 in FY 2026. Since January 2025, the size of NSF's workforce has been reduced through multiple iterations of deferred resignation programs coupled with voluntary early retirement offers. Although NSF has made significant progress toward optimizing its workforce, it faces a substantial loss of institutional knowledge. Additionally, NSF has been without a director since April 2025, and a successor has not been nominated as of the date of this report.

NSF is optimizing its workforce by making organizational changes and restructuring its directorates to align with the administration's research and development priorities.[1] NSF's new structure will retain the existing directorates but replace divisions with sections that focus on five priority areas: artificial intelligence, quantum information science, biotechnology, nuclear energy and translational science.

In October 2025, NSF established new supervisory scientific positions and reassigned federal employees who had been supervised by non-federal employees, referred to as rotators, to federal supervisors.[2] This action resolved the recommendations from our August 2025 report, Review of NSF's Use of Non-Federal Employees in Supervisory Positions.[3] At the time of our review, NSF permitted rotators to perform supervisory functions prohibited by the U.S. Office of Personnel Management's guidance, such as conducting an employee's annual performance rating, engaging in performance based or adverse action procedures and rewarding employees. Our office is also conducting an evaluation of NSF's processes for separating employees and expects to publish the results in 2026.

NSF continues to express its commitment to its mission and establish priorities within the policy context set by Congress and the administration. NSF will need to continue implementing change management and remain agile to address the uncertainties and risks it faces.

NSF's Key Completed Actions

- Implemented multiple new policies for grants management at the award recipient level.
- Posted information on its website about recent executive orders affecting NSF and the research community.
- Replaced divisions with smaller, more agile sections.
- Established new supervisory scientific positions and reassigned federal employees who were supervised by rotators to federal supervisors.
- Published an Employee Separation Checklist and Guide to help with the offboarding of departing employees.

NSF's Key Planned and Ongoing Actions

- Conduct NSF Engines oversight and evaluate the results.
- Continue to execute its Gold Standard Science Implementation Plan as required by Executive Order 14303.

[1] M-25-34 I NSTM-2 "Fiscal Year (FY) 2027 Administration Research and Development Budget Priorities and Cross-Cutting Actions"
[2] As part of its human capital strategy, NSF employs temporary, non-federal staff through the Intergovernmental Personnel Act and the Visiting Scientist, Engineer and Educator program. These individuals—referred to as IPAs or rotators—bring fresh perspectives from all fields of science and engineering to support NSF's mission.
[3] OIG Report Number 25-09-005.

Challenge 2: Overseeing the United States Antarctic Program (USAP)

NSF manages the U.S. Antarctic Program (USAP) on behalf of the U.S. government. It operates three year-round stations—NSF McMurdo, Amundsen-Scott South Pole and Palmer—in partnership with the U.S. military, other federal agencies and private contractors. NSF also manages an Antarctic research vessel and temporary field stations. Antarctica's remote location, extreme environment and limited seasonal accessibility present challenges far beyond those encountered in domestic science operations.

Management of the Antarctic Support Contract

NSF provides logistical support for the USAP through the Antarctic Support Contract (ASC) and other agreements. The current ASC was awarded in 2011 and is set to expire in 2026; it is NSF's largest contract—valued at $2.8 billion over nearly 15 years. The NSF Office of Polar Programs monitors contract performance, and several other NSF offices collaborate to manage the USAP more broadly. Managing the contract is complex and requires a strong cost monitoring program, oversight of deliverables, deadline requirements and appropriate consideration of risks.

In May 2025, NSF released a request for proposal for the next USAP support contract. The Antarctic Science and Engineering Support Contract (ASESC) will be a single-award, indefinite-delivery indefinite-quantity contract spanning 20 years, with an $8 billion ceiling. NSF will need to closely monitor the transition from the ASC to the ASESC to ensure uninterrupted USAP operations during and after the anticipated 1-year transition period. The transition to a new support contract also presents an opportunity to strengthen the USAP by identifying weaknesses in the current ASC and mitigating them in the future ASESC.

In our May 2025 report, Evaluation of Safety and Health Concerns in the U.S. Antarctic Program (OIG Report Number 25-03-001), we reported that NSF monitored the ASC contractor's compliance with occupational safety and health standards and instituted programs to provide safe and healthy working conditions for the USAP. We also evaluated specific complaints we received related to unsafe working and living conditions at NSF McMurdo Station. We found NSF monitors occupational safety and health for the USAP and the contractor's safety program, as required. However, we identified concerns related to central communications staffing, fire department staffing and equipment, and safety hazards in the food storage warehouse. We also found that some USAP participants feared retaliation for reporting safety concerns. NSF and the contractor have taken steps to improve safety and living conditions based on the findings in the report.

KEY FACTS

- This challenge involves an operation that is critical to an NSF core mission and the U.S. government's active and influential presence in Antarctica.
- NSF issued a solicitation in May 2025 for a new, 20-year Antarctic support contract, with a ceiling of $8 billion.
- NSF is undertaking long-range infrastructure modernization projects across the USAP.
- NSF terminated the lease of its flagship Antarctic research vessel.
- NSF has taken steps to strengthen its reporting and response systems to incidents of sexual harassment and sexual assault for USAP.
- NSF is coordinating with our office, which has been investigating alleged criminal violations covered under the Special Maritime and Territorial Jurisdiction of the United States and providing an on-ice presence during the austral summer season.

We recommended that NSF consider including requirements in the future ASESC for minimum staffing levels for critical program areas, such as central communications and the fire department, as well as requiring a replacement schedule for aircraft rescue and firefighting vehicles and equipment.

In our March 2022 report, NSF Vetting of USAP Contractors (OIG Report Number 22-6-004), we reported that USAP contract employees were not vetted according to NSF's requirements. Instead, NSF relied on the ASC contractor's internal vetting processes, which are less rigorous. Based on our recommendations, NSF took significant steps to ensure the contractor submits its employees and subcontractors to NSF for vetting as required, and the remaining report recommendations were closed as of March 2025. NSF also annually reviews an Acceptance of Risk memorandum related to vetting USAP personnel, including limitations of vetting foreign nationals. We will continue to assess this process and NSF's Acceptance of Risk related to USAP personnel screening as part of our annual *Federal Information Security Modernization Act* audit.

Long-Range Infrastructure Investment

NSF's long-range infrastructure investment projects, such as the Antarctic Infrastructure Modernization for Science (AIMS) construction project, have faced significant delays due to the COVID-19 pandemic, staffing changes, hiring challenges and design errors. NSF rebaselined the AIMS project in 2021, which ultimately reduced planned construction from six new facilities costing $410 million to two facilities in McMurdo Station—a lodging building and the vehicle equipment operations center—with an estimated cost of $275 million. However, the vehicle equipment operations center and an information technology and communications project, which were separate from the AIMS project, were put on hold in 2024.

In FY 2022, NSF initiated the Antarctic Infrastructure Recapitalization (AIR) program as a portfolio of infrastructure investments across the USAP stations, including facilities, utilities, equipment and vehicle fleet equipment. NSF will evaluate and consider unfunded components of the original AIMS project for inclusion in the AIR program. Because of the significant issues the AIMS project faced, we consider the AIR program a future risk area for NSF. In 2024, we initiated an audit to assess the effectiveness of NSF's management of the USAP fleet and facilities maintenance programs and the AIMS project. We plan to issue a final report in FY 2026.

Construction of the lodging building at McMurdo Station has created limited lodging capacity. Beneficial occupancy is planned for March 2026 and final acceptance for September 2026. Image Credit: Jimmie Todd, Nov. 2025/NSF

Large-scale infrastructure recapitalization is also needed at the NSF South Pole Station to address normal wear and tear, environmental challenges, aging infrastructure and evolving scientific research interests. For example, one of the NSF's most significant operational challenges at the South Pole Station is combating wind-driven snowdrift accumulations. In FY 2024, NSF issued a draft South Pole Station Master Plan summarizing the current conditions, constraints, and opportunities for the South Pole Station area. NSF's ongoing efforts to complete infrastructure remediation projects at South Pole Station have temporarily reduced NSF's ability to support new scientific research at the station. As a result, NSF is prioritizing already-funded science projects while limiting support for new projects through March 2026.

Antarctic Research Vessel Replacement

As of October 2025, NSF no longer has a dedicated vessel to support Antarctic research and logistics. The USAP had been operating at least one dedicated research vessel in the Southern Ocean since 1968, and two vessels over the past three decades—the research and supply vessel *Laurence M. Gould* and the icebreaker *Nathaniel B. Palmer*. NSF ended its charter for the *Gould* in 2024 and terminated the lease of the *Palmer* in October 2025.

NSF originally planned to replace the *Palmer* with a new Antarctic research vessel and issued a solicitation in September 2023 for an integrator to oversee the design and construction of the vessel. However, as of the date of this report, NSF had not awarded this contract, though it recently stated that it continues to pursue the development of a new Antarctic research vessel as part of a longer-term strategy for marine science and logistics support.

For the 2025–2026 season, NSF intends to continue supporting its portfolio of planned marine cruise projects using the U.S. Academic Research Fleet. However, the *Palmer's* icebreaking capacity, berthing capacity and advanced scientific capabilities were unique in NSF and within the U.S. fleet of scientific research vessels. Without a dedicated research vessel, NSF may face significant challenges to its ability to independently support marine research operations in Antarctica, and the potential delivery of a new vessel is at least a decade away.

Overseeing and Managing Risks of Sexual Assault/Harassment in the USAP

NSF continues to strengthen its sexual assault/harassment prevention and response (NSF SAHPR) capabilities in the USAP. In 2022, an NSF-commissioned assessment found that NSF lacked adequate reporting and response systems to "ensure that it is appropriately informed of and responsive to incidents of sexual assault and sexual harassment within the USAP community." As we reported in 2024, NSF primarily relied on the Antarctic Support contractor to manage its harassment reporting and response efforts before the release of the assessment results. Since then, NSF has gradually assumed a greater leadership role and has taken numerous steps to help prevent and respond to sexual assault and sexual harassment, such as establishing an NSF SAHPR office within the Office of the Director. The SAHPR office provides victim advocacy support on-ice during the austral summer and remote support during the austral winter. Additionally, the SAHPR office established a 24/7 NSF Antarctic Safer Science Helpline available to the USAP community as well as the wider NSF enterprise. NSF also made changes to the ASC to require additional reporting on SAHPR complaints and imposed new requirements on prospective personnel. In July 2025, NSF released the first Sexual Assault and Harassment Climate Survey findings for the USAP. Results from the survey will help expand NSF's understanding of sexual assault and harassment and will inform NSF decisions and policies for the USAP.

Sexual assault cases in Antarctica are especially challenging for law enforcement. In March 2023, our office published a white paper detailing considerations for reporting and responding to allegations of sexual assault and stalking in Antarctica. Since then, NSF has been coordinating with our Office of Investigations, which has been investigating alleged criminal violations covered under the Special Maritime and Territorial Jurisdiction of the United States, including aggravated sexual abuse, sexual abuse, abusive sexual contact and stalking.

OIG special agents began responding, remotely, to concerns raised by individuals in Antarctica in July 2023 and provided an on-site investigative presence for two 30-day trips to Antarctica during the 2024–2025 austral summer season. In the 2025–2026 austral summer, OIG special agents plan to be in Antarctica from mid–October through late February.

NSF's Key Completed Actions

- Obtained an organizational assessment report from the National Academy of Public Administration that includes recommendations related to improving the Office of Polar Programs' organizational alignment, structure, and leadership, as well as stakeholder and employee engagement.
- Issued a solicitation for the ASESC as a replacement for the ASC.
- Implemented corrective actions related to NSF's vetting of USAP contractors.
- Continued collaboration with the OIG on the law enforcement response in USAP.
- Reported on the USAP Sexual Assault and Harassment Climate Survey.
- Codified the agency's official definitions for terms related to sexual assault and harassment.
- Shifted the oversight of the existing SAHPR support contract to the SAHPR Program Office and designated the SAHPR program office director as one of the activities-based managers for the current ASC.

NSF's Key Planned and Ongoing Actions

- Award, execute and oversee the ASESC.
- Finalize South Pole Master Plan.
- Oversee the lodging building completion at McMurdo Station.
- Plan and execute Antarctic infrastructure projects through the AIR program.
- Implement corrective actions related to the OIG evaluation of health and safety.
- Consider implementing the National Academy of Public Administration's recommendations to improve the Office of Polar Programs' organizational structure.

Challenge 3: Mitigating Threats to Research Security

Safeguarding the U.S. research enterprise from threats of inappropriate foreign influence continues to be critical. Although significant challenges remain, U.S. funding agencies and academia have made progress in combating malign foreign influence while maintaining an open research environment that fosters collaboration, transparency and the free exchange of ideas.

NSF and other federal agencies continue to face challenges from foreign talent recruitment programs. These programs are organized, managed, or funded by a foreign government, instrumentality, or entity to recruit science and technology professionals or students in targeted fields. Although some of these programs are legitimate, many encourage or direct unethical and criminal behaviors, including the deliberate nondisclosure of the recruit's foreign position or employment and associated foreign scientific funding. Agreements for participation in some programs create conflicts of commitment, conflicts of interest or both for researchers. For example, agreements may require recruits to attribute U.S.-funded work to a foreign institution, recruit or train other members, circumvent merit-based processes or transfer U.S.-funded work to another country.

NSF has taken numerous actions to mitigate threats posed by foreign talent recruitment programs. For example, NSF created an Office of the Chief of Research Security Strategy and Policy, which was later codified in the CHIPS and Science Act of 2022 (CHIPS and Science Act); strengthened disclosure requirements and provided compliance recommendations to U.S. academic institutions to ensure accurate disclosures to U.S. funding agencies; and developed research security training for federal research funding recipients. NSF also began conducting pre-award due diligence at the project level through a new risk mitigation pilot, the Trusted Research Using Safeguards and Transparency (TRUST) framework, which helps assess grant proposals for potential national security risks.

KEY FACTS

- This challenge presents a risk of fraud, waste and abuse of NSF or other government assets.
- Federal agencies and academia have made progress in combating malign foreign influence on the U.S. research enterprise.
- NSF has implemented new proposal certifications, strengthened research security-related disclosure requirements, and established a new process to assess proposals for national security concerns.
- NSF has also expanded research security training available to the research community.

NSF should continue to assess and refine its controls to mitigate threats to research security and ensure that it has sufficient staff and resources to address this challenge. Our office is conducting an evaluation to assess the effectiveness of NSF's implementation of the research security mandates contained in the CHIPS and Science Act and expects to publish the results in mid-FY 2026.

NSF's Key Completed Actions

- Established the Research Security and Integrity Information Sharing Analysis Organization (SECURE Center), which will serve as a clearinghouse for information to empower the research community to identify and mitigate risks posed by foreign interference.
- Developed a reporting process for institutions of higher education that are direct recipients of NSF funding to disclose gifts and contracts from foreign countries of concern.

NSF's Key Completed Actions (cont.)

- Strengthened disclosure requirements and processes, including implementation of a pre-award requirement for senior award personnel to certify during the proposal process that they are not a party in a malign foreign talent recruitment program, and that the information contained in their Biographical Sketch and Current and Pending (Other) Support documents is accurate, current and complete. Additionally, senior award personnel on an active NSF award made on or after May 20, 2024, must provide an annual post-award certification identifying whether they are a participant in a malign foreign talent recruitment program.
- Developed four research security training modules for federal research funding recipients. These modules identify risks and threats to the global research ecosystem and provide tools to protect against such risks.
- Developed and implemented a pilot for the TRUST process to help assess grant proposals for potential national security risks.
- Conducted pre-award research security due diligence on NSF Small Business Innovation Research/Small Business Technology Transfer (NSF SBIR/STTR) proposals pursuant to the *SBIR/STTR Extension Act of 2022*.
- Developed and implemented a research security data analytics capability that captures nondisclosure of foreign affiliations, sources of funding and collaborations that present conflicts of commitment or interest.
- Communicated an express prohibition of foreign talent plan membership for all NSF staff, including rotators, to improve the vetting process.

NSF's Key Planned and Ongoing Actions

- Capturing nondisclosure of foreign affiliations, sources of funding and collaborations that present conflicts of commitment or interest and taking appropriate action.
- Continuing to conduct and monitor mandatory research security training for staff and rotators in direct communication with recipient organizations and principal investigators.
- Continuing to educate the research community about risks presented by malign foreign talent recruitment programs and the importance of compliance with NSF policies and procedures.
- Evaluating the current implementation of the TRUST process to inform expansion to other research fields.
- Implementing a requirement for research security training certifications from proposing institutions and individuals identified as senior/key personnel.
- Implementing a requirement for institutions of higher education to certify, absent a waiver granted by the NSF Director, that they do not maintain a contract or agreement with a Confucius Institute, in accordance with the CHIPS and Science Act.
- Continuing to refine and scale up research security-related analytics capabilities and expand the TRUST pilot program to share research security-related information with the research community.
- Maintaining collaborative relationships with NSF OIG, U.S. government agencies, and other relevant stakeholders.
- Developing guidelines for strengthening research security, including those required by the CHIPS and Science Act and National Security Presidential Memorandum 33.
- Expanding the NSF Research-on-Research Security Program to include international partners.

National Defense Authorization Act General Notification

Pursuant to Pub. L. No. 117-263 § 5274, business entities and non-governmental organizations specifically identified in this report have 30 days from the date of report publication to review this report and submit a written response to NSF OIG that clarifies or provides additional context for each instance within the report in which the business entity or non-governmental organization is specifically identified. Responses that conform to the requirements set forth in the statute will be attached to the final, published report.

If you find your business entity or non-governmental organization was specifically identified in this report and wish to submit comments under the above-referenced statute, please send your response within 30 days of the publication date of this report to OIGPL117-263@nsf.gov, no later than January 20, 2026. We request that comments be in .pdf format, be free from any proprietary or otherwise sensitive information, and not exceed two pages. Please note, a response that does not satisfy the purpose set forth by the statute will not be attached to the final report.

About Us

NSF OIG was established in 1989, in compliance with the *Inspector General Act of 1978* (5 USC 401-24). Our mission is to provide independent oversight of NSF to improve the effectiveness, efficiency, and economy of its programs and operations and to prevent and detect fraud, waste, and abuse.

Contact Us

Phone: 703-292-7100
Website: oig.nsf.gov
Follow us on X: x.com/NSFOIG

Congressional, media and general inquiries: OIGPublicAffairs@nsf.gov
Freedom of Information Act inquiries: FOIAOIG@nsf.gov

Report Fraud, Waste or Abuse

Report violations of laws, rules or regulations; mismanagement; and research misconduct involving NSF operations or programs via our Hotline:

- File online report: oig.nsf.gov/contact/hotline
- Anonymous Hotline: 1-800-428-2189
- Mail: 2415 Eisenhower Avenue, Alexandria, VA 22314 ATTN: OIG HOTLINE

Have a question about reporting fraud, waste or abuse? Email OIG@nsf.gov.

Whistleblower Retaliation Information

All NSF employees, contractors, subcontractors, awardees and subawardees are protected from retaliation for making a protected disclosure. If you believe you have been subject to retaliation for protected whistleblowing, or for additional information on whistleblower protections, please visit oig.nsf.gov/whistleblower.

MEMORANDUM

DATE: December 15, 2025

TO: Megan E. Wallace, Acting Inspector General, U.S. National Science Foundation

FROM: Brian Stone, Chief of Staff, Performing the Duties of the Director, U.S. National Science Foundation

SUBJECT: Acknowledgment of the Inspector General's Fiscal Year (FY) 2026 Management Challenges Report and the U.S. National Science Foundation's (NSF) Progress Report for the FY 2025 Management Challenges

Thank you for sharing the Office of Inspector General's (OIG) FY 2026 Management Challenges for NSF. We are committed to addressing these challenges and other key issues. As an agency, we prioritize our mission to promote the progress of science, while also elevating the importance of risk management and stewardship of our financial resources.

NSF has a strong history of financial controls, including 27 consecutive years of a clean audit opinion, as well as mature pre- and post-award monitoring to ensure awardees adhere to financial and other reporting guidelines. In FY 2025, NSF pursued operational and organizational changes to become a more efficient and effective organization. The agency relied upon established processes to manage the risks associated with implementing these changes while continuing to carry out our mission. In particular, NSF's Enterprise Risk Management (ERM) program engaged staff and leadership to align stakeholders on evolving challenges, document risks to NSF's mission and strategic goals, and collaborate on initiatives to effectively mitigate threats and leverage opportunities.

NSF addressed the FY 2025 OIG Management Challenges through both its existing risk management processes and specific actions, including:

- Centralizing resources for oversight of NSF's Sexual Assault and Harassment Prevention Response program. This approach avoids duplication of efforts and ensures all prevention and response initiatives are consistent and evidence-informed, mitigating agency risk and ensuring compliance.
- Extending the Safer Science helpline resources beyond Antarctica to the broader scientific community to promote safe research environments. Access to trauma-informed resources is critical for individuals harmed by sexual assault and harassment and also serves as a powerful tool for prevention going forward.
- Establishing requirements in the new Antarctic Science and Engineering Support Contract for enhanced mandatory sexual assault and harassment training of contract employees, as well as referral of all sexual assaults to NSF OIG for investigation.
- Supporting the federally-funded research community to identify and mitigate research security related risks. NSF continued implementation and maintenance of the SECURE Center, established to empower the research community to make risk-informed decisions by providing information, tools, and other resources to the community.
- Focusing oversight and awareness efforts on the NSF Regional Innovation Engines program by conducting outreach to Development award recipients and targeted review assessments of the nine full Engine award recipients. Going forward, all NSF Regional Innovation Engines recipients will be reviewed through a combination of site visits, desk reviews, and targeted review assessments.

NSF will continue its work to appropriately manage risk in FY 2026, with attention to the following challenges identified by OIG:

- Adapting to Changes in NSF's Grant-making Environment
- Overseeing the United States Antarctic Program (USAP); and
- Mitigating Threats to Research Security.

As always, NSF remains committed to serving the research community effectively, to continually improving stewardship across the agency, and to safeguarding Federal funds awarded by NSF in support of the agency's mission. We look forward to continuing to work with your office to achieve those goals.

Brian Stone
Chief of Staff, Performing the Duties of the NSF Director

cc: Chair, National Science Board
Chair, National Science Board, Committee on Oversight
Chief Management Officer
Chief Science Officer
Chief Financial Officer
Performance Improvement Officer

PAYMENT INTEGRITY INFORMATION ACT REPORTING

The Payment Integrity Information Act of 2019 (PIIA; Pub. L. 116-117) require agencies to annually report information on improper payments to the President and Congress. NSF does not have any high-priority programs as defined by OMB Circular A-123 Appendix C (programs with estimates of improper payments resulting in monetary loss that exceeds $100 million annually). More detailed information on NSF's payment integrity program can be found at https://paymentaccuracy.gov/.

Actions Taken to Address Auditor Recovery Recommendations

Using OMB Circular A-123, Appendix C, Part V.B.2 guidance, NSF determined that it would not be cost effective to conduct recapture audits of its single grants program and other activities (contracts, charge cards and payments to employees).

NSF has leveraged the results of the work performed under PIIA, audits, grant monitoring programs and internal control reviews. All activities consistently demonstrated that there is not a significant risk of unallowable costs or improper payments within NSF's single grant program and other mission support activities. No circumstances have changed within NSF's grant program or its mission support activities requiring NSF to reassess its payment recapture cost-effectiveness analysis.

CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

The *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* (the 2015 Act; Sec. 701 of Public Law [P.L.] 114–74) further amended the *Federal Civil Penalties Inflation Adjustment Act of 1990* (P.L. 104–410) to improve the effectiveness of civil monetary penalties and to maintain their deterrent effect. The 2015 Act requires agencies to (1) adjust the level of civil monetary penalties with an initial "catch-up" adjustment through an interim final rulemaking and (2) make subsequent annual adjustments for inflation. Inflation adjustments are to be based on the percent change in the Consumer Price Index for all Urban Consumers (CPI-U) for the month of October preceding the date of the adjustment, relative to the October CPI-U in the year of the previous adjustment.

The civil monetary penalties within NSF's jurisdiction are those authorized by the *Antarctic Conservation Act of 1978*, 16 U.S.C. 2401, et seq., and the *Program Fraud Civil Remedies Act of 1986*, 31 U.S.C. 3801, et seq.

The following table identifies NSF's 2025 inflation adjustments to civil monetary penalties.

Table 3.3: 2025 Civil Monetary Penalty Adjustment for Inflation

Statutory Authority	Penalty (Name and Description)	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty Level ($ Amount or Range)	Location for Penalty Update Details
Antarctic Conservation Act of 1978, 16 U.S.C., 2401 *et seq.*, as amended	Antarctic Conservation Act, Knowing violations	1978	2025	$36,498	89 FR 106609 December 30, 2024
Antarctic Conservation Act of 1978, 16 U.S.C., 2401 *et seq.*, as amended	Antarctic Conservation Act, Not knowing violations	1978	2025	$21,568	89 FR 106609 December 30, 2024
Program Fraud Civil Remedies Act of 1986, 31 U.S.C., 3801, *et seq.*	Program Fraud violations	1986	2025	$14,308	89 FR 106609 December 30, 2024

GRANTS PROGRAM REPORTING

OMB Circular A-136, *Financial Reporting Requirements* requires agencies with Federal grants programs to submit a high-level summary of expired, but not closed, Federal grants and cooperative agreements (awards). Table 3.4, below, shows the total number of awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2025.

Table 3.4: Age and Balances for Expired Awards not Closed

Category	2 - 3 years	>3-5 years	>5 years
Number of Grants/ Cooperative Agreements With Zero Dollar Balances	527	197	5
Number of Grants/ Cooperative Agreements With Undisbursed Balances	1	0	0
Total Amount of Undisbursed Balances	$25,000	$0	$0

Information shown above is as of 11/24/2025.

As indicated in the table above, NSF's 729 financial assistance awards (grants, cooperative agreements and fellowships) that are expired but not closed have zero-dollar balances in NSF's financial accounting system except one SBIR award with $25,000 remaining for final disbursement. The majority of the awards (93.6%) that are still not fully closed have overdue final project reports and/or project outcome reports and cannot be completely closed. There are 47 awards that have not yet been closed for administrative reasons such as reconciliation of final cost sharing requirements for which NSF is still awaiting final documentation. The number of awards still open has decreased slightly from last year (734, -.7%).

An NSF business practice automatically closes awards financially 120-days after the end date. In most cases, the financial closure ensures $0 balances remain on the awards. NSF continuously reviews operating policies and accounting practices to close all awards on the same schedule, thereby ensuring the number of open awards with balances is minimal, if not 0.

NSF works to close out all awards as quickly as possible. Typically, awards are administratively closed automatically once the awards are financially closed—usually on the same day or shortly after the financial closure. To improve closeout efficiency, NSF increased the cadence of its administrative closeout to nightly (previously monthly) and executes automated closeout routines daily (previously weekdays). NSF has made significant progress in decreasing the number of overdue final project reports and/or project outcome reports by implementing policies and procedures to track and enforce the submission of required project reports. This is evidenced by the number of awards remaining open in the 3-5 year and greater than 5-year categories.

Overdue report information will be provided by NSF to the Federal Awardee Performance and Integrity Information System (FAPIIS), as prescribed in the revised 2 CFR § 200.344(h), as revised in the Federal Register on April 22, 2024,[1] among other possible changes. NSF has started reviewing awards that may be eligible for FAPIIS but has not yet reported any awards/awardees. The agency created a working group to set policy and procedures.

[1] https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance?utm_source=chatgpt.com

UNDISBURSED BALANCES IN EXPIRED GRANT ACCOUNTS

In FY 2025, NSF funded research and education in science and engineering through grants, cooperative agreements and other financial assistance award instruments to approximately 1,621 colleges, universities and other institutions. For all NSF financial assistance award instruments, awardees must include all costs during the period of performance of the award. Per NSF policy in the Proposal and Award Policies and Procedures Guide (PAPPG), awardees typically have 120 days after the grant expires to complete final drawdowns and expenditures.

The information provided here pertains to the agency's two main grant making appropriation accounts: Research and Related Activities and STEM Education. The data reported are based on the following definitions:

- An **expired grant** is a grant award that has reached the grant end date and is eligible for closeout. For NSF, this means grants with expired periods of performance.
- **Undisbursed balances on expired grants** refers to amounts that remain available for expenditures before financial closeout.
- **Undisbursed balances for expired grant awards that may be returned to the Treasury** refers to funding that was previously obligated on a grant award and was subsequently de-obligated, and never re-obligated prior to the cancellation of the source appropriation.
- **Amounts that have not been obligated to a specific grant or project** refers to unobligated amounts for grant related funding in expired appropriation accounts.

NSF has developed leading practices for monitoring and de-obligating balances on expired grant awards through automated processes. Once a grant has expired, NSF executes actions to close out the grant both administratively and financially. The financial closeout action occurs 120 days after the award expiration date, and de-obligates the remaining undisbursed balances from the award. Administrative closeout is initiated after financial closeout is completed. The data reported here reflects the amount of undisbursed balances in grant accounts that have reached their end date and are eligible for closeout and is provided in accordance with OMB Circular A-136, Section II.4.9.2 *Reporting Related to Commerce, Justice, Science, and Related Agencies Appropriation Act*.

1. **Information about future action NSF will take to resolve undisbursed balances for grant awards for which the period of performance has expired.**
   NSF continually monitors its grant awards throughout their lifecycle following a comprehensive post-award monitoring process. NSF utilizes automated, system-based processes to close grants based on their period of performance end date. This process de-obligates all undisbursed award balances 120 days after the grant period has expired. Having small undisbursed balances at the end of the grant period is a routine occurrence, as not all awardees fully spend the funds obligated throughout the course of their research.

2. **The method that NSF uses to track undisbursed balances in expired grant awards.**
   NSF completes timely financial closeout of expired grant awards daily through an automated process. Eligibility for NSF grant award closeout begins 120 days after the award expiration date. The NSF closeout process automatically de-obligates any undisbursed award balance, generates an award closeout transaction to flag the award as financially closed, and records the financial closeout date to NSF's award management system to initiate final administrative closeout procedures. Awardees and NSF personnel can view the expected award closeout date through the Award Cash Management Service (ACM$). ACM$ requires awardees to submit payment amounts and expenditures at the individual award level each time funds are requested by awardees, allowing NSF to conduct post-award monitoring activities on individual awards.

3. **The identification of undisbursed balances for expired grant awards that may be returned to the Department of Treasury (Treasury).**
   When NSF closes out a grant award, it de-obligates the undisbursed balances. The de-obligated grant balances are treated one of three ways:
   - If the source appropriation is unexpired, the balances are recovered by NSF and remain available for valid new obligations until the source appropriation's expiration date.
   - If the source appropriation has expired but funds have not yet been canceled, the grant balances are recovered by NSF and remain available for upward adjustments on other existing obligations within the source appropriation.
   - If the source appropriation is canceling in the current fiscal year, NSF de-obligates all undisbursed grant balances prior to September 30 as part of its year-end close process, and subsequently returns the funding to Treasury.

   For FY 2025, the amount of undisbursed funding previously obligated on grant awards that NSF returned to Treasury was $95.0 million.

4. **The number of expired grant awards, the undisbursed balances on these expired grants, and the amounts that have not been obligated to a specific grant or project remaining in the appropriations accounts as of September 30, 2025; September 30, 2024; and September 30, 2023.**
   The number of expired grants with undisbursed balances for the preceding three fiscal years is provided in Table 3.5. The numbers and balances reflect a point-in-time on September 30 before NSF executes its regular closeout processes described above. For FY 2025, there were 6,082 expired grants with undisbursed balances of $481,593,312. Table 3.5 also presents amounts that have not been obligated to a specific grant or project as of September 30.

Table 3.5: Status of Undisbursed Balances in Expired Grants

	FY 2025 (as of 9/30/2025)	FY 2024 (as of 9/30/2024)	FY 2023 (as of 9/30/2023)
Number of expired grants with undisbursed balances	6,082	4,807	4,988
Undisbursed balances prior to closeout	$481,593,312	$146,229,768	$129,860,154
Amounts that have not been obligated to a grant or project remaining in the appropriations accounts[1]	$599,410,406	$292,815,523	$257,151,673

[1] This figure includes data from NSF's Research and Related Activities and STEM Education appropriation accounts.

PATENTS AND INVENTIONS RESULTING FROM NSF SUPPORT

The following information about inventions and patents is being reported in compliance with Section 3(f) of the *National Science Foundation Act of 1950*, as amended [42 U.S.C. 1862(f)].

The number of inventions and patents reported to NSF through the National Institute of Standards & Technology (NIST) iEdison database during FY 2025:

- 2086 Subject Inventions Reported;
- 2390 Patent Applications Filed; and
- 278 Patents Issued.

Rights to these inventions were allocated in accordance with Chapter 18 of Title 35 of the United States Code, commonly called the "Bayh-Dole Act."

ACRONYMS

AAMS	Automated Acquisition Management Solution
ACM	Association for Computing Machinery
ACM$	Award Cash Management Service
AFR	Agency Financial Report
AI	Artificial Intelligence
APG	Agency Priority Goal
AOAM	Agency Operations and Award Management
ART	Accelerating Research Translation
ASPIRE	Advancing Sustainability through Powered Infrastructure for Roadway Electrification
AWS	Amazon Web Service
CBIKS	Center for Braiding Indigenous Knowledge and Science
CMO	Chief Management Officer
COE	Creating Opportunities Everywhere
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRISES	Centers for Research and Innovation in Science, the Environment and Society
CSO	Chief Science Officer
CWS	contract writing system
DAAP	Data Analytics and Assurance Program
DOE	U.S. Department of Energy
EDU	STEM Education
EPSCoR	Established Program to Stimulate Competitive Research
ERC	NSF Engineering Research Center
ERG	Employee Resource Groups
ERM	Enterprise Risk Management
ERIs	emerging research institutions
ETAP	Education and Training Application
FBWT	Fund Balance with Treasury
FFMIA	Federal Financial Management Improvement Act of 1996
FMFIA	Federal Managers' Financial Integrity of 1982 17F
FPPS	Federal Personnel Payroll System
FTEs	full-time equivalent employees
GAAP	generally accepted accounting principles
G-Invoicing	NSF's interagency agreement (IAA) management system
GNAP	Grants with no ACM$ Payments
GPRA	Government Performance and Results Act
GRFP	Graduate Research Fellowship Program
H-1B	H-1B Nonimmigrant Petitioner Account
HR	Human Resources
IAA	interagency agreement
IPA	Intergovernmental Personnel Act
IT	Information Technology

ACRONYMS

iTRAK	NSF's financial management system
LearnNSF	NSF's training system
LSST	Legacy Survey of Space and Time
MFA	multi-factor authentication
MREFC	Major Research Equipment and Facilities Construction
MSIs	minority-serving institutions
NAIRR	National Artificial Intelligence Research Resource
NSB	National Science Board
NSF	U.S. National Science Foundation
OCIO	Office of the Chief Information Officer
OCRSSP	Office of the Chief of Research Security Strategy and Policy
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIs	principal investigators
R&D	Research and Development
R&RA	Research and Related Activities
RET	Research Experience for Teachers
REU	Research Experience for Undergraduate
SAHPR	Sexual Assault and Harassment Prevention and Response
SAIF	Safe and Inclusive Fieldwork
SBIR	Small Business Innovation Research
SSAE 18	Statement of Standards for Attestation Engagements 18
STEM	Science, Technology, Engineering and Mathematics
TIP	Technology, Innovation and Partnerships
USAP	U.S. Antarctic Program
QCB	Science and Technology Center for Quantitative Cell Biology
ZTA	Zero Trust Architecture

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