



# Annual Financial Report

FISCAL YEAR 2021



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# Message from the Director



The last fiscal year brought us into the second year of a pandemic that has impacted the American landscape in wide-ranging ways.

Americans everywhere have demonstrated remarkable strength, spirit, and unity in the face of all that we've

experienced during the pandemic: the health risks and loss brought on by COVID-19; economic and financial struggles; and the social, racial, and equity challenges that have both been revealed and exacerbated over the past year. IMLS has continued to respond directly to the pandemic, and the associated problems that it has made manifest, with \$50M in CARES Act and \$200M in ARP Act funding, as well as almost \$240M in our regular grant programs.

In the pandemic with our regular Grants to States allotment to State Library Administrative Agencies (SLAAs) and with CARES and ARP Act funds we built on the leadership role libraries have had in crossing the digital divide in both inner city and rural areas. LSTA funds have always been substantially used for those purposes by smaller and poorer libraries as vetted by their state libraries. Building on what we started with CARES Act funds in FY 2020 we have introduced metrics to build a focus on equity through the use of census tract statistics on poverty, health, and education in making awards.

We have focused those funds and our discretionary funds on virtual education, health care and community information, and immediate pandemic response. These funds kept libraries operating with virtual and curbside services and added connectivity. With discretionary money we continued to help build out platforms for eBooks and information

services leveraged by significant private dollars and focusing on the equitable connection to, and USE of, the Internet. Libraries used IMLS funds to create virtual homework help networks, deliver hotspots and other devices to students and families, and add curricular programming and support, digital certifications, and skill development.

Museums have faced a host of problems since the beginning of the pandemic that have not been solved: closures, orphaned collections and layoffs, determining reopening plans and rethinking organizational business models, turning to digital offerings and exploring the need for museum data. In the museum world, we funded a wide range of pandemic-related projects, from reopening plans and digitization and public access to organizational planning and professional development, civic engagement, and partnerships and new audiences.

We continue to encourage libraries, museums, and cultural centers to unite in supporting our most underserved and under-resourced communities through, for example, our Tribal Broadband work, including cosponsoring the National Tribal Broadband Summit and providing basic broadband support across the landscape of Native American, Native Hawaiian, and Native Alaskan lands. As well, our African American History and Culture programs, particularly focused on the leadership of Historically Black Colleges and Universities (HBCUs), provide much needed help in addressing racial equity across different institution types. And over 80 grants in our original CARES Act allotments to State Library Administrative Agencies went to community programs featuring libraries and museums in directly responding to pandemic needs.

Our REopening Archives, Libraries, and Museums (REALM) Project, resulting from a demonstrated need to provide more information to libraries, archives, and museums about the important and existential problems facing them in the COVID-19 global pandemic, brought together library research institute OCLC and scientific nonprofit Battelle to study the effects of coronavirus on materials commonly found in libraries and museums. The project, which garnered \$2M in additional public and private funding, wrapped up its current phase in FY 2021. The REALM project website (<https://www.oclc.org/realm/about.html>) contains more about the project and its publications.

As we reflect on our accomplishments in FY 2021, I am perpetually grateful to the IMLS staff for their diligence in working for museums, libraries, and those they support. We are already hard at work on our FY 2022 grantmaking and other activities, building on the foundation you will see demonstrated in this report.



Crosby Kemper  
Director

## SECTION 1

# Management's Discussion and Analysis (MD&A)

## A. IMLS OVERVIEW AND MISSION

The Institute of Museum and Library Services is an independent grantmaking agency and the primary source of federal support for the Nation's libraries and museums.

The mission of IMLS is to advance, support, and empower America's museums, libraries, and related organizations through grantmaking, research, and policy development. Our vision is a Nation where museums and libraries work together to transform the lives of individuals and communities.

IMLS was created with the passage of the Museum and Library Services Act of 1996, which was reauthorized on December 31, 2018. The Agency has statutory authority to award financial assistance, collect data, form strategic partnerships, and advise policymakers and other federal agencies on museum, library, and information services.

The Agency consolidates federal library programs dating back to 1956 with museum programs dating back to 1976.

IMLS helps to ensure that all Americans have access to museum, library, and information services. The Agency invests in new and exploratory approaches, as well as proven and

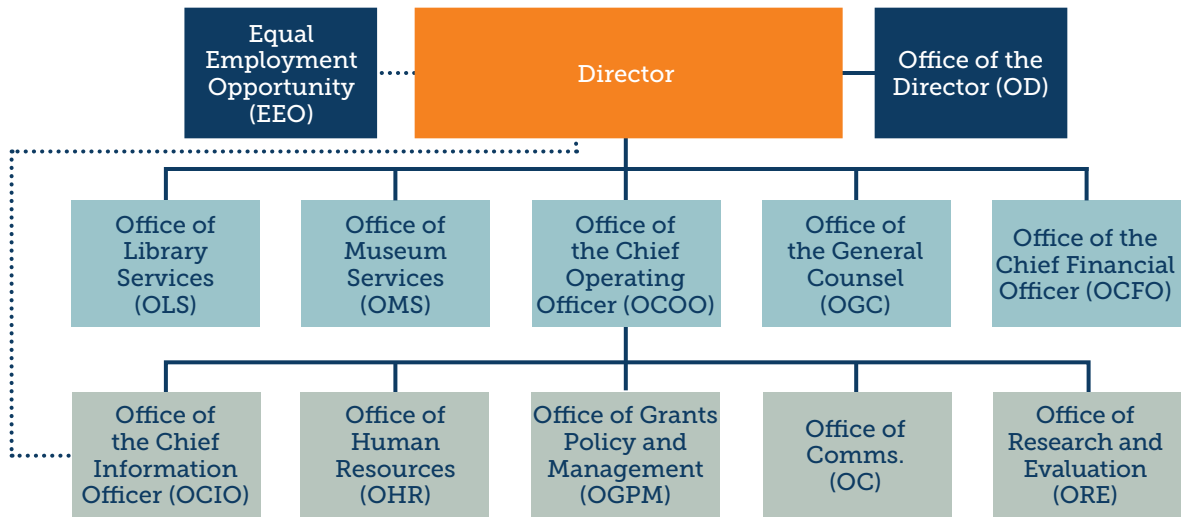
tested methods. IMLS funds work that advances collective knowledge, lifelong learning, and cultural and civic engagement. And the Agency builds capacity within the museum and library fields to enable better service to communities and to enhance community decision-making by sharing trends and data.

IMLS has an expansive reach. The Agency is the largest source of federal funding for libraries in the Nation, directing population-based funding to all 50 states, the District of Columbia, the U.S. territories, and Freely Associated States through its Grants to States program. The Agency's discretionary grants are selected through a highly respected and competitive peer review process, drawing on professionals located across the Nation.

This work enables museums and libraries located in geographically and economically diverse areas to deliver essential services that make it possible for individuals and communities to flourish.

This year, IMLS has chosen to produce an Agency Financial Report (AFR) and an Annual Performance Report (APR) and will include its FY 2021 APR with its Congressional Budget Justification. The Agency will also post it on the IMLS website, [www.ims.gov](http://www.ims.gov), in February 2022.

## IMLS ORGANIZATIONAL CHART



Updated October 2021

## B. STRATEGIC GOALS

When IMLS was established by the Museum and Library Services Act of 1996, bringing together federal programs dating back to 1956, lawmakers recognized that U.S. libraries and museums are powerful national assets. They saw “great potential in an Institute that is focused on the combined roles that libraries and museums play in our community life.” The law charges IMLS with advising policymakers on library, museum, and information services and supporting a wide range of programs that improve the lives of individuals throughout the Nation.

We carry out this charge as we adapt to meet the changing needs of our Nation’s museums and libraries and their communities. IMLS’s role—to advance, support, and empower America’s museums and libraries through our grantmaking, research, data collection, and policy development—is essential to helping these institutions navigate change and continue to improve their services.

The Agency is developing a new strategic plan for 2022–2026 that will be published in February 2022. For this 2021 AFR, the Agency is reporting on the 2018–2022 strategic goals and objectives:



## STRATEGIC GOALS AND OBJECTIVES

- 1. Promote Lifelong Learning.** *IMLS supports learning and literacy for people of all ages through museums and libraries.*
  - 1.1 Enhance library and museum resources that foster early, digital, information, health, financial, media, civic, and other types of literacies.
  - 1.2 Support cross-disciplinary and inquiry-based methods of learning within museums and libraries.
  - 1.3 Invest in library and museum programs that focus on continuous learning for families and individuals of diverse cultural and socio-economic backgrounds and needs.
  - 1.4 Leverage the distinct role of museums and libraries as trusted sources of information.
- 2. Build Capacity.** *IMLS strengthens the capacity of museums and libraries to improve the well-being of their communities.*
  - 2.1. Support the recruitment, training, and development of library and museum staff, boards, and volunteers, helping to grow a skilled, professional workforce.
  - 2.2. Encourage library and museum professionals and institutions to share and adopt best practices and innovations.
  - 2.3. Identify trends in the museum and library fields to help organizations make informed decisions.
  - 2.4. Promote the ability of museums and libraries to serve as trusted spaces for community engagement and dialogue.
- 3. Increase Public Access.** *IMLS makes strategic investments that increase access to information, ideas, and networks through libraries and museums.*
  - 3.1. Support the stewardship of museum and library collections at institutions of all types and sizes.
  - 3.2. Invest in tools, technology, and training that enable people of all backgrounds and abilities to discover and use museum and library collections and resources.
  - 3.3. Invest in policies and partnerships that address barriers to accessing museum and library collections, programs, and information.
  - 3.4. Increase access to IMLS, museum, library, and community knowledge through effective communications.
- 4. Achieve Excellence.** *IMLS strategically aligns its resources and relationships to support libraries and museums nationwide.*
  - 4.1. Attract, develop, and engage an effective and dedicated workforce, fostering innovation, collaboration, and learning.
  - 4.2. Adapt to the changing needs of the museum and library fields by incorporating proven approaches as well as new ideas into IMLS programs and services.
  - 4.3. Design IMLS grants and awards to encourage communities to invest resources, funding, and other support for museums and libraries.
  - 4.4. Seek effective partnerships with federal leadership and nonprofit and private organizations to promote the public value of museums and libraries.

## C. SCOPE

### COVID-19 RESPONSE

#### CARES Act Grants

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. 116-136, which authorized funding for IMLS to assist States, Tribes, museums, and libraries to “prevent, prepare for, and respond to coronavirus...expand digital network access, purchase internet accessible devices, and provide technical support services” for the benefit of communities impacted by the public health emergency.

#### IMLS CARES Act Grants Funding Opportunities

In FY 2020, IMLS established two competitive funding opportunities to support libraries, museums, and Native American/Native Hawaiian communities in responding to the COVID-19 pandemic. A total of \$13.8M was awarded to 39 museums and 29 libraries, as well as an additional \$1.2M to 15 Native American Tribes and nonprofit organizations that primarily serve and represent Native Hawaiians.

In FY 2021, IMLS funded 22 additional applications from museums and libraries in response to the IMLS CARES Act Grants for Museums and Libraries funding opportunity. These awards totaled \$3,062,796.

#### Funding Snapshot

IMLS CARES Act Grants for Native American/Native Hawaiian Museum and Library Services and IMLS CARES Act Grants for Museums and Libraries: FY 2020 and FY 2021				
NUMBER OF APPLICATIONS*	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH <sup>†</sup>
1,801	105	\$419,023,499	\$18,062,796	\$2,341,704

\*Applications funded in FY 2021 were received in FY 2020.

†Matching funds are not required for CARES Act Grants.

#### American Rescue Plan (ARP) Act Grants

On March 11, 2021, the President signed the American Rescue Plan Act, Pub. L. 117-2, which authorized funding for IMLS “to carry out museum and library services” for the benefit of communities impacted by the public health emergency.

The American Rescue Plan Act of 2021 (ARP Act) designated \$200M in pandemic response funding for IMLS, enabling the Agency to efficiently provide critical funding to State Library Administrative Agencies (SLAAs), located in every state and territory and with reach into local communities across the U.S. In addition to the \$178M allocated to the SLAAs, IMLS also offered \$15M in grants to museums, libraries, and Native American and Native Hawaiian communities to provide direct support to address community needs created or exacerbated by

the COVID-19 pandemic and in assisting with recovery. Projects could continue, enhance, or expand existing programs and services, or they may launch new ones to address emergent needs and unexpected hardships. IMLS received 572 applications for its ARP grant program, requesting over \$22.8M. These discretionary awards were made in October 2021 and will be included in our FY 2022 reporting.

In FY 2021, IMLS applied a total of \$4,644,267 of ARP funds to support awards for ARP-related projects that were submitted as applications to various FY 2021 agency grant programs.



## ARP Allotments to SLAAs

### Process

Using a population-based formula, the Grants to States program awarded \$178M in ARP funds to the 59 State Library Administrative Agencies (SLAAs) in the 50 states, the District of Columbia, the U.S. Territories, and the Freely Associated States. IMLS distributed these awards on April 9, 2021, with funds remaining available until September 30, 2022. IMLS directed the SLAAs to use the funds in helping communities respond directly and immediately to the pandemic, as well as to related economic and community needs through equitable approaches.

IMLS outlined spending priorities as follows:

- a. First, to support digital inclusion efforts to enable libraries to reach residents such as through internet hotspots, accessible Wi-Fi, and digital content and related resources, particularly in support of education, health, and workforce development needs. The following types of data, among others, can inform efforts to reach underserved populations:
  1. Poverty/Supplemental Nutrition Assistance Program (SNAP)
  2. Unemployment
  3. Broadband availability;
- b. Second, to provide rapid emergency relief to libraries across the country, allowing them to safely respond to the pandemic and implement public health protocols;
- c. Third, to support library services that meet the needs of communities throughout the U.S., including costs such as personnel, technology, training, materials, supplies, equipment, and associated indirect costs; and
- d. With respect to (a), (b), or (c), reach tribal and museum partners best positioned to assist with pandemic response efforts, in addition to traditionally eligible library entities, where appropriate.

Apart from a waived Match requirement, all other Grants to States statutory provisions

applied, including the four percent cap for administration, reporting requirements, and compliance with provisions such as Children's Internet Protection Act (CIPA).

### Highlights

Early informal ARP plans from the states indicated an emphasis on connectivity, including purchasing hotspots, devices with data plans, and WiFi upgrades, as well as digital inclusion support to address gaps in digital literacy. States collectively anticipated reaching 14,410 libraries and other institutions with these investments. In just five months after SLAAs received the ARP awards, a national roll-up of publicly available information showed that 46 of 59 states and territories had already publicized their investments. High-level data as of September 30, 2021, pointed to the following:

- Funds have reached at least 3,900 libraries, 37 museums, and 10 tribal entities
- 26 SLAAs were offering competitive ARP subawards, and some with multiple opportunities for a total of 42 programs
- 19 SLAAs were offering non-competitive ARP subawards, based on formulas of need or other distribution methods
- SLAAs had already announced over 2,600 subawards
- SLAAs and their subrecipients had already announced the purchase of over 5,300 devices, such as hotspots, laptops, and tablets
- SLAAs and their subrecipients had already announced the purchase of over 28 library vehicles to reach remote users, including bookmobiles and book bikes
- 23 SLAAs were offering statewide programs, and some with multiple offerings for a total of 47 programs
- Connectivity efforts remained the primary ARP focus among the states with 37 of them investing in this area, but 23 states also prioritized supplies to help libraries safely reopen their physical spaces

The ARP grants continued the new approaches for the Grants to States program that began with CARES Act. SLAAs found creative ways to reach museums and tribes, in addition to traditionally eligible libraries, and while not all had the

flexibility to do so, as of September 30, 2021, 5 states had found ways to incorporate museums into their ARP grantmaking, and 5 states had done the same for tribes.

### Funding Snapshot

ARP Allotments to SLAAs		
NUMBER OF AWARDS	FUNDS AWARDED	AWARDEE MATCH
59	\$178,000,000	\$0*

\*Matching funds are not required for ARP awards to SLAAs.

### REopening Archives, Libraries, and Museums (REALM) Project

In late March 2020, the Agency took initial steps to help identify and respond to the needs of collecting institutions by hosting a webinar with the Centers for Disease Control (CDC) to provide information for libraries and museums and their staff and patrons to address the unique challenges of mitigating COVID-19 when managing their collections, spaces, and public interactions. The need to provide more information to libraries, archives, and museums about the important and existential problems facing them in the COVID-19 global pandemic was clear, and IMLS established a cooperative agreement with OCLC and Battelle. The project has drawn upon scientific research and Battelle laboratory work to produce, widely disseminate, and periodically update evidence-based information that has informed operational considerations for reducing the risk of transmission of SARS-CoV-2 through libraries, archives, and museums to their staff and visitors.

IMLS exercised its authority to accept donations and enter into interagency relationships to fund the majority of the project. As such, the REALM project was made possible in part with support from the Institute of Museum and Library Services, the Library of Congress, The Andrew W. Mellon Foundation, and the Carnegie Corporation of New York.

The project conducted laboratory tests to assess the attenuation of SARS-CoV-2 on materials common in libraries, archives, and museums (LAM); assessing emergent published research for applicable scientific information which can be applied to the LAM community risk-based decision making; and providing a website and toolkits in the form of webinars, infographics, videos, and other materials with the goal of informing local policies, operations, and space configuration decisions that support reopening and operations within a SARS-CoV-2 environment. The REALM project website (<https://www.oclc.org/realm/about.html>) contains the status of the project and its publications.

### LIBRARY SERVICES

The Museum and Library Services Act (20 U.S.C. § 9171) authorizes the Office of Library Services to:

- enhance coordination among Federal programs that relate to library, education, and information services;
- promote continuous improvement in library services in all types of libraries in order to better serve the people of the United States;
- facilitate access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry;
- encourage resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public;

- promote literacy, education, and lifelong learning, including by building learning partnerships with school libraries in our Nation's schools, including tribal schools, and developing resources, capabilities, and programs in support of State, tribal, and local efforts to offer a well-rounded educational experience to all students;
- enable libraries to develop services that meet the needs of communities throughout the Nation, including people of diverse geographic, cultural, and socioeconomic backgrounds, individuals with disabilities, residents of rural and urban areas, Native Americans, military families, veterans, and caregivers;
- enable libraries to serve as anchor institutions to support community revitalization through enhancing and expanding the services and resources provided by libraries, including those services and resources relating to workforce development, economic and business development, critical thinking skills, health information, digital literacy skills, financial literacy and other types of literacy skills, and new and emerging technology;
- enhance the skills of the current library workforce and recruit future professionals, including those from diverse and underrepresented backgrounds, to the field of library and information services;
- ensure the preservation of knowledge and library collections in all formats and enable libraries to serve their communities during disasters;
- enhance the role of libraries within the information infrastructure of the United States in order to support research, education, and innovation;
- promote library services that provide users with access to information through national, State, local, regional, and international collaborations and networks; and
- encourage, support, and disseminate model programs of library and museum collaboration.

## Grants to States

### Process

The library Grants to States program awards population-based formula grants to each State Library Administrative Agency (SLAA) in the 50 states, the District of Columbia, the U.S. territories of the Commonwealth of Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands, and the Freely Associated States of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau (20 U.S.C. § 9131).

The formula consists of a minimum allotment set by law plus a supplemental amount based on population (dependent on annual appropriations). Population data are based on the information available from the U.S. Census Bureau.

The 2018 Act increased minimum allotments for states from \$680,000 to \$1,000,000, and for Pacific territories and freely associated states, from \$60,000 to \$100,000. Increases to the minimum allotments depend on increases to the program's overall budget, which grew by \$2M in FY 2021. Although this increase did not fully enact the new statutory minimum allotments, it did raise the base to \$833,845 for states, with \$60,000 for other entities. The Act limits administrative costs at the state level to four percent and requires a 34 percent match from non-federal state or local funds.

Programs and services delivered by each SLAA support the purposes and priorities set forth in the Library Services and Technology Act (LSTA). SLAAs must complete five-year plans, conduct a five-year evaluation based on these plans, and report annually to IMLS on their progress in strengthening library services, which helps improve practice and inform policy. SLAAs set goals and objectives for their states regarding the use of Grants to States funds within the statutorily required five-year plan approved by IMLS. These goals and objectives are determined through a planning process that includes statewide needs assessments.

### Use of Funds

States are subject to a statutory “maintenance of effort” requirement that helps ensure that federal funds do not supplant state investments. Library Administrative Agencies may use their funding for:

- expanding services for learning and access to information and educational resources in a variety of formats, including new and emerging technology, in all types of libraries, for individuals of all ages, in order to support such individuals’ needs for education, lifelong learning, workforce development, economic and business development, health information, critical thinking skills, digital literacy skills, and financial literacy and other types of literacy skills;
- establishing or enhancing electronic and other linkages and improved coordination among and between libraries and entities, for the purpose of improving the quality of and access to library and information services;
- providing training and professional development, including continuing education, to enhance the skills of the current library workforce and leadership, and advance the delivery of library and information services;
- enhancing efforts to recruit future professionals, including those from diverse and underrepresented backgrounds, to the field of library and information services;
- developing public and private partnerships with other agencies, tribes, and community-based organizations;
- targeting library services to individuals of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to individuals with limited functional literacy or information skills;
- targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children from families with incomes below the poverty line;

- developing library services that provide all users access to information through local, State, regional, national, and international collaborations and networks; and
- carrying out other activities as described in the State library administrative agency’s plan.

### Discretionary Grants

The Office of Library Services offered five funding opportunities in FY 2021:

- **National Leadership Grants for Libraries** invest in projects that address challenges faced by the library and archives fields and generate results such as new tools, research findings, or models that can be widely used.
- **Native American Library Services Basic Grants**, which are awarded non-competitively, are available to eligible Native American and Native Alaskan organizations and may support existing library operations and/or maintain core library services.
- **Native American Library Services Enhancement Grants**, which are awarded competitively, can be used to enhance existing library services or to implement new services.
- **Native Hawaiian Library Services Grants** may be used for existing library services or to implement new library services.
- **Laura Bush 21st Century Librarian Program** supports professional development and training projects for libraries and archives.

The Agency also awards the **National Medals for Museum and Library Service**, with funds from the National Leadership Grants program. The Medal is the Nation’s highest honor for institutions that make significant and exceptional contributions to their communities.

## Funding Snapshot

Grants to States		
NUMBER OF AWARDS	FUNDS AWARDED	AWARDEE MATCH
59	\$168,803,000	\$86,762,867.04*

\*Only includes match from the states, DC, PR, and Freely Associated States; no match is required from the territories.

Total Grants for All Library Discretionary Programs				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH†
745	277*	\$90,635,939	\$28,273,039†	\$6,469,155

\*A portion of available funds are used to support projects that may not be reflected in the total number of awards.

†FY 2021 awards include those made with FY 2021 Annual Appropriations and a portion of ARP Act funds.

#Match requirements vary by program.

## By Program

Laura Bush 21st Century Librarian Program					
NUMBER OF PRELIMINARY PROPOSALS	NUMBER OF FULL APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH†
127	71*	39	\$36,584,136	\$10,465,420†	\$2,756,155

\*Number of Full Applications represents a portion of the highly rated preliminary proposals submitted through Grants.gov.

Institutions must resubmit a full application to be considered for an award.

†FY 2021 awards include those made with FY 2021 Annual Appropriations and a portion of ARP Act funds.

#Match requirements vary by project type.

National Leadership Grants for Libraries					
NUMBER OF PRELIMINARY PROPOSALS	NUMBER OF FULL APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH†
172	94*	39	\$47,707,123	\$12,245,784†	\$3,658,831

\*Number of Full Applications represents a portion of the highly rated preliminary proposals submitted through Grants.gov.

Institutions must resubmit a full application to be considered for an award.

†FY 2021 awards include those made with FY 2021 Annual Appropriations and a portion of ARP Act funds.

#Match requirements vary by project type.

National Medal for Library Service*					
NUMBER OF NOMINATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH	
75	3	N/A	\$30,000	N/A	

\*Funded through the National Leadership Grants for Libraries program.

Native American and Native Hawaiian Library Service Programs					
PROGRAM	NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH†
Basic Grants (non-competitive)	172	172	\$1,806,790	\$1,806,790	\$0
Enhancement Grants	28	24	\$3,670,126	\$3,305,045*	\$30,859
Native Hawaiian	6	3	\$867,764	\$450,000	\$23,310
Total	206	199	\$6,344,680	\$5,561,835	\$54,169

\*FY 2021 Enhancement Grant awards include those made with FY 2021 Annual Appropriations and a portion of ARP Act funds.

†Matching funds are not required for these programs.



## MUSEUM SERVICES

The Museum and Library Services Act (20 U.S.C. § 9171) authorizes the Office of Museum Services to

- encourage and support museums in carrying out their educational role, as core providers of learning and in conjunction with schools, families, and communities;
- encourage and support museums in carrying out their public service role of connecting the whole of society to the cultural, artistic, historical, natural, and scientific understandings that constitute our diverse heritage;
- encourage leadership, innovation, and applications of the most current technologies and practices to enhance museum services through international, national, regional, State, and local networks and partnerships;
- assist, encourage, and support museums in carrying out their stewardship responsibilities to achieve the highest standards in conservation and care of the diverse cultural, historic, natural, and scientific heritage of the United States to benefit future generations;
- assist, encourage, and support museums in achieving the highest standards of management and service to the public, and to ease the financial burden borne by museums as they serve their communities in new and different ways;
- support resource sharing and partnerships among museums, libraries, schools, and other community organizations;
- encourage and support museums as a part of economic development and revitalization in communities;
- ensure museums of various types and sizes in diverse geographic regions of the United States are afforded attention and support;
- support efforts at the State and regional levels to leverage museum resources and maximize museum services; and

- assist museums in their civic engagement efforts to ensure that every person in the United States has access to high-quality museum services.

IMLS also conducts a grant program with the purpose of improving operations, care of collections, and development of professional management at African American museums, pursuant to the National Museum of African American History and Culture Act (20 U.S.C. § 80r-5).

### Discretionary Grants

The Office of Museum Services offered six competitive funding opportunities in FY 2021:

- **Museums for America** supports museums of all sizes and disciplines to undertake projects that strengthen their ability to serve their public. Funded projects focus on a key goal identified in the institution's strategic plan, aligning with lifelong learning, community engagement, or collections stewardship and access.
- **Inspire! Grants for Small Museums** is a special funding opportunity within the Museums for America program. It is designed to help small museums implement projects that address priorities identified in their strategic plans, focusing on lifelong learning, institutional capacity, or collections stewardship and access.
- **Museums Empowered: Professional Development Opportunities for Museum Staff** is a special funding opportunity within the Museums for America program that is designed to support projects that use the transformative power of professional development and training to generate systemic change within museums of all types and sizes. Funded projects focus on digital technology, diversity and inclusion, evaluation, or organizational management.
- **National Leadership Grants for Museums** support projects that address critical needs of the museum field and that have the potential to advance practice in the profession to strengthen museum services for the American public. In addition to museums, related

organizations such as museum associations, colleges and universities, and some foundations and nonprofit organizations may be eligible to apply for grants in this funding program.

- **Native American/Native Hawaiian Museum Services** grants to Indian tribes and organizations that primarily serve and represent Native Hawaiians enhance museum services to sustain heritage, culture, and knowledge through exhibitions, educational services and programming, workforce professional development, organizational capacity building, and collections stewardship.

- **Museum Grants for African American History and Culture** support activities that build the capacity of African American museums and support the growth and development of museum professionals at African American museums. The program also supports increased access to museum and archival collections at African American museums and Historically Black Colleges and Universities (HBCUs).

The Agency also awards the **National Medals for Museum and Library Service**, with funds from the National Leadership Grants program. The Medal is the Nation's highest honor for institutions that make significant and exceptional contributions to their communities.

### Funding Snapshot

Total Grants for All Museum Discretionary Programs				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH*
943	275	\$154,086,586	\$42,919,228	\$43,859,104

\*Match requirements vary by program.

### By Program

Museums for America				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
394	125	\$70,744,085	\$23,136,057*	\$29,614,771

\*FY 2021 awards include those made with FY 2021 Annual Appropriations and a portion of ARP Act funds.

Inspire! Grants for Small Museums*				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
301	60	\$15,661,784	\$2,604,652 <sup>†</sup>	\$1,200,303

\*A special funding opportunity within Museums for America. Matching funds are not required for this program.

<sup>†</sup>FY 2021 awards include those made with FY 2021 Annual Appropriations and a portion of ARP Act funds.

Museums Empowered*				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
63	22	\$13,137,486	\$3,635,041	\$4,287,890

\*A special funding opportunity within Museums for America.

National Leadership Grants for Museums				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
79	18	\$40,233,385	\$8,040,478*	\$5,579,722 <sup>†</sup>

\*FY 2021 awards include those made with FY 2021 Annual Appropriations and a portion of ARP Act funds.

<sup>†</sup>Match requirements vary by project type.

National Medal for Museum Service*				
NUMBER OF NOMINATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
90	3	N/A	\$30,000	N/A

\*Funded through the National Leadership Grants for Museums program.

Native American/Native Hawaiian Museum Services Program				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH*
34	26	\$3,035,970	\$2,272,000	\$67,694

\*Matching funds are not required for this program.

Museum Grants for African American History and Culture				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH*
72	24	\$11,273,876	\$3,231,000	\$3,108,724

\*Match requirements vary by project type.

## CROSS-AGENCY INITIATIVE

The multipronged **Community Catalyst Initiative (CCI)**, launched in 2016, represented a grantmaking effort that has challenged museums and libraries to transform how they collaborate with their communities towards improving wellbeing. In response to COVID-19, the Agency provided supplements to grantees that allowed for deeper understanding of the impact of the pandemic in supporting adaptations by the grantees. The cumulative findings from this five-year venture are captured in a final report from an independent evaluation released to the Agency in July 2021. The evaluation reveals a wide range of opportunities for grantees to learn, practice, and share experiences in implementing a community-driven collaboration approach to improving wellbeing. Keys for success included: support through coaching by site consultants; professional development opportunities for grantees and their project partners through webinars, convenings, and workshops; and mechanisms fostering peer learning across cohorts of grantees. This model also enabled IMLS to learn from earlier efforts and to refine support in ways that better met the needs of the grantees and its partners.

## COOPERATIVE AGREEMENTS

**Sustaining and Advancing Indigenous Cultures: A Continuing Education Project for Tribal Archives, Libraries, and Museums** is a cooperative agreement with the Association of Tribal Libraries, Archives, and Museums (ATALM). The goal is to provide culturally relevant training opportunities targeted to the professional development needs of current and emerging staff of indigenous archives, libraries, and museums, as well as staff of organizations serving indigenous audiences or holding indigenous collections.

The **Museum Assessment Program (MAP)** is a cooperative agreement with the American Alliance of Museums to help small and medium-sized museums strengthen their operations, plan for the future, and meet professional standards. Museums can apply to participate in one of five different assessments focusing on organizational structure; collections stewardship; education and interpretation; community and audience engagement; or board leadership. The program consists of a one-year process of self-assessment, related institutional activities, and consultative peer review with a site visit and formal report. In FY 2021, 113 museums in 44 states participated in MAP.

The **Collections Assessment for Preservation (CAP)** program provides small and mid-sized museums with funding to assist with a study of all of the institution's collections, buildings, and building systems, as well as its policies and procedures relating to collections care. Participants who complete the program receive an assessment report with prioritized recommendations to improve collections care. In FY 2021, IMLS issued a Notice of Funding Opportunity to solicit a cooperator to administer the program for the next three years. In June 2021, the Foundation for Advancement in Conservation was selected to continue administering the program through a cooperative agreement with IMLS.

Through a cooperative agreement with Partners for Public Good (PPG), a business management consultant, **A Market Analysis and Opportunity Assessment of Museum Capacity Building Programs** encompassed focused research, surveys, individual interviews, and focus groups to gather comprehensive information on the needs for capacity building support among museums, detect potential gaps in the suite of current capacity-building offerings, and identify new opportunities and areas for growth. A final report **Market Analysis and Opportunity Assessment of Museum Capacity Building Programs** ([https://imls.gov/sites/default/files/2021-03/ppg\\_museum\\_programs.pdf](https://imls.gov/sites/default/files/2021-03/ppg_museum_programs.pdf)) was received in December of 2020, which includes an analysis of the data collection, a prioritization of key findings, and recommendations for museums, funders, and associations. Dissemination of the report continued through FY 2021 through presentations and webinars for members of various museum associations throughout the country.

**Building a National Network of Museums and Libraries for School Readiness** is a cooperative agreement with the Boston Children's Museum that addresses persistent gaps in early childhood education and school readiness. In collaboration with the BUILD Initiative, the project is designed to amplify the strength of organizations serving children and families by forming coalitions that

ensure all children in their regions, regardless of socio-economic or linguistic background, have the skills needed to enter school prepared for success. During FY 2021, the project improved existing networks in Massachusetts; scaled existing efforts in South Carolina and Virginia; piloted grassroots museum and library networks in Iowa, Mississippi, and New Mexico; and developed sustainability mechanisms for the network within and among the states.

**Museums for Digital Learning (MDL)** enables museums of all sizes and disciplines to share digitized collections and create ready-to-use educational resources for K-12 educators and their students across the country. Funded through a partnership between the Indianapolis Museum of Art/Newfields, the Field Museum, and History Colorado, leadership passed to History Colorado in FY 2021 to increase museum participants and K-12 users, develop user tracking and quality controls, and provide more streamlined onboarding and help resources. The MDL platform currently features resources from 55 museums, and offers 38 resource kits, containing educational activities including gaming, an e-book template, and a collections hub available at [Museums for Digital Learning \(https://museumsfordigitalllearning.org/\)](https://museumsfordigitalllearning.org/).

**Museums for All** is a national, branded access program that encourages individuals of all backgrounds to visit museums regularly and build lifelong museum habits. The program is administered by the Association of Children's Museums through a cooperative agreement with IMLS. Through Museums for All, those receiving food assistance (SNAP benefits) can gain free or reduced admission to participating museums by presenting their SNAP EBT (Supplemental Nutrition Assistance Program Electronic Benefit Transfer) card. In FY 2021, the project continued recruiting participating museums and encouraged the designation of hub cities, where multiple museums are participating in the program. To date, the program is offered through 733 museums in all 50 states, the District of Columbia, and the U.S. Virgin Islands, and 52 hub cities are jointly serving their communities.



Museums for All has attracted over 3.26 million visitors nationwide since its inception in 2014. Despite museum closures and related challenges caused by the pandemic, the initiative gained 148 additional museums in FY 2021.

The **Maker/STEM Education Support for 21st Century Community Learning Centers** project paired educators from eight museums across the country with educators in the Department of Education's 21st Century Community Learning Centers to engage students in after-school STEM-based learning activities. An interagency agreement with the U.S. Department of Education provided funding of \$1.9 million to support a cooperative agreement between IMLS and the New York Hall of Science through which 48 afterschool educators received training and over 380 students participated in maker-based programming in FY 2021. The project generated a STEM-rich [After School Making Guide and video tutorials](#) (<https://y4y.ed.gov/stemchallenge/imls>), which are available on the You for Youth website.

The **National Student Poets Program (NSPP)** is one of the Nation's highest honors for youth poets presenting original work. A collaboration with the Alliance for Young Artists & Writers, the program strives to inspire other young people to achieve excellence in their own creative endeavors and promote the essential role of writing and the arts in academic and personal success. The program links the National Student Poets with audiences and neighborhood assets such as museums, libraries, and other community anchor institutions. NSPP builds upon the Alliance for Young Artists & Writers' long-standing work with educators and creative teens through the Scholastic Art & Writing Awards. In 2020 the Poets' appointment ceremony was held virtually for the first time; a [video of the 2021 hybrid Poets ceremony](#) (<https://www.youtube.com/watch?v=5ub1cpQoS8g>) is available on YouTube.

**Evaluation cooperative agreements** will strengthen work related to the Accelerating Promising Practices for Small Libraries program. Three mentor organizations will work with cohorts of grantees to develop communities of

practice and provide training, coaching, and other support. These organizations include Wisconsin Library Services for the Community Memory cohort, Kansas City Public Library for the Digital Inclusion cohort, and OCLC for the Transforming School Library Practice cohort. A fourth cooperative agreement with an external evaluator will provide an assessment of the entire grant program. The evaluation will help IMLS and the library field better understand the efficacy of various capacity-building methods to help libraries and archives to address issues important to their communities.

## INTERAGENCY COLLABORATION

The Museum and Library Services Act authorizes IMLS to enter into interagency agreements to promote or assist with the museum, library, and information services-related activities of other Federal agencies (20 U.S.C. § 9103). Recognizing the role of museums and libraries as anchor institutions, the Act directs the Agency to coordinate and work jointly with other Federal departments and agencies on:

- initiatives, materials, technology, or research to support education, workforce development, economic and business development, and related activities and services undertaken by libraries;
- resource and policy approaches to eliminate barriers to fully leveraging the role of libraries and museums in supporting the early learning, literacy, lifelong learning, digital literacy, workforce development, and education needs of the people of the United States; and
- initiatives, materials, technology, or research to support educational, cultural, historical, scientific, environmental, and other activities undertaken by museums.

In addition to project support, the Director of IMLS holds several statutory positions, including on the Federal Council on the Arts and the Humanities, the American Folklife Center, and in connection with the Nation's Semiquincentennial Commission.



### ***Communities for Immunity***

IMLS entered into an interagency agreement with the **Centers for Disease Control and Prevention (CDC)** in order to boost COVID-19 vaccine confidence in communities across the United States. With support from the CDC and IMLS, the **Association of Science and Technology Centers (ASTC)**, in collaboration with the **American Alliance of Museums (AAM)**, will lead Communities for Immunity, which will provide funding to museums and libraries to enhance vaccine confidence at the local level. Building on the many ways they have supported their communities during the pandemic, the partnership is helping museums and libraries create and deliver evidence-driven materials and develop resources, programs, and approaches specifically designed to help museums and libraries engage diverse audiences in building trust in the COVID-19 vaccine. The **American Library Association (ALA)**, the **Association of African American Museums (AAAM)**, the **Association of Children's Museums (ACM)**, the **Association of Rural and Small Libraries (ARSL)**, the **Association of Tribal Archives, Libraries, and Museums (ATALM)**, the **Network of the National Library of Medicine (NLM)**, and the **Urban Libraries Council (ULC)** are partners in the initiative. Through this network of museum and library organizations and professionals, we can enable engagement across a broad and diverse set of communities, increase COVID-19 vaccine confidence in the short term, and work toward greater community health/resilience in the long term.

### ***American Broadband Initiative***

IMLS is a critical partner in the Administration's **American Broadband Initiative**, designed to identify and remove barriers to broadband access and digital resources. In collaboration with the **Departments of Interior (DOI), Education, Commerce, Agriculture, Transportation, the Federal Communications Commission (FCC), and the White House Council for Native American Affairs**, IMLS has hosted an annual National Tribal Broadband Summit since 2019. The Summit provided a unique opportunity for

Tribal leaders, representatives of Tribal libraries and cultural programs, federal programs managers and policy makers at multiple levels of government to come together and share their innovations in expanding broadband access and adoption in Tribal communities. IMLS's Director opened this year's Summit with the Special Assistant to the President for Native Affairs, Secretary of Commerce, DOI's Assistant Secretary for Indian Affairs. IMLS also partnered with the FCC on library resources for COVID response and for engaging U.S. libraries as community hubs to drive digital adoption and literacy.

### ***America250***

America250 is a multi-year effort to commemorate the 250th anniversary of the founding of the United States. The Semiquincentennial Commission Act of 2016, as amended, established a Commission of public and private partners to plan, encourage, develop, and coordinate commemorative activities, culminating on July 4, 2026, but building community infrastructure for the future. IMLS has funded some initial projects in preparation for the anniversary and the Director helped launch a local planning guide. IMLS partnered on the development of a Memorandum of Understanding to work collaboratively on signature programs and activities that tap into the wealth of knowledge, historic assets, and tangible touchpoints comprising some of the country's leading cultural institutions and organizations. Director Kemper serves as an ex-officio member of the Semiquincentennial Commission.

### ***Museums and Archives and HBCU Initiative: The History and Culture Access Consortium***

IMLS is collaborating with the Smithsonian's **National Museum of African American History and Culture (NMAAHC)** to provide training, mentoring, and support to the next generation of museum, library, archives, and academic professionals from population groups that have been underrepresented in these fields. NMAAHC, in partnership with five Historically Black

Colleges and University (HBCUs), has created the History and Culture Access Consortium (HCAC) to strengthen member archives and museums and to bring their rare and unique collections into the public eye. IMLS will support intensive professional training and leadership development for emerging museum, library, archives, and academic professionals from traditionally underrepresented groups, as well as an evaluation of HCAC's progress and effectiveness in reaching project goals and the effectiveness of the consortium as a model that can be successfully expanded to other HBCUs.

### ***Preservation of National Collections: Save America's Treasures***

IMLS partners with the **National Park Service**, the **National Endowment for the Humanities**, and the **National Endowment for the Arts** to support **Save America's Treasures**, a grant program designed to preserve and protect nationally significant historic properties and collections throughout the country. Congress appropriates funding for the Save America's Treasures grants from the Historic Preservation Fund, which uses revenue from federal oil leases to provide a range of preservation assistance without expending tax dollars. In FY 2021, the program awarded 49 grants in 29 states, totaling \$15.5 million. IMLS will manage 24 of these awards that support collections preservation, totaling \$5,547,021.

### ***DOI Technical Assistance***

The **Recovery Support Function Leadership Group (RSFLG)** is a federal interagency body established to improve the effectiveness and unity of effort in coordinating federal support to help communities recover from a disaster. IMLS is a supporting organization and participates in one of six Recovery Support Functions (RSFs): Natural and Cultural Resources (NCR). The NCR RSF brings together a variety of federal agencies under the leadership of the Department of the Interior to support the protection of natural and cultural resources and historic properties through appropriate response and recovery actions. In partnership with other federal cultural agencies, IMLS staff presented three webinars for museum and library professionals in Puerto Rico

and the U.S. Virgin Islands in FY 2021 to learn more about IMLS funding opportunities and the application process.

### ***Serving New Americans***

Since 2013 IMLS and the **U.S. Citizenship and Immigration Services (USCIS)** have supported cross-cultural understanding and learning opportunities by sharing information with libraries and museums on citizenship rights and responsibilities through webinars and other opportunities and materials. In FY 2021, IMLS and USCIS held two joint webinars for library and museum stakeholders.

### ***National Book Festival***

Through support to the **Library of Congress**, IMLS contributed funding to the second virtual edition of the National Book Festival. Events scheduled between September 17–26, 2021, included a national television special, daily author conversations, and on-demand programs. IMLS was a sponsor for genres related to Children, History & Biography, Science, and Teens. IMLS worked with the Library of Congress, state libraries, and other partners to promote 43 locally organized events in 15 states in connection with the virtual festival, amplified in the [Festival Near You schedule \(https://www.loc.gov/events/2021-national-book-festival/schedule/near-you/\)](https://www.loc.gov/events/2021-national-book-festival/schedule/near-you/).

### ***Digital Humanities Advancement Grants***

Through a partnership with the **National Endowment for the Humanities (NEH)**, IMLS supports Digital Humanities Advancement Grants, an NEH program that enhances scholarly research, teaching, and public programming in the humanities. IMLS funding to this program encourages innovative collaborations between library and archival professionals, humanities professionals, and relevant communities to empower learning, foster civic cohesion, and strengthen knowledge networks. These collaborations advance preservation of, access to, use of, and engagement with digital humanities collections and services that enrich individuals' understanding of the world, support critical and creative thinking, and inform decision-making.

## **POLICY RESEARCH, ANALYSIS, DATA COLLECTION, AND DISSEMINATION**

IMLS is authorized to support and conduct policy research, data collection, analysis and modeling, evaluation, and dissemination of information to extend and improve the Nation's museum, library, and information services (20 U.S.C. § 9108). The Act identifies the following objectives:

- To enhance and expand the capacity of museums, libraries, and information services to anticipate, respond to, and meet the evolving needs of communities and the public, including by identifying trends and developments that may impact the need for and delivery of services.
- To provide information and data on the role, value, and impact of museum, library, and information resources, including the identification of trends and the potential gaps in the availability and use of museum and library services by their communities and the public.
- To measure the effectiveness of museums, libraries, and information services throughout the United States, including the impact of Federal programs authorized under the Act.
- To identify indicators and outcomes that can be used to create enhancements to the efficiency and efficacy of museum, library, and information services.
- To promote advancement and growth in museum, library, and information services through sharing of best practices and effective strategies in order to better serve the people of the United States.
- To facilitate planning for, and building of, institutional capacity in order to improve museum, library, and information services at the national, State, local, and regional levels; and international communications and cooperative networks.

In carrying out these objectives, IMLS engages with the State Library Administrative Agencies, networks of museums and libraries, as well as national, state, tribal, and regional museum and library organizations.

The Agency produces evaluations and performs data collection and analysis to inform policy decisions and support the museum and library fields of practice. These efforts identify trends, important comparisons, and enable objective policymaking at the national and state levels. The primary data products maintained by IMLS are the Public Libraries Survey and the State Library Administrative Agency Survey.

- The **Public Libraries Survey (PLS)** has been conducted annually since 1988 and is a definitive source on the state of public libraries in the United States. PLS data provides key information on over 9,000 public library systems and 17,000 public library outlets nationwide.
  - » Two recent examples of usage include the January 2021 research brief on the use and cost of public library materials. The brief established the baseline for prior availability and usage of electronic materials with FY 2014 and FY 2018 data from before the COVID-19 pandemic to better measure the impact of the pandemic on library services in FY 2021 and beyond. The Agency also coordinated with Federal Emergency Management Agency (FEMA) on adding the PLS data to FEMA's COVID-19 Data and Assessment Portal (CDAP), intended to enhance the capability of federal agencies to assess recovery-focused data, and which incorporates a variety of data sets across multiple topic areas (e.g., the economy, healthcare, vulnerable populations). In response to the onset of COVID-19, the PLS included a suite of special questions in data collected across all public libraries in FY 2021 to better understand the ramifications associated with the pandemic's disruption across American communities.

- » Over the past year, IMLS enhanced the PLS by continuing improvements for its data collection and data utilization practices. Building on a study commissioned in 2019, IMLS proceeded with piloting a new approach to survey development that intends to produce better quality data with reduced respondent reporting burden by systematically sequencing concept development before data element development. The pilot involved cognitive interviews with nine local library systems to assess the feasibility of introducing new data elements for measuring several facets associated with the delivery of programs in the libraries for community residents. This approach has enabled the development of important new questionnaire items that assess the expansion of programming and electronic services offered in public libraries in response to shifting public demand.
- The **State Library Administrative Agency (SLAA) Survey** has been collected annually since 1994 and biennially after 2010. The SLAA survey is a definitive source on the state of state library agencies in the United States and provides key information on the state library agencies in all 50 states and the District of Columbia. These collected data may be used by policymakers in the executive and legislative branches of federal and state governments; government and library administrators at the federal, state, and local levels; the Chief Officers of State Library Agencies (COSLA); members of professional library associations; library and public policy researchers, journalists, and others in the public. In the winter of 2021, the SLAA survey completed another round of data collection. Again, the response rate equaled 100 percent, with the survey including a series of special questions revolving around the disruption caused by COVID-19.
- **Evaluation of the African American History and Culture Grant Program:** The Museum Grants for African American History and Culture (AAHC) program builds the capacity of African American museums and supports the growth and development of museum professionals at African American museums. The first AAHC grants were awarded in 2006, and since that time, IMLS has awarded 179 grants totaling \$17,551,735 of federal funds and \$20,861,925 in matching funds. In the winter of 2021, IMLS completed a retrospective evaluation of this grant program. The evaluators analyzed the administrative data as well as conducted stakeholder surveys and interviews. Key findings included identified opportunities for expanding the program's already broad reach across the Nation's African American museums and Historically Black Colleges and Universities (HBCUs). Findings also point to greater financial resilience and deepened audience engagement for grantees, particularly small nonprofits. They also reveal how IMLS administrative practices—including staff responsiveness and beneficial training resources—contributed to successful program implementation and the capturing and sharing of program knowledge.
- **Analysis and Synthesis of Internal Scans of Office of Museum Services' Awarded Grant Programs (2014–2018):** Through a contract, the Office of Museum Services conducted a data analysis of its awarded grants to better understand the depth and breadth of the investment the Agency has made through its museum award programs and cooperative agreements over the last several years. The analysis included a total of 1,241 OMS-funded projects between FY 2014 and FY 2018. The project used a variety of data sources including administrative award data, award applications, awardees' final reports, landscape analyses of museum field trends and research, and other literature identified by OMS staff. Initiated in 2019, the final report was delivered in December 2020 and includes in-depth data, illustrative project examples, and high-level findings and recommendations to guide future investments.



## D. BRIEF ANALYSIS OF FINANCIAL STATEMENTS

### INTRODUCTION AND FIGURES

Underlying the Agency’s many programmatic achievements is its commitment to organizational excellence and sound financial management. IMLS has a fiduciary and stewardship responsibility to manage its federal funds effectively and efficiently and comply with federal financial management guidance. As part of this responsibility, the Agency prepares annual financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The principal financial statements have been prepared to report the financial position and results of operations for IMLS. The FY 2021 financial statements and accompanying notes are presented in accordance with OMB Circular A-136, Financial Reporting Requirements, and are shown in comparative formats.

To ensure the integrity and reliability of the annual financial statements, IMLS subjects them to an annual independent audit. Figure 1 below summarizes the IMLS financial position in FY 2021.

**Figure 1: IMLS FY 2021 Financial Position (\$ in millions)**

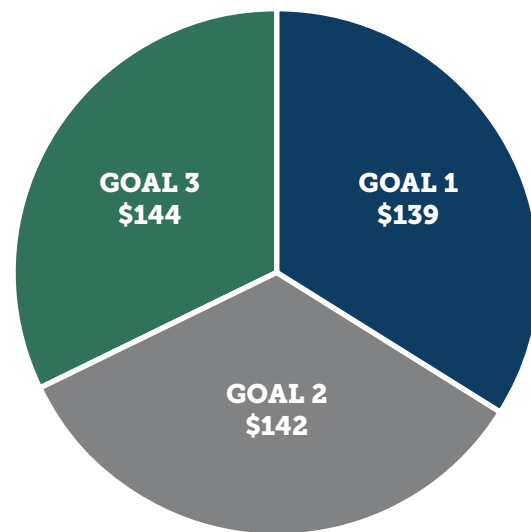
Net Financial Condition	FY 2021 (\$)	FY 2020 (\$)	Increase/Decrease (\$)	Change (%)
ASSETS	556.4	379.4	177	46.7
LIABILITIES	63.4	43	20.4	47.4
NET POSITION	493	336.4	156.6	46.5
NET COST	298.8	243.4	55.4	22.8

In FY 2021 IMLS received increased appropriations of \$10M for annual operations. Congress also enacted the ARP Act resulting in IMLS receiving supplemental appropriations of \$200M to continue to support museums and libraries in their response to the coronavirus. These increases resulted in additional awards and an increase to the fund balance with Treasury in the Assets line and an increase in the unexpended appropriations amount in the

Net Position line. The grant awards made with the additional funding will incur expenses over multiple years. The expenses incurred in FY 2021 resulted in an increase to both the grant expense accrual in the Liabilities line and the gross costs on the Statement of Net Cost. Both of these increases reflect the activity driven by additional award activity from the supplemental appropriations in FY 2021 and 2020.

Figure 2 below summarizes the FY 2021 grant award obligations by Strategic Goal and includes awards made as part of the supplemental funding IMLS received in the ARP Act and with \$4M of carryover funds from the CARES Act to support libraries and museums in helping their communities respond to the COVID-19 pandemic.

**Figure 2: FY 2021 Financial Assistance Obligations (\$ in millions)**



**Goal 1: Promote Lifelong Learning/ Champion Lifelong Learning**

**Goal 2: Build Capacity/ Strengthen Community Engagement**

**Goal 3: Increase Public Access/ Advance Collections Stewardship and Access**



## COVID-19 FINANCIAL POSITION

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The ARP Act, P.L. 117-2, authorized funding for IMLS to “to carry out museum and library services” for the benefit of communities impacted by the public health emergency. The funding has been appropriated as a no-year fund. In FY 2021 IMLS incurred approximately \$183.9M in obligations for awards to museums and libraries and for research-based information for these institutions to mitigate the impact of COVID-19 in the delivery of their essential services. The remaining budgetary resources are available to make additional awards to museums and libraries in FY 2022 and continue research and evaluation projects related to the impact of the virus and administrative support of the grant awards.

An additional \$4M of awards for grants and research and evaluation support awards were made in FY 2021 with available funds from the CARES Act, P.L. 116-136. These funds were originally appropriated in FY 2020 and provide additional resources for museums, libraries, and tribes to continue efforts in providing essential services that assist communities in responding to the pandemic. Funds provided through the CARES Act have been fully obligated as of September 30, 2021.

## LIMITATIONS OF FINANCIAL STATEMENTS

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IMLS has prepared the principal financial statements to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515(b). The statements have been prepared from the books and records of the entity in accordance with Generally Accepted Accounting Principles (GAAP) for federal entities and the formats prescribed by the Office of Management and Budget (OMB). Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government.

## E. MANAGEMENT ASSURANCES AND COMPLIANCE WITH LAWS

### OVERALL INTERNAL CONTROL

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In FY 2021, IMLS demonstrated its continued commitment to maintaining strong internal controls. Internal control is an integral component of effective agency management, providing reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of reporting, and compliance with laws and regulations. The Federal Managers' Financial Integrity Act of 1982 (FMFIA) establishes management's responsibility to assess and report on internal accounting and administrative controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The FMFIA requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable laws; funds, property and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to permit the preparation of reliable reports and to maintain accountability over the assets. The FMFIA also requires agencies to annually assess whether financial management systems conform to related requirements (FMFIA Section 4 Guidance for implementing the FMFIA is provided through Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and the revised Appendix A, *Management of Reporting and Data Integrity Risk*).

## ANNUAL ASSURANCE STATEMENT

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IMLS management is responsible for establishing and maintaining an effective system of internal control that meets the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). In accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, IMLS conducted its annual assessment of its system of internal control. Based on the results of this assessment, IMLS can provide reasonable assurance that its system of internal control over operations, reporting, and compliance was operating effectively as of September 30, 2021.

IMLS management is also responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. Based on the results of its annual assessment of internal controls, IMLS can provide reasonable assurance that internal controls and procedures over financial reporting were operating effectively during the year ended September 30, 2021.



Crosby Kemper  
Director  
November 10, 2021



Christopher A. Catignani  
CFO  
November 10, 2021

## MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL

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The Director's and CFO's FY 2021 annual assurance statement for FMFIA provides reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2021. The associated objectives are: effective and efficient operations; compliance with applicable laws and regulations; and reliability of reporting.

The basis for management's assessment of, and assurance about, the IMLS's system of internal control is composed of many facets. A central facet is the annual management controls surveys completed by each office head. These surveys were based on each person's knowledge of daily operations, self-assessments, and internal reviews over core operating functions of the Agency. Taking into account the completed surveys from office heads, and the regular reviews of operations performed by the Agency's Risk Management Council which is composed of the heads of the administrative offices and the Office of General Counsel, the CFO advises the Director as to whether IMLS had any internal control deficiencies.

## OTHER REVIEWS

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### ***Federal Information Security Modernization Act (FISMA)***

FISMA requires federal agencies to "develop, document, and implement an agency-wide information security program to provide information security for the information and information systems that support the operations and assets of the Agency, including those provided or managed by another agency, contractor, or other source." In addition, FISMA requires federal agencies to conduct annual assessments of their information security and privacy programs, to develop and implement remediation efforts for identified weaknesses and vulnerabilities, and to report compliance to OMB. An independent external auditor and IMLS's Chief Information Officer perform a joint review of the Agency's compliance with FISMA requirements each year. IMLS submitted its FY 2021 report to OMB on October 30, 2021.

### **SUMMARY OF CURRENT FINANCIAL SYSTEM AND FUTURE STRATEGIES**

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In FY 2021, IMLS continued to work with its Federal Shared Service Provider, the Department of Transportation's Enterprise Service Center (ESC), to enhance its existing systems. IMLS is also continuing to improve efficiencies and plans to build an automated interface of procurement transactions into the Agency's financial accounting system. The implementation of the new system will provide integrated acquisition management from purchase requisition routing to obligation of funds. The new procurement system will strengthen internal controls over procurement activities and streamline processes across the Agency.

## SECTION 2

## Financial Section

**MESSAGE FROM THE CHIEF FINANCIAL OFFICER**

On behalf of the Institute of Museum and Library Services, it is my pleasure to join with Director Kemper in presenting the Institute's FY 2021 Annual Financial Report. This report is a summary presentation of our financial, operational, and programmatic achievements during the past year.

The independent audit of our financial statements has been completed, and I am pleased to report that the Institute received a sixteenth consecutive unmodified opinion, with no material weaknesses. This is evidence of the organization's continued emphasis on reviewing and strengthening internal controls in accordance with requirements from central regulatory bodies of the federal government such as the U.S. Treasury and OMB.

In FY 2021, there was one significant change to the Agency financial system as we successfully implemented the Prism module to streamline acquisition and contracting processes. Prism is fully integrated with the financial accounting system. Implementing Prism has increased efficiencies in the requisition approval process and created real-time acquisition award reporting for offices. This was done in partnership with the Federal Aviation Administration–Enterprise Services Center (FAA-ESC) and represents one of the many successful results to come out of the Agency's continued agreement for accounting and financial reporting services from the ESC. The ability to partner with one of the Centers of Excellence designated by OMB affords us the opportunity to receive the numerous benefits a shared service provider can offer, at affordable costs. IMLS, in coordination with the ESC, continues to update our DATA Act reporting architecture to implement new reporting requirements.

The Agency continued to focus on creating automated, system-driven solutions to gain efficiencies and increase transparency in both financial and performance reporting. These changes will improve operational efficiencies, imbed additional controls in our automated processes, and optimize the use of improved technology. The Agency continues to build on the core competencies of our federal partners, including engaging with the National Endowment for the Humanities in the fully implemented eGMS grants management system.

Due to the increased volume of grant awards that were made by the Agency after receiving a total of \$250M in supplemental funds in FYs 2021 and 2020, the Agency is planning to focus on developing enhanced automated tools to reconcile data between the financial reporting system and the grants management system in FY 2022. These enhancements will increase efficiency and allow the Agency to consistently meet 100% of the requirements in DATA Act reporting in a timely and accurate fashion.

We are confident that our financial systems and operations will provide the necessary support to deliver the Institute's mission effectively and efficiently and meet the goals established in our strategic plan. I want to extend my sincere thanks and appreciation to all the dedicated staff at IMLS whose commitment and effort made this past year a success: your work is recognized and appreciated.

Sincerely,



Christopher A. Catignani, Chief Financial Officer,  
November 10, 2021



# REPORT OF THE INDEPENDENT AUDITORS

## AUDITORS' REPORT

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**Institute of Museum and Library Services**

**Audit of Financial Statements**

**As of and for the Years Ended  
September 30, 2021 and 2020**

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**Submitted By**

**Leon Snead & Company, P.C.**

*Certified Public Accountants & Management Consultants*



## **Independent Auditor's Report**

Crosby Kemper III, Director  
Institute of Museum and Library Services

We have audited the accompanying balance sheets of the Institute of Museum and Library Services (IMLS), as of September 30, 2021 and 2020, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended. The objective of our audit was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the IMLS' internal control over financial reporting, and tested the IMLS' compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on its financial statements.

### **SUMMARY**

As stated in our opinion on the financial statements, we found that the IMLS' financial statements as of and for the years ended September 30, 2021 and 2020, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control would not necessarily disclose all deficiencies in internal control over financial reporting that might be material weaknesses under standards issued by the American Institute of Certified Public Accountants. However, our testing of internal control identified no material weaknesses over financial reporting.

Our tests of compliance with certain provisions of laws, regulations, and significant provisions of contracts and grant agreements disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and the Office of Management and Budget (OMB) Bulletin 21-04, *Audit Requirements for Federal Financial Statements* (the OMB audit bulletin).

The following sections discuss in more detail our opinion on the IMLS' financial statements, our consideration of IMLS' internal control over financial reporting, our tests of IMLS' compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of IMLS, which comprise the balance sheets as of September 30, 2021 and 2020, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

### Opinion on Financial Statement

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMLS as of September 30, 2021 and 2020, and the related net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Such responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error or fraud.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and pertinent provisions of OMB Bulletin 21-04, *Audit Requirements for Federal Financial Statements* (the OMB audit bulletin). Those standards and the OMB audit bulletin require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments in a Federal agency, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions on the effectiveness of the IMLS' internal control or its compliance with applicable laws, regulations, and significant provisions of contracts and grant agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

Accounting principles generally accepted in the United States of America require that RSI, including Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Summary of Financial Statement Audit and Management Assurances and reporting details related to the Improper Payments Improvement Act, as amended by the Payment Integrity Information Act of 2019, are presented for the purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **OTHER AUDITOR REPORTING REQUIREMENTS**

#### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of IMLS as of and for the years ended September 30, 2021 and 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the IMLS' 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IMLS' internal control. Accordingly, we do not express an opinion on the effectiveness of the IMLS' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, given these



limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We noted one control deficiency of minor significance that we have communicated it to IMLS management in a separate report.

Because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. 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 a 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 a 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.

#### Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and significant provisions of contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the IMLS. Providing an opinion on compliance with certain provisions of laws, regulations, and significant contract provisions and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

In connection with our audit, nothing came to our attention that caused us to believe that IMLS failed to comply with applicable laws, regulations, or significant provisions of contracts and grant agreements that have a material effect on the financial statements insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the IMLS' noncompliance with applicable laws, regulations, or significant provisions of contracts and grant agreements insofar as they relate to accounting matters.

#### Restricted Use Relating to Reports on Internal Control and Compliance

The purpose of the communication included in the sections identified as "Report on Internal Control" and "Report on Compliance" is solely to describe the scope of our testing of internal control over financial reporting and compliance, and to describe any material weaknesses, significant deficiencies, or instances of noncompliance we noted as a result of that testing. Our objective was not to provide an opinion on the design or effectiveness of the IMLS' internal control over financial reporting or its compliance with laws, regulations, contracts, or grant agreements. The two sections of the report referred to above are integral

parts of an audit performed in accordance with *Government Auditing Standards* in considering the IMLS' internal control over financial reporting and compliance. Accordingly, those sections of the report are not suitable for any other purpose.

Auditor's Comments

The management of IMLS concurred with the facts and conclusions in our report. A copy of management's response accompanies this report.

*Leon Snead & Company, P.C.*

Leon Snead & Company, P.C.

Potomac, MD

November 10, 2021



November 10, 2021

Ms. Pat Layfield  
Audit Manager  
Leon Snead & Company  
416 Hungerford Drive, Ste 400  
Rockville, MD 20850

Dear Ms. Layfield,

Thank you for managing the audit of the Institute of Museum and Library Services' fiscal year 2021 financial statements.

We concur with the facts and conclusion of your report and are pleased to learn of the unmodified opinion on our financial statements and related notes. Your work helped validate the success of our continuing efforts to enhance IMLS' financial management systems and improve internal controls.

We appreciate the time and effort committed by you and your colleagues who worked on the audit. The professionalism of the audit team continues to be exemplary and was instrumental in our efforts to complete the deliverables in a timely manner.

Yours truly,

Crosby Kemper, III  
Director

Cc: Chris Catignani, Chief Financial Officer

**INSTITUTE OF MUSEUM AND LIBRARY SERVICES**  
**BALANCE SHEET**  
**As of September 30, 2021 and 2020**  
**(in dollars)**

<b>Assets:</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 549,631,896	\$ 376,635,940
Advances and Prepayments (Note 4)	<u>110,406</u>	<u>122,425</u>
Total intragovernmental	549,742,302	376,758,365
With the public:		
General property, plant, and equipment, net (Note 3)	520,689	695,442
Advances and Prepayments (Note 4)	<u>6,110,931</u>	<u>1,974,073</u>
Total with the public	6,631,620	2,669,515
<b>Total Assets</b>	<b><u>\$ 556,373,922</u></b>	<b><u>\$ 379,427,880</u></b>
<b>Liabilities:</b>		
Intragovernmental:		
Accounts payable (Note 6)	\$ 616,956	\$ 755,837
Advances from others and deferred revenue (Note 6)	12,268,824	7,402,319
Other Liabilities (Note 6)	<u>172,036</u>	<u>141,613</u>
Total intragovernmental	13,057,816	8,299,769
With the public:		
Accounts payable	226,453	313,681
Federal employee benefits payable (Note 6)	832,221	769,386
Other liabilities (Note 6)	514,651	352,963
Other liabilities - accrued grant liabilities (Note 6)	<u>48,758,590</u>	<u>33,313,629</u>
Total with the public	50,331,915	34,749,659
<b>Total Liabilities</b>	<b><u>\$ 63,389,731</u></b>	<b><u>\$ 43,049,428</u></b>
Commitments and contingencies	-	-
<b>Net Position:</b>		
Unexpended Appropriations - Funds from Dedicated Collections (Note 8)	\$ -	\$ -
Unexpended Appropriations - Funds from Other than Dedicated Collections	<u>493,768,386</u>	<u>336,353,619</u>
Total Unexpended Appropriations (Combined or Consolidated)	493,768,386	336,353,619
Cumulative Results of Operations - Funds from Dedicated Collections (Note 8)	171,152	879,892
Cumulative Results of Operations - Funds from Other than Dedicated Collections	<u>(955,347)</u>	<u>(855,059)</u>
Total Cumulative Results of Operations (Combined or Consolidated)	(784,195)	24,833
Total Net Position	<u>492,984,191</u>	<u>336,378,452</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 556,373,922</u></b>	<b><u>\$ 379,427,880</u></b>

The format of the Balance Sheet has changed to reflect more detail for certain line items, as required for all significant reporting entities by OMB Circular A-136. This change does not affect totals for assets, liabilities, or net position and is intended to allow readers of this Report to see how the amounts shown on the Balance Sheet are reflected on the Government-wide Balance Sheet, thereby supporting the preparation and audit of the Financial Report of the United States Government. The presentation of the fiscal year 2020 Balance Sheet was modified to be consistent with the fiscal year 2021 presentation.

The accompanying notes are an integral part of these statements.

**INSTITUTE OF MUSEUM AND LIBRARY SERVICES**  
**STATEMENT OF CHANGES IN NET POSITION**  
For the Years Ended September 30, 2021 and 2020  
(in dollars)

	2021			2020		
	Funds from Dedicated Collections (Combined or Consolidated Totals) (Note 8)	Funds from Other Than Dedicated Collections (Combined or Consolidated Totals)	Consolidated Total	Funds from Dedicated Collections (Combined or Consolidated Totals) (Note 8)	Funds from Other Than Dedicated Collections (Combined or Consolidated Totals)	Consolidated Total
<b>Unexpended Appropriations:</b>						
Beginning Balance	\$ -	\$ 336,353,619	\$ 336,353,619	\$ -	\$ 278,188,207	\$ 278,188,207
Adjustments:						
Changes in accounting principles	-	-	-	-	-	-
Corrections of errors	-	-	-	-	-	-
Beginning Balance, as adjusted	-	336,353,619	336,353,619	-	278,188,207	278,188,207
Appropriations received	-	457,000,000	457,000,000	-	302,000,000	302,000,000
Appropriations transferred in/out	-	(2,024,486)	(2,024,486)	-	-	-
Other Adjustments	-	-	-	-	(1,898,220)	(1,898,220)
Appropriations used	-	(297,560,748)	(297,560,748)	-	(241,936,368)	(241,936,368)
Net Change in Unexpended Appropriations	-	157,414,767	157,414,767	-	58,165,412	58,165,412
<b>Total Unexpended Appropriations: Ending</b>	-	493,768,386	493,768,386	-	336,353,619	336,353,619
<b>Cumulative Results From Operations:</b>						
Beginning Balances	879,892	(855,059)	24,833	75,272	(579,081)	(503,811)
Adjustments:						
Changes in accounting principles	-	-	-	-	-	-
Corrections of errors	-	-	-	-	-	-
Beginning Balance, as adjusted	879,892	(855,059)	24,833	75,272	(579,081)	(503,811)
Other adjustments	-	-	-	-	-	-
Appropriations used	-	297,560,748	297,560,748	-	241,936,368	241,936,368
Non-exchange revenue	-	-	-	-	-	-
Donations and forfeitures of cash and cash equivalents	3,400	-	3,400	1,600,173	-	1,600,173
Transfers in/out without reimbursement	-	-	-	-	-	-
Donations and forfeitures of property	-	-	-	-	-	-
Imputed financing	-	444,056	444,056	-	380,524	380,524
Other	-	-	-	-	-	-
<b>Net Cost of Operations</b>	712,140	298,105,091	298,817,231	1,600,173	242,316,892	243,917,065
<b>Net Change in Cumulative Results of Operations</b>	(708,740)	(100,288)	(809,028)	804,620	(275,978)	528,642
<b>Cumulative Results of Operations: Ending</b>	171,152	(955,347)	(784,195)	879,892	(855,059)	24,833
<b>Net Position</b>	<b>\$ 171,152</b>	<b>\$ 492,813,039</b>	<b>\$ 492,984,191</b>	<b>\$ 879,892</b>	<b>\$ 335,498,560</b>	<b>\$ 336,378,452</b>

The accompanying notes are an integral part of these statements.



**INSTITUTE OF MUSEUM AND LIBRARY SERVICES**  
**STATEMENT OF NET COST**  
**For the Years Ended September 30, 2021 and 2020**  
**(in dollars)**

<b>Program costs:</b>	<b>2021</b>	<b>2020</b>
<b>Goal 1: Promote Lifelong Learning</b>		
Gross costs	\$ 92,619,016	\$ 74,027,505
Less: Earned revenue	692,610	650,749
Net Program Costs	91,926,406	73,376,756
 <b>Goal 2: Build Capacity</b>		
Gross costs	\$ 92,545,356	\$ 76,968,351
Less: Earned revenue	380,602	-
Net Program Costs	92,164,754	76,968,351
 <b>Goal 3: Increase Public Access</b>		
Gross costs	\$ 96,626,873	\$ 76,803,429
Less: Earned revenue	1,807,303	1,010,123
Net Program Costs	94,819,570	75,793,306
 <b>Goal 4: Achieve Excellence</b>		
Gross costs	\$ 19,915,324	\$ 17,255,831
Less: Earned revenue	8,823	5,822
Net Program Costs	19,906,501	17,250,009
<b>Net Cost of Operations (Note 9)</b>	<b>\$ 298,817,231</b>	<b>\$ 243,388,422</b>

The accompanying notes are an integral part of these statements

**INSTITUTE OF MUSEUM AND LIBRARY SERVICES**  
**STATEMENT OF BUDGETARY RESOURCES**  
For the Years Ended September 30, 2021 and 2020  
(in dollars)

	<u>2021</u>	<u>2020</u>
	<u>Budgetary</u>	<u>Budgetary</u>
<b>Budgetary Resources</b>		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 11,265,353	\$ 4,871,716
Appropriations (discretionary and mandatory)	457,003,400	303,600,173
Borrowing authority (discretionary and mandatory)	-	-
Contract authority (discretionary and mandatory)	-	-
Spending authority from offsetting collections (discretionary and mandatory)	7,544,237	4,272,126
Total budgetary resources	<u>\$ 475,812,990</u>	<u>\$ 312,744,015</u>
<b>Status of Budgetary Resources</b>		
New obligations and upward adjustments (total)	\$ 451,772,297	\$ 303,439,449
Unobligated balance, end of year		
Apportioned, unexpired accounts	18,542,515	5,316,255
Exempt from apportionment, unexpired accounts	78,844	173,042
Unapportioned, unexpired accounts	<u>291,625</u>	<u>481,815</u>
Unexpired unobligated balance, end of year	18,912,984	5,971,112
Expired unobligated balance, end of year	5,127,709	3,333,454
Unobligated balance, end of year (total)	<u>24,040,693</u>	<u>9,304,566</u>
Total budgetary resources	<u>\$ 475,812,990</u>	<u>\$ 312,744,015</u>
<b>Outlays, Net, and Disbursements, Net</b>		
Outlays, net (total) (discretionary and mandatory)	\$ 281,982,959	\$ 234,119,676
Distributed offsetting receipts (-)	<u>(3,400)</u>	<u>(1,600,173)</u>
Agency outlays, net (discretionary and mandatory)	281,979,559	232,519,503
Disbursements, net (total)(mandatory)	<u>\$ -</u>	<u>\$ -</u>

# INSTITUTE OF MUSEUM AND LIBRARY SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2021 and 2020

(in Dollars)

Audited

### **Note 1: Significant Accounting Policies**

The Financial Statements are presented in accordance with the accounting principles, reporting standards, and circulars of the principal central agencies of the Department of Treasury (Treasury); the Government Accountability Office (GAO); and the Office of Management and Budget (OMB).

#### **A. Basis of Presentation**

The financial statements have been prepared to report the financial position and results of operations of the Institute of Museum and Library Services (IMLS) as required by the Accountability of Tax Dollars Act of 2002 (ATDA), Public Law No. 107-289. The statements have been prepared from the books and records of IMLS in accordance with the form and content for entity financial statements, as specified by OMB Circular A-136, Financial Reporting Requirements, and IMLS accounting policies, which are summarized in this note. These financial statements differ from agency financial management reports also prepared by IMLS pursuant to OMB directives that are used to monitor and control IMLS' use of budgetary resources.

#### **B. Reporting Entity**

IMLS is the primary source of federal support for the nation's libraries and museums. The mission of IMLS is to advance, support, and empower America's museums, libraries, and related organizations through grantmaking, research, and policy development. Our vision is a nation where museums and libraries work together to transform the lives of individuals and communities. IMLS supports key issues of national concern.

The activities of IMLS are authorized by Chapter 72 of Title 20 of the U.S. Code (20 USC Section 9101 *et seq.*), which codifies the Museum and Library Services Act, as amended, as well as Section 80r-5(b) of Title 20 of the U.S. Code (20 USC Section 80r-5(b)), which codifies the National Museum of African American History and Culture Act. IMLS has no balances from transactions with disclosure entities.

#### **C. Budgets and Budgetary Accounting**

The activities of IMLS are authorized by Chapter 72 and Section 80r-5(b) of Title 20 of the U.S. Code. As a federal agency administering discretionary federal programs, IMLS receives its funding through the indefinite appropriation process. It is one of several independent agencies whose spending limits each year are established in the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act. IMLS's function is to support museum and library services.

# INSTITUTE OF MUSEUM AND LIBRARY SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2021 and 2020

(in Dollars)

Audited

### **D. Basis of Accounting**

Transactions are recorded on an accrual accounting basis and budgetary basis. 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. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds.

### **E. Fund Balance with Treasury and Cash**

Cash receipts and disbursements are processed by the U.S. Department of the Treasury. IMLS does not maintain cash in commercial bank accounts. Funds with Treasury are available to pay current liabilities and finance authorized purchase obligations.

### **F. Accounts Receivable**

The agency reports an accounts receivable balance when amounts for revenue and expenses related to reimbursable agreements are accrued for reporting purposes.

### **G. Advances and Prepayments**

IMLS records grant payments for work not yet performed at quarter-end as advances. As advances are liquidated in subsequent fiscal quarters, they are recorded as expenses.

### **H. Revenue and Other Financing Sources**

IMLS receives funding through annual Congressional appropriations from the budget of the United States. In addition, IMLS was granted the authority to accept donations and to invest in interest-bearing accounts. These donations, which constitute funds from dedicated collections, may be restricted as to the purpose or time period for which they are provided.

### **I. Non-Entity Assets and Liabilities**

Non-entity assets are defined as those assets that are held and managed by IMLS but are not available to finance IMLS operations. An amount equal to the non-entity assets is recognized as an entity liability under Other Liabilities.

# INSTITUTE OF MUSEUM AND LIBRARY SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2021 and 2020

(in Dollars)

Audited

### J. General Property, Plant and Equipment

IMLS' policy is to depreciate property, plant and equipment over the estimated useful life of the asset using the straight-line depreciation method. IMLS' capitalization threshold is \$75,000 for individual purchases and \$100,000 for aggregate purchases with a minimum \$10,000 per item. For internal use software, the capitalization threshold is \$250,000. Estimated useful lives by asset class are as shown below:

<u>Asset Class</u>	<u>Useful Life</u>
Computer equipment & software	3 years
Internal Use Software	5 years
Office equipment	5 years
Furniture	7 years
Leasehold Improvement	Lease Term

### K. Liabilities

Liabilities represent transactions or events that have already occurred for which IMLS will likely pay. Absent an appropriation, or in some cases donated funds, the agency cannot pay a liability. Liabilities for which an appropriation has not been enacted are classified as not covered by budgetary resources, because there is no absolute certainty that the appropriation will be enacted. Also, liabilities can be abrogated by the Government acting in its sovereign capacity.

### L. Accounts Payable

Accounts payable consists of amounts owed to other federal agencies and commercial vendors. Accounts payable to commercial vendors are expenses for goods and services received but not yet paid by IMLS.

### M. Annual, Sick, and Other Leave

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



# INSTITUTE OF MUSEUM AND LIBRARY SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2021 and 2020

(in Dollars)

Audited

### **N. Retirement Plans**

IMLS employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984 participate in CSRS unless they elected to join FERS and Social Security.

All employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in FERS, a TSP account is automatically established and IMLS makes a mandatory one percent contribution to this account. In addition, IMLS makes matching contributions, ranging from one to four percent, for FERS-eligible employees who contribute to their TSP accounts. Matching contributions are not made to the TSP accounts established by CSRS employees.

### **O. Imputed Benefit Costs**

IMLS reports imputed benefit costs on Life Insurance, Health Insurance, and Retirement. The Office of Personnel Management (OPM) supplies certain cost factors that are applied to the Agency's records.

### **P. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes available, which could impact the amounts reported and disclosed herein.

The grant accrual amount is computed using the straight line method. The average monthly expenditure is calculated by dividing the available grant balance by the remaining months based on the grant end date, except for the Library Services Technology Act Grants to States program. The Grants to States (GTS) accrual estimate is based on IMLS performing a data call to each State Library Agency to obtain their accrual estimates for the reporting period for all open grants. The Grants to States program alone represents approximately 71% of IMLS program funds from annual funds and from a cost/benefit perspective is the only program that can employ the data call approach because of the lower volume of grants.

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**Q. Federal Employee and Veteran Benefits**

There are no federal employee and veteran benefits liabilities that require disclosure.

**R. Commitments and Contingencies**

There are no commitments or contingencies that require disclosure.

**S. Stewardship Investments**

Stewardship investments are substantial investments made by the Federal Government for the benefit of the nation. Costs of stewardship-type resources are treated as expenses in determining the net cost of operations. For IMLS, such investments are measured in terms of expenses incurred in research and development.

**T. 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.

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**Note 2: Fund Balance with Treasury**

<b>Status of Fund Balance with Treasury</b>	<b>2021</b>
Unobligated Balance	
Available	\$ 18,621,360
Unavailable	5,419,333
Obligated Balance not yet Disbursed	525,591,203
Non-Budgetary Fund Balance With Treasury	-
Total	<u>\$ 549,631,896</u>
<b>Status of Fund Balance with Treasury</b>	<b>2020</b>
Unobligated Balance	
Available	\$ 5,489,297
Unavailable	3,815,269
Obligated Balance not yet Disbursed	367,331,374
Non-Budgetary Fund Balance With Treasury	-
Total	<u>\$ 376,635,940</u>

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**Note 3: General Property, Plant & Equipment**

Major Class	2021		
	Acquisition Value	Accumulated Amortization	Net Book Value
Leasehold Improvements	\$ 888,936	\$ 496,323	\$ 392,613
IT Equipment	415,574	415,574	0
Office Furniture and Equipment	620,902	492,826	128,076
Total PP&E	<u>\$ 1,925,412</u>	<u>\$ 1,404,723</u>	<u>\$ 520,689</u>

Major Class	2020		
	Acquisition Value	Accumulated Amortization	Net Book Value
Leasehold Improvements	\$ 888,936	\$ 407,429	\$ 481,507
IT Equipment	415,574	415,574	0
Office Furniture and Equipment	620,902	406,967	213,935
Total PP&E	<u>\$ 1,925,412</u>	<u>\$ 1,229,970</u>	<u>\$ 695,442</u>

The leasehold improvements which were recorded in FY 2016 represent capitalized costs incurred as part of entering into Reimbursable Work Agreements (RWA) with GSA and are being amortized on a straight-line basis over the life of the 10 year occupancy agreement at 955 L'Enfant Plaza. Both the IT Equipment and the Office Furniture and Equipment primarily include the capitalized costs of acquisitions required to complete the relocation into the new space. These items are being depreciated in accordance with the agency's policy.

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**Note 4: Other Assets**

	<u>2021</u>	<u>2020</u>
Intragovernmental		
Interagency Agreement Advances	\$ 110,406	\$ 122,425
Total Intragovernmental	110,406	122,425
With the Public		
Grant Award Advances	6,110,931	1,974,073
Total With the Public	6,110,931	1,974,073
Total Other Assets	<u>\$ 6,221,337</u>	<u>\$ 2,096,498</u>

The intragovernmental advances balance consists of advances to the Enterprise Service Center for services to implement and operate a procurement and acquisition system that is integrated with the financial service systems.

The amount in the Grant Advances line item represents the total amount of unliquidated advances requested and paid to grantees as of the quarter ended September 30, 2021. Grantees are authorized by OMB to request advances toward grant awards. IMLS policy states that advances are limited to the recipient's immediate cash needs and must be fully disbursed within 30 days. Grantees are required to report on the status of funds paid in advance by submitting a notice or a request for advance or reimbursement within 30 days of receipt. Significant differences in year to year comparisons can occur depending on fluctuations in the amount of advance requests by grantees in the Grants To States program at the end of a period.

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**Note 5: Liabilities Not Covered by Budgetary Resources**

	<u>2021</u>	<u>2020</u>
Intragovernmental		
Accounts payable	\$ 616,956	\$ 754,057
Other	43,617	41,887
Total Intragovernmental	660,573	795,944
Accounts payable	-	-
Federal employee benefits payable	815,463	754,556
Total liabilities not covered by budgetary resources	\$ 1,476,036	\$ 1,550,500
Total liabilities covered by budgetary resources	\$ 61,913,695	\$ 41,498,928
Total liabilities not requiring budgetary resources	-	-
Total liabilities	<u>\$ 63,389,731</u>	<u>\$ 43,049,428</u>

Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, when the liabilities are liquidated, Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit). However, absent an appropriation or in some cases donated funds, the agency cannot pay a liability.

The presentation of the fiscal year 2020 note has been modified to be consistent with the fiscal year 2021 presentation and to maintain comparability with the Balance Sheet.



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**Note 6: Other Liabilities**

	<b>2021</b>		
	Non-Current	Current	Total
Intragovernmental			
Deferred rent expense	\$ 479,854	\$ 137,102	\$ 616,956
Advances from others and deferred revenue	-	12,268,824	12,268,824
Employee contributions and payroll taxes payable	-	128,419	128,419
Other unfunded employee related liability	-	43,617	43,617
Total Intragovernmental	<u>\$ 479,854</u>	<u>\$ 12,577,962</u>	<u>\$ 13,057,816</u>
With the public			
Federal employee benefits payable	\$ -	\$ 832,221	\$ 832,221
Accrued funded payroll and leave	-	514,651	514,651
Grant Accrual	-	48,758,590	48,758,590
Total with the public	<u>\$ -</u>	<u>\$ 50,105,462</u>	<u>\$ 50,105,462</u>
Total other liabilities	<u>\$ 479,854</u>	<u>\$ 62,683,424</u>	<u>\$ 63,163,278</u>
	<b>2020</b>		
	Non-Current	Current	Total
Intragovernmental			
Deferred rent expense	\$ 616,956	\$ 137,101	\$ 754,057
Advances from others and deferred revenue	-	7,402,319	7,402,319
Employee contributions and payroll taxes payable	-	99,726	99,726
Other unfunded employee related liability	-	41,886	41,886
Total Intragovernmental	<u>\$ 616,956</u>	<u>\$ 7,681,032</u>	<u>\$ 8,297,988</u>
With the public			
Federal employee benefits payable	\$ -	\$ 769,385	\$ 769,385
Accrued funded payroll and leave	-	352,964	352,964
Grant Accrual	-	33,313,629	33,313,629
Total with the public	<u>\$ -</u>	<u>\$ 34,435,978</u>	<u>\$ 34,435,978</u>
Total other liabilities	<u>\$ 616,956</u>	<u>\$ 42,117,010</u>	<u>\$ 42,733,966</u>

The deferred rent expense represents the unamortized portion of the liability the agency accrued as part of a rent abatement period included in the occupancy agreement (OA) signed with GSA in March of 2016. The liability is being amortized on a straight-line basis over the life of the OA. The increase in the liability for advances from others and deferred payments from FY 2020 to FY 2021 was primarily driven by reimbursable agreements with the National Park Service and the Centers for Disease Control and Prevention. Increases in overall program funding including CARES Act funding, American Rescue Plan funding, reimbursable agreements, and Grants To States data call accrual amounts were the primary elements of the increase in the grant accrual.

The presentation of the fiscal year 2020 note has been modified to be consistent with the fiscal year 2021 presentation and to maintain comparability with the Balance Sheet.

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**Note 7: Lease**

The agency entered a 10-year occupancy agreement with GSA to occupy 27,714 square feet of office space at 955 L'Enfant Plaza, SW in the District of Columbia, and the agency relocated into the space in March of 2016. This occupancy agreement is cancellable, has a rent abatement clause through the first 12 months, and includes a tenant improvement allowance of approximately \$1.1M which covered improvements for occupancy by the agency. The probability of the agency terminating the occupancy agreement is remote, therefore no liability has been recorded for the unamortized tenant improvement allowance. The billing of the rental rate of approximately \$103,000 monthly is recorded along with any necessary inflationary adjustments.

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**Note 8: Funds from Dedicated Collections**

IMLS has a dedicated collections fund for Gifts and Donations. The Treasury Symbol for this fund is 59X8080, Gifts and Donations, Institute of Museum Services. The DELPHI accounting system tracks the activity in this fund via a unique code.

	<u>2021</u>	<u>2020</u>
Balance Sheet		
Assets		
Fund Balance with Treasury	\$ 178,844	\$ 973,717
Investments, net	-	-
Other assets	-	-
Total assets	<u>\$ 178,844</u>	<u>\$ 973,717</u>
Liabilities and Net Position		
Other liabilities	\$ 7,692	\$ 93,825
Cumulative results of operations	<u>171,152</u>	<u>879,892</u>
Total liabilities and net position	<u>\$ 178,844</u>	<u>\$ 973,717</u>
Statement of Net Cost		
Gross program costs	\$ (712,140)	\$ (795,553)
Less: Donated revenues	<u>3,400</u>	<u>1,600,173</u>
Net Program Costs	<u>\$ (708,740)</u>	<u>\$ 804,620</u>
Statement of Changes in Net Position		
Net position beginning of period	\$ 879,892	\$ 75,272
Net cost of operations	<u>(708,740)</u>	<u>804,620</u>
Net position end of period	<u>\$ 171,152</u>	<u>\$ 879,892</u>

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**Note 9 Suborganization Program Costs/Program Costs by Segment**

	<b>2021</b>				
Program Costs:	<b>Library State Grants</b>	<b>Library Other Grants</b>	<b>Museum Grants</b>	<b>Administrative</b>	<b>Total</b>
<b>Goal 1: Promote Lifelong Learning</b>					
Gross Costs	\$ 71,086,234	\$ 7,844,536	\$ 13,484,321	\$ 203,925	\$ 92,619,016
Less: Earned Revenue	<u>-</u>	<u>227,459</u>	<u>465,151</u>	<u>-</u>	<u>692,610</u>
Net Program Costs	<u>\$ 71,086,234</u>	<u>\$ 7,617,077</u>	<u>\$ 13,019,170</u>	<u>\$ 203,925</u>	<u>\$ 91,926,406</u>
<b>Goal 2: Build Capacity</b>					
Gross Costs	\$ 71,086,234	\$ 9,938,478	\$ 9,928,804	\$ 1,591,840	\$ 92,545,356
Less: Earned Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>380,602</u>	<u>380,602</u>
Net Program Costs	<u>\$ 71,086,234</u>	<u>\$ 9,938,478</u>	<u>\$ 9,928,804</u>	<u>\$ 1,211,238</u>	<u>\$ 92,164,754</u>
<b>Goal 3: Increase Public Access</b>					
Gross Costs	\$ 73,240,363	\$ 8,279,203	\$ 14,780,663	\$ 326,644	\$ 96,626,873
Less: Earned Revenue	<u>-</u>	<u>-</u>	<u>1,807,303</u>	<u>-</u>	<u>1,807,303</u>
Net Program Costs	<u>\$ 73,240,363</u>	<u>\$ 8,279,203</u>	<u>\$ 12,973,360</u>	<u>\$ 326,644</u>	<u>\$ 94,819,570</u>
<b>Goal 4: Achieve Excellence</b>					
Gross Costs	\$ -	\$ 100,000	\$ -	\$ 19,815,324	\$ 19,915,324
Less: Earned Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,823</u>	<u>8,823</u>
Net Program Costs	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 19,806,501</u>	<u>\$ 19,906,501</u>
<b>Net Cost of Operations</b>	<u>\$ 215,412,831</u>	<u>\$ 25,934,758</u>	<u>\$ 35,921,334</u>	<u>\$ 21,548,308</u>	<u>\$ 298,817,231</u>

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**2020**

Program Costs:	Library State Grants	Library Other Grants	Museum Grants	Administrative	Total
<b>Goal 1: Promote Lifelong Learning</b>					
Gross Costs	\$ 55,715,295	\$ 7,280,016	\$ 10,794,226	\$ 237,968	\$ 74,027,505
Less: Earned Revenue	-	-	650,749	-	650,749
Net Program Costs	<u>\$ 55,715,295</u>	<u>\$ 7,280,016</u>	<u>\$ 10,143,477</u>	<u>\$ 237,968</u>	<u>\$ 73,376,756</u>
<b>Goal 2: Build Capacity</b>					
Gross Costs	\$ 55,715,295	\$ 11,192,999	\$ 9,813,180	\$ 246,877	\$ 76,968,351
Less: Earned Revenue	-	-	-	-	-
Net Program Costs	<u>\$ 55,715,295</u>	<u>\$ 11,192,999</u>	<u>\$ 9,813,180</u>	<u>\$ 246,877</u>	<u>\$ 76,968,351</u>
<b>Goal 3: Increase Public Access</b>					
Gross Costs	\$ 57,403,636	\$ 6,466,520	\$ 12,685,548	\$ 247,725	\$ 76,803,429
Less: Earned Revenue	-	-	1,010,123	-	1,010,123
Net Program Costs	<u>\$ 57,403,636</u>	<u>\$ 6,466,520</u>	<u>\$ 11,675,425</u>	<u>\$ 247,725</u>	<u>\$ 75,793,306</u>
<b>Goal 4: Achieve Excellence</b>					
Gross Costs	\$ -	\$ -	\$ -	\$ 17,255,831	\$ 17,255,831
Less: Earned Revenue	-	-	-	5,822	5,822
Net Program Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,250,009</u>	<u>\$ 17,250,009</u>
<b>Net Cost of Operations</b>	<u>\$ 168,834,226</u>	<u>\$ 24,939,535</u>	<u>\$ 31,632,082</u>	<u>\$ 17,982,579</u>	<u>\$ 243,388,422</u>

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**Note 10: Exchange Revenues**

Exchange Revenue in the amount of \$2,889,338 and \$1,666,694 was recorded in FY 2021 and FY 2020, respectively.

The amount of exchange revenue in FY 2021 is primarily related to reimbursable agreements with the National Park Service for the Save America's Treasures grants, the Department of Education for the 21st Century Community Learning Centers, the Library of Congress for the REALM Project, and the Centers for Disease Control and Prevention for the Vaccine Confidence Project. The National Park Service's agreements have been developed due to Public Law 115-31 and Public Law 115-141 appropriating funds from the Historic Preservation Fund for the Save America's Treasures grants which are for the conservation of important historical collections. The Department of Education interagency agreement has been developed to provide STEM-rich making activities for students participating in after-school programming at 21st Century Community Learning Centers. The Library of Congress interagency agreement has been developed to support materials research for collections care and the reopening of libraries and museums during the COVID-19 pandemic. The Centers for Disease Control and Prevention interagency agreement has been developed to support museums and libraries in their efforts to educate their communities about coronavirus vaccines.

The amount of exchange revenue in FY 2020 is primarily related to reimbursable agreements to support projects with the National Park Service for the Save America's Treasures grants and with the Department of Education for the 21st Century Community Learning Centers described above.

Pricing policy – Generally, when providing products and services, IMLS sets prices to recover the full costs incurred unless otherwise noted in the interagency agreement.



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**Note 11: Inter-Entity Costs**

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by IMLS are recognized as imputed costs in the Statement of Net Cost, and are offset by imputed revenue in the Statement of Changes in Net Position. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

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**Note 12: Undelivered Orders at the End of the Period**

	<b>2021</b>		
	<b>Federal</b>	<b>Non-Federal</b>	<b>Total</b>
Undelivered orders - paid	\$ 110,406	\$ 6,110,931	\$ 6,221,337
Undelivered orders - unpaid	<u>1,732,589</u>	<u>474,236,235</u>	<u>475,968,824</u>
Total undelivered orders	<u>\$ 1,842,995</u>	<u>\$ 480,347,166</u>	<u>\$ 482,190,161</u>
	<b>2020</b>		
	<b>Federal</b>	<b>Non-Federal</b>	<b>Total</b>
Undelivered orders - paid	\$ 122,425	\$ 1,974,073	\$ 2,096,498
Undelivered orders - unpaid	<u>1,071,208</u>	<u>332,397,655</u>	<u>333,468,863</u>
Total undelivered orders	<u>\$ 1,193,633</u>	<u>\$ 334,371,728</u>	<u>\$ 335,565,361</u>

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**Note 13: Explanation of Differences between the SBR and the Budget of the U.S. Government**

The President’s Budget for fiscal year 2022, published in May of 2021, included IMLS actual budget amounts for fiscal year 2020 in the "Other Independent Agencies" section located in the Appendix of the Budget, which can be found at <https://www.whitehouse.gov/omb/appendix/>. Actual numbers for fiscal year 2021 will be included in the President’s Budget for fiscal year 2023, scheduled to be released in February 2022. The budget can be found at <https://www.whitehouse.gov/omb/budget/> when it becomes available.

Differences exist between the amounts reported in the fiscal year 2020 Statement of Budgetary Resources and the fiscal year 2020 enacted amounts reported in the fiscal year 2022 Budget of the U.S. Government. The difference in the Budgetary Resources amounts is due to a combination of rounding, no year fund balances, and the expired unobligated balances from prior year annual funds that are reported in the Statement of Budgetary Resources and the SF 133 but not in the Budget of the U.S. Government.

FY 2020 (in Millions of Dollars)	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	\$309	\$303	\$2	\$234
IMLS Statement of Budgetary Resources	\$313	\$303	\$2	\$234
Differences	\$4	\$0	\$0	\$0

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**Note 14: Incidental Custodial Collections**

Custodial collections made by IMLS are deposited and reported into a designated miscellaneous receipt account. At fiscal year-end all custodial collections are returned to the U.S. Treasury.

	<u>2021</u>	<u>2020</u>
Collections for IMLS projects funded in prior years	\$ 10,464	\$ 1,965
Total cash collections	<u>\$ 10,464</u>	<u>\$ 1,965</u>
Disposition of collections:		
Transferred to Treasury (general fund)	\$ 10,464	\$ 1,965
Retained by the reporting entity	<u>-</u>	<u>-</u>
Net custodial revenue activity	<u>\$ -</u>	<u>\$ -</u>

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**Note 15: Contributed Capital**

IMLS is authorized to solicit, accept, receive, and invest in the name of United States, gifts, bequests, or devices of money and other property of services and to use such property or services in furtherance of the functions of the Institute.

In FY 2021, IMLS has received \$3,400 in total contributions. In FY 2020, IMLS received \$1,600,173 in total contributions which consisted primarily of a \$1,500,000 grant from The Andrew W. Mellon Foundation to support materials research for collections care and the reopening of libraries and museums during the COVID-19 pandemic.

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**Note 16: Reconciliation of Net Cost to Net Outlays**

	<b>2021</b>		
	<b>Federal</b>	<b>Non-Federal</b>	<b>Total</b>
<b>Net Operating Cost</b>	\$ 2,536,970	\$ 296,280,261	\$ 298,817,231
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays</b>			
Depreciation, Amortization, and Depletion	-	(174,751)	(174,751)
Future Funded Expenses	-	-	-
Increase/(decrease) in assets not affecting Budget Outlays:			
Accounts Receivable	-	-	-
Advances and Prepayments	(12,019)	4,136,857	4,124,838
(Increase)/decrease in liabilities not affecting Budget Outlays:			
Accounts Payable	1,781	87,228	89,009
Disbursements in Transit	-	-	-
Liability for Advances and Prepayments	(4,866,506)	-	(4,866,506)
Accrued Funded Payroll and Leave	-	(161,687)	(161,687)
Employer Contributions and Payroll Taxes Payable	(28,692)	(1,930)	(30,622)
Other Liabilities With Related Budgetary Obligations	-	(15,444,961)	(15,444,961)
Unfunded Leave	-	(60,906)	(60,906)
Other Unfunded Employment Related Liability	(1,731)	-	(1,731)
Other Liabilities Without Related Budgetary Obligations	137,101	-	137,101
Other Financing Sources			
Imputed Financing Costs	(444,056)	-	(444,056)
<b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>	<b>(5,214,122)</b>	<b>(11,620,150)</b>	<b>(16,834,272)</b>
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Purchases of Property, Plant, and Equipment	-	-	-
Other	10,557	(13,957)	(3,400)
<b>Net Outlays</b>	<b>\$ (2,666,595)</b>	<b>\$ 284,646,154</b>	<b>\$ 281,979,559</b>
<b>Related Amounts on the Statement of Budgetary Resources</b>			
Outlays, net	\$ 281,982,959		
Distributed Offsetting Receipts	(3,400)		
<b>Agency Outlays, Net</b>	<b>\$ 281,979,559</b>		

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**Note 16: Reconciliation of Net Cost to Net Outlays**

	<b>2020</b>		
	<b>Federal</b>	<b>Non-Federal</b>	<b>Total</b>
<b>Net Operating Cost</b>	\$ 3,612,937	\$ 239,775,485	\$ 243,388,422
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays</b>			
Depreciation, Amortization, and Depletion	-	(177,687)	(177,687)
Future Funded Expenses	-	-	-
Increase/(decrease) in assets not affecting Budget Outlays:			
Accounts Receivable	-	-	-
Advances and Prepayments	(40,648)	(2,596,299)	(2,636,947)
(Increase)/decrease in liabilities not affecting Budget Outlays:			
Accounts Payable	(1,161)	(84,912)	(86,073)
Disbursements in Transit	-	-	-
Liability for Advances and Prepayments	(2,406,497)	-	(2,406,497)
Accrued Funded Payroll and Leave	-	(66,745)	(66,745)
Employer Contributions and Payroll Taxes Payable	(24,926)	(3,060)	(27,986)
Other Liabilities With Related Budgetary Obligations	-	(3,387,998)	(3,387,998)
Unfunded Leave	-	(227,838)	(227,838)
Other Unfunded Employment Related Liability	(7,553)	-	(7,553)
Other Liabilities Without Related Budgetary Obligations	137,101	-	137,101
Other Financing Sources			
Imputed Financing Costs	(380,524)	-	(380,524)
<b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>	<b>(2,724,207)</b>	<b>(6,544,539)</b>	<b>(9,268,746)</b>
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Purchases of Property, Plant, and Equipment	-	-	-
Other	1,965	(1,602,138)	(1,600,173)
<b>Net Outlays</b>	<b>\$ 890,695</b>	<b>\$ 231,628,808</b>	<b>\$ 232,519,503</b>
<b>Related Amounts on the Statement of Budgetary Resources</b>			
Outlays, net	\$ 234,119,676		
Distributed Offsetting Receipts	(1,600,173)		
<b>Agency Outlays, Net</b>	<b>\$ 232,519,503</b>		



**INSTITUTE OF MUSEUM AND LIBRARY SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

As of September 30, 2021 and 2020

(in Dollars)

Audited

**Note 17: COVID-19 Activity**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), P.L. 116-136, provided \$50 million in funding to IMLS to prevent, prepare for, and respond to coronavirus, including Grants to States, territories and tribes to expand digital network access, purchase internet accessible devices, and provide technical support services. The funding has been appropriated as a multi-year fund which expires on September 30, 2021.

	2021		2020	
	Total Budgetary Resources	Obligations Incurred	Obligations Incurred	Total Remaining Budgetary Resources
<b>Programs:</b>				
Grants to States	\$ 30,000,000	\$ -	\$ 30,000,000	\$ -
National Leadership Grants - Museum	10,106,388	1,826,388	8,280,000	-
National Leadership Grants - Library	6,615,378	1,095,378	5,520,000	-
Native American/Native Hawaiian Museum Administration	1,200,000	-	1,200,000	-
	<u>2,078,234</u>	<u>1,651,214</u>	<u>426,644</u>	<u>376</u>
<b>Total CARES Act Funding</b>	<u>\$ 50,000,000</u>	<u>\$ 4,572,980</u>	<u>\$ 45,426,644</u>	<u>\$ 376</u>

**INSTITUTE OF MUSEUM AND LIBRARY SERVICES**

**NOTES TO THE FINANCIAL STATEMENTS**

As of September 30, 2021 and 2020

(in Dollars)

Audited

**Note 18: American Rescue Plan Activity**

The American Rescue Plan Act, P.L. 117-2, provided \$200M in funding to IMLS to efficiently provide critical funding to State Library Administrative Agencies (SLAAs), located in every state and territory, plus provide critical funding to museums, libraries, and Native American/Native Hawaiian communities so that they may continue to respond to the COVID-19 health emergency. The mandatory funding has been appropriated as a no-year fund without an expiration date.

	<b>2021</b>		
	<b>Total Budgetary Resources</b>	<b>Obligations Incurred</b>	<b>Total Remaining Budgetary Resources</b>
<b>Programs:</b>			
Grants to States	\$ 178,000,000	\$ 178,000,000	\$ -
National Leadership Grants - Museum	7,353,637	207,478	7,146,159
National Leadership Grants - Library	8,785,745	745,784	8,039,961
Museums for America	2,646,363	2,476,750	169,613
Laura Bush 21st Century Librarians	915,420	915,420	-
Native American/Native Hawaiian Museum Administration	298,835 2,000,000	298,835 -	- 2,000,000
<b>Total American Rescue Plan Act Funding</b>	<b>\$ 200,000,000</b>	<b>\$ 182,644,267</b>	<b>\$ 17,355,733</b>

## SECTION 3

## Other Information

## SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

**TABLE 1: SUMMARY OF FINANCIAL STATEMENT AUDIT**

Audit Opinion	Unmodified				
RESTATEMENT	NO				
MATERIAL WEAKNESSES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	ENDING BALANCE
None					
Total Material Weaknesses	0	0	0	0	0

**TABLE 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
None						
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
STATEMENT OF ASSURANCE	UNMODIFIED					
MATERIAL WEAKNESSES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
None						
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)						
STATEMENT OF ASSURANCE	FEDERAL SYSTEMS CONFORM TO FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS					
NON-COMPLIANCES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
None						
Total Non-Compliances	0	0	0	0	0	0
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)						
	AGENCY			AUDITOR		
Overall Substantial Compliance	Not applicable*			Not applicable*		
1. Federal Financial Management System Requirements	Not applicable*					
2. Applicable Federal Accounting Standards	Not applicable*					
3. USSGL at Transaction Level	Not applicable*					

\*OMB Bulletin 14-02 states that agencies subject to the ATDA and Government Corporation Control Act are not subject to the requirements of FFMIA.

## PAYMENT INTEGRITY

The Improper Payment Information Act of 2002 (IPIA) and subsequent amendments including the Payment Integrity Information Act of 2019, requires agencies to review all programs and activities they administer to identify those that may be susceptible to significant erroneous payments. For all program and activities in which the risk of erroneous payment is significant, agencies are to estimate the annual amount of erroneous payments made in those programs.

### RISK ASSESSMENT AND SYSTEMATIC SAMPLING METHOD

IMLS last conducted a new risk assessment in FY 2019 and determined that all IMLS programs were low risk. The IPIA guidelines state that if

an agency deems a program to be low risk for improper payments, the Agency will re-assess that program's risk at least every three years. An agency is only required to conduct a formal risk assessment earlier than three years if the program experiences a significant change in legislation and/or a significant increase in funding level. In FY 2021, IMLS determined none of its programs and activities met those criteria.

There are only five grant programs where the entire annual budget authority exceeds \$10 million. These are: Grants to States, Laura Bush 21st Century Librarian, National Leadership Grants for Libraries, National Leadership Grants for Museums, and Museums for America. Risk factors included in the review of these programs were:

Risk Factor	Response
Whether the program or activity reviewed is new to the Agency	No programs reviewed are new to the Agency.
The complexity of the program or activity reviewed	No program or activity within IMLS is deemed complex, particularly with respect to determining the correct amounts.
The volume of payments made annually	IMLS does not make a high volume of payments annually.
Whether payments or eligibility decisions are made outside of the Agency	No payments or eligibility decisions are made outside of the Agency.
Recent major changes in program funding, authorities, practices, or procedures	No recent major changes have been made for program funding, authorities, practices, or procedures. Primary increase from supplemental funding was the Grants to States program.
Training for personnel	IMLS staff are adequately trained throughout the year on current grants administration practices and policies within the Federal Government.
Significant deficiencies in audit reports	There have been no significant deficiencies in any audit report that might hinder accurate payment certification.
Results from prior improper payment work	A review of improper payments is done each fiscal year and there have been no findings on significant improper payments.

None of these grant programs is considered susceptible to significant erroneous payments or qualifies as "risk susceptible" based on OMB guidance thresholds. The Grants to States program grants are awarded yearly to each of the 50 states, the District of Columbia, the U.S. territories, and the Freely Associated States. The recipient is the State Library Agency of each state

or territory and does not change from year to year. The other four programs follow the IMLS discretionary grant process and each institution is pre-determined for eligibility (as are applicants to all our grant programs).

To identify payments that were erroneously paid, a review of all FY 2021 grant payments was

performed. In FY 2021, there were overpayments totaling approximately \$330,236 or .126 percent of the Agency outlays of \$262.13 million for grant programs. As of September 30, 2021, IMLS has recovered 100 percent of these payments. In FY 2020, there were overpayments totaling approximately \$78,943 or .037 percent of \$212.49 million for grant programs. As of September 30, 2020, IMLS had recovered 100 percent of these payments. In FY 2021, there were underpayments totaling approximately \$1,000. As of September 30, 2021, IMLS had corrected 100 percent of these payments. In FY 2020, there were underpayments totaling approximately \$73. As of September 30, 2020, IMLS had corrected 100 percent of these payments.

In accordance with the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), the FY 2021 administrative expense review included vendor payments and employee travel costs but did not include payroll costs because the actual disbursement of payroll costs to employees is fully the responsibility of our shared service provider. Interagency agreement payments are also not included. The total administrative improper payments as of September 30, 2021, was approximately \$250 for vendor invoices. As of September 30, 2021, IMLS has recovered 100 percent of these payments. In FY 2021, there were no

administrative underpayments. Contracting interest charges in the amount of \$88 have been included in the administrative expense review. These funds are not subject to recapture and will not be recovered. The total administrative improper payments as of September 30, 2020, was approximately \$3,514. As of September 30, 2021, IMLS had recovered 100 percent of these payments. Contracting interest charges in the amount of \$67 were incurred in FY 2020. These funds were not subject to recapture and will not be recovered. In FY 2020, there were contracting invoice underpayments totaling approximately \$270. As of September 30, 2020, IMLS had corrected 100 percent of these payments.

### **CORRECTIVE ACTIONS**

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While IMLS has determined that no programs are susceptible to significant erroneous payments, it has continued to strengthen its preventative controls prior to disbursement of grant and administrative payments. In FY 2021, IMLS, along with its financial management shared-service provider continued the use of the Batch Processing function of OMB's Do Not Pay Solution. If a payment is paid in error and deemed improper, IMLS can immediately collect those funds. IMLS reviews 100 percent of reimbursement or advance grant payment requests before a disbursement is made.

## IMPROPER PAYMENT REPORTING TABLES

**Table 1: Improper Payment Reduction Outlook**

PROGRAM OR ACTIVITY	PY OUTLAYS	PY IP%	PY IP\$	CY OUTLAYS	CY IP%	CY IP\$
Grants	\$212.49M	0.037%	\$.079M	\$262.13M	0.126%	\$.331M
Administrative	\$ 7.42M	0.047%	\$.0035M	\$ 7.38M	0.005%	\$.0003M
Total	\$219.91M		\$.0825M	\$269.51M		\$.3313M

PROGRAM OR ACTIVITY	CY+1 EST. OUTLAYS*	CY+1 IP%	CY+1 IP\$	CY+2 EST. OUTLAYS	CY+2 IP%	CY+2 IP\$	CY+3 EST. OUTLAYS	CY+3 IP%	CY+3 IP\$
Grants	\$270.00M	0.01	\$.0270M	\$270.00M	0.005	\$.0135M	\$230.00M	0.000	\$.000M
Administrative	\$9.50M	0.00	\$.000M	\$ 9.50M	0.000	\$.000M	\$ 8.50M	0.000	\$.000M
Total	\$279.50M		\$.0270M	\$279.50M		\$.0135M	\$238.50M		\$.000M

\*Outlays do not match to the President's Budget due to payroll and interagency agreement outlays not reflected.

**Table 2: Overpayments Recaptured Outside of Payment Recapture Audits**

AGENCY SOURCE: (POST-PAYMENT REVIEWS)	AMOUNT IDENTIFIED (CY)	AMOUNT RECAPTURED (CY)	AMOUNT IDENTIFIED (PY)	AMOUNT RECAPTURED (PY)	CUMULATIVE AMOUNT IDENTIFIED (CY+PY)	CUMULATIVE AMOUNT RECAPTURED (CY+PY)
Grants	\$.331M	\$.331M	\$.079M	\$.079M	\$.41M	\$.41M
Administration	\$.0003M	\$.0002M	\$.0035M	\$.0035M	\$.0038M	\$.0037M
Total	\$.3313M	\$.3312M	\$.0825M	\$.0825M	\$.4138M	\$.4137M

### AGENCY REDUCTION OF IMPROPER PAYMENTS WITH THE DO NOT PAY INITIATIVE

An important part of the IMLS's program integrity efforts designed to prevent, identify, and reduce improper payments is integrating Treasury Department's Do Not Pay (DNP) Business Center into our existing processes. IMLS utilizes the DNP Business Center to perform online searches, screen payments against the DNP databases, and augment OFM's data analytics capabilities.

IMLS follows established pre-enrollment, pre-award, and pre-payment processes for all acquisition and financial assistance awards. Pre-enrollment procedures include cross-referencing applicants against General Services Administration's (GSA) System for Award Management (SAM) exclusion records. We also review federal and commercial databases to verify past performance, federal government debt, integrity, and business ethics. As part of our pre-award process and prior to entering into an agreement, we require recipients of financial assistance to verify the entities they transact with are not excluded from receiving federal funds.

For pre-payment processes, ESC verifies an entity against both SAM and the Internal Revenue Service's Taxpayer Identification Number (TIN) Match Program before establishing them as a vendor in our core financial accounting system.

Using the DNP Business Center helps IMLS to improve the quality and integrity of information within our financial system. ESC engaged the DNP Analytics Services to match our vendor records with the Death Master File (DMF) which enabled them to classify the vendor records into risk-based categories for further evaluation. ESC deactivated the highest risk vendor records, thereby decreasing the likelihood of improper payments to deceased individuals.

IMLS performs post-payment reviews to adjudicate conclusive matches identified by the DNP Business Center. The monthly adjudication process involves verifying payee information against internal sources, reviewing databases within the DNP Business Center, and confirming whether IMLS applied appropriate business rules when the payments was made.

The upgrade by the DNP Business Center to improve its capabilities by automating the adjudication process through the DNP portal and providing better matching against SAM in the prior year has resulted in efficiencies. ESC is up to date on reviews based on DNP's automated adjudication process.

More detailed information on improper payments and all of the information previously reported in the Agency's prior year AFRs that is not included in this year's AFR can be accessed at <https://paymentaccuracy.gov>.

**Table 3: Implementation of the Do Not Pay Initiative to Prevent Improper Payments**

	NUMBER (#) OF PAYMENTS REVIEWED FOR IMPROPER PAYMENTS	DOLLARS (\$) OF PAYMENTS REVIEWED FOR IMPROPER PAYMENTS	NUMBER (#) OF PAYMENTS STOPPED	DOLLARS (\$) OF PAYMENTS STOPPED	NUMBER (#) OF IMPROPER PAYMENTS REVIEWED AND NOT STOPPED	DOLLARS (\$) OF IMPROPER PAYMENTS REVIEWED AND NOT STOPPED
Reviews with the DMF and SAM	5,648	\$273.35M	0	\$0	0	\$0

## FRAUD REDUCTION REPORT

IMLS conducts an annual survey of all office heads to review and respond on all core agency and office specific functions for reported or suspected fraud, waste, or abuse. Both the FY 2021 and FY 2020 surveys resulted in no responses that would indicate any fraud, waste, or abuse. The Agency has an internal Risk Management Council that monitors the status of active projects and continues to propose top priorities for further review by the Leadership Team. In FY 2021 a web-based version of the Agency's Grants Administration Manual was posted on the Agency's intranet. This version fully incorporates updates to processes and policies driven by the recent implementation of the new grants management system. This streamlines accessibility for all staff and will continue to increase the efficiency of accomplishing all activities in the grantmaking life cycle and further reduce the probability of fraud, waste, or abuse of government funds.