INSTITUTE *of* Museum and Library SERVICES

Performance and Accountability Report

Fiscal Year 2013

December 16, 2013

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Message from the Director of the Institute of Museum and Library Services, Susan H. Hildreth

It is a great pleasure to present the Performance and Accountability Report for the Institute of Museum and Library Services for FY 2013. I am proud of the contributions that IMLS makes to the American people. Our strategic plan builds on the agency's solid foundation and targets five goals. The goals focus on achieving positive public outcomes for communities and individuals; supporting the role of museums and libraries in preserving and providing access to collections and content; and promoting policies that ensure robust library, museum, and information services for all Americans.

With infrastructure in nearly every community in the nation, active online networks, and dedicated staff, museums and libraries connect people to one another and to the full spectrum of knowledge.

- 169 million people in the United States over the age of 14 (69 percent of that population) are library users.
- 148 million people in the United States over the age of 18 are museum users.

This report provides an overview of IMLS's strategic goals, a description of our model of evidence-based program design, a description of how each of our grant programs contributed to our approach, and an in-depth description of five strategic priorities.

This report also addresses the reliability and completeness of IMLS's financial and performance data, as discussed in the Management Assurances section.

Respectfully submitted,

Susan H. Hildreth
Director

1. Management's Discussion and Analysis (MD&A)

A. IMLS Overview

IMLS's strategic plan, published in January 2012, closely aligns with the Museum and Library Services Act, as revised in December 2010.

The law recognizes the importance of enlisting libraries and museums in achieving policy outcomes in education, cultural preservation, early learning, and workforce development. It also recognizes the federal role in this effort and charges IMLS with advising the President and Congress on library, museum, and information services; conducting policy research, analysis, and data collection to analyze national needs for and trends in library, museum, and information services; and supporting a wide range of programming that impacts the lives of millions of Americans.

The complete IMLS Strategic Plan is available at www.imls.gov/plan.

To increase accountability and ensure continued focus and progress, we have established cross-agency teams that develop business plans to assess and streamline current administrative and programmatic investments and develop work plans to ensure efficient implementation of the strategic plan.

B. Vision

IMLS has a vision of a democratic society where communities and individuals thrive with broad public access to knowledge, heritage, and lifelong learning.

C. Mission

The mission of IMLS is to inspire libraries and museums to advance innovation, learning, and civic engagement. We provide leadership through research, policy development, and grant making.

D. Strategic Goals

Strategic Goal 1: IMLS places the learner at the center and supports engaging experiences in libraries and museums that prepare people to be full participants in their local communities and our global society.

Strategic Goal 2: IMLS promotes museums and libraries as strong community anchors that enhance civic engagement, cultural opportunities, and economic vitality.

Strategic Goal 3: IMLS supports exemplary stewardship of museum and library collections and promotes the use of technology to facilitate discovery of knowledge and cultural heritage.

Strategic Goal 4: IMLS advises the President and Congress on plans, policies, and activities that sustain and increase public access to information and ideas.
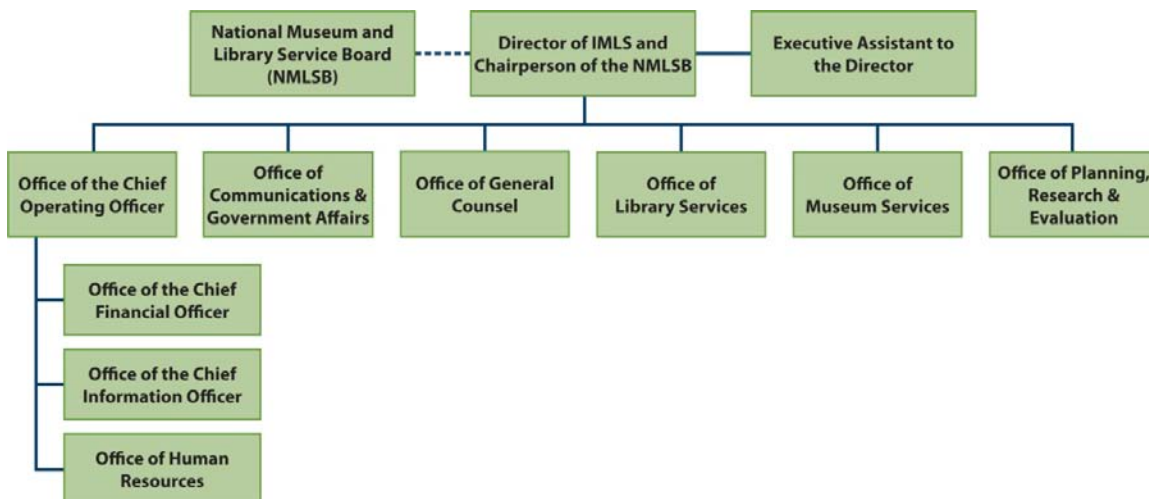
Strategic Goal 5: IMLS achieves excellence in public management and performs as a model organization through strategic alignment of IMLS resources and prioritization of programmatic activities, maximizing value for the American public.

E. Organizational Structure

IMLS, an independent federal agency established in 1996, brings together federal library programs established in 1956 and federal museum programs established in 1976. The agency supports library and museum services in the United States by:

- administering grant programs including population-based state formula grants for libraries, peer-reviewed competitive discretionary grants, cooperative agreements, and partnerships that support both libraries and museums;
- conducting policy research, analysis, and data collection that extend and improve the nation's museum, library, and information services; and
- developing interagency collaborations that fully leverage the roles of museums and libraries in achieving national policy goals.

IMLS is led by a director who is a presidential appointee confirmed by the Senate and advised by the National Museum and Library Services Board (NMLSB). The NMLSB is a twenty-three-member advisory body that includes the IMLS director, the deputy director for libraries, the deputy director for museums, and twenty presidentially appointed individuals with expertise in, or commitment to, library or museum services. Informed by its broad collective knowledge and experience, the NMLSB advises the IMLS director on general policy and practices. The board also provides critical input on selections for the National Medals for Museum and Library Service.

F. IMLS Model for Evidence-Base Program Design

Step 1: Build Evidence

Over the past three years, IMLS has focused considerable effort on improving its capacity to monitor grant program investments and measure impact. The agency has reconfigured its policy and operational leadership structure, reorganized work units, and altered staffing allocations to concentrate greater resources on technical assistance, strategic partnerships, evaluation of program impacts, and the communication of best practices.

The agency's five-year strategic plan provides lessons learned from grant making, national initiatives, and policy research to inform future investments, share best practices, and build organizational capacity across the library and museum sectors. Staff from each of the agency's program and operational units is engaged in the plan's implementation, with cross-agency teams that monitor each goal's progress.

Step 2: Act on Evidence

IMLS functions as a learning organization with content-area expertise. IMLS program staff possess significant experience in the museum and library service sectors. IMLS constantly reviews its grant and project portfolios to increase administrative efficiency, monitor program performance, and develop more targeted grant guidelines. At the earliest stage of the grant process, library, museum, and education sector professionals perform a two-tiered peer review of applications to assure that project proposals are in line with best practices. All grantees report on the conduct of their projects annually and on project outcomes at the conclusion of the grant period. IMLS is working with evaluation experts and museum and library stakeholders to build more robust outcomes-based reporting tools. In addition, third-party evaluations of IMLS grant programs are conducted on a rolling basis to measure program impact and review administrative functions and efficiency and program costs.

In areas where greater evidence of effective practice is needed, IMLS makes small challenge grants to the museum and library field. For example, IMLS has developed a small innovation fund called Sparks! Ignition Grants, which provide $10,000 to $25,000 for libraries, museums, and archives to test and evaluate service innovations.

In areas where effective practice is known, IMLS is encouraging applicants to align program efforts with these practices.

Step 3: Evaluate Effectiveness

For many years, IMLS worked to improve evaluation capacity in the field through general guidance materials and technical assistance to individual grantees on a project-by-project basis. While many grantees found the technical assistance valuable, the strategy was not effective at documenting lessons learned or in building a stronger community of practice for museum or library service evaluation.

The agency is now shifting its emphasis from project-level assessment to program-level performance assessment, and is monitoring efficiency and performance in its museum and library service grant programs. In addition to funding third-party program evaluations, IMLS is working with its stakeholders to develop more detailed program plans and assessment protocols.

Step 4: Support Knowledge Diffusion

IMLS recognizes that improving evaluation practices without communicating results does little to improve museum and library services. The agency works to identify and create new, more effective knowledge-sharing opportunities. IMLS requires all grantees to share findings through publicly accessible publications, conference presentations, journal articles, and/or association websites. The agency is developing a new suite of performance reports that will collect more standardized data on project practices and outcomes and allow for greater comparison across grant programs. To improve access to research data, IMLS has revised grant guidelines to require that all research grantees include data access plans.

Step 5: Continually Revise Agency Programs and Services to Incorporate Best Practice

IMLS' strategic plan builds on the agency's resources to achieve positive public outcomes for communities and individuals; support the role of museums and libraries in preserving and providing access to collections and content; and promote library, museum, and information service policies that ensure access to information for all Americans. IMLS developed the five-year plan with significant public input via discussions with stakeholders through meetings and online, using social media tools.

Since the plan's adoption IMLS has revised its project and program activities to align with the agency's new strategic goals.

G. Scope of Responsibilities

This section provides highlights of the Museum and Library Services Act and the African American History and Culture Act, key IMLS programs and activities, and the distribution of funds.

Library Services

All the programs support the following goals, as stated in the updated IMLS statute (20 U.S.C. §9121):

1. to enhance coordination among Federal programs that relate to library and information services;
2. to promote continuous improvement in library services in all types of libraries in order to better serve the people of the United States;

3. to facilitate access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry;
4. to encourage resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public;
5. to promote literacy, education, and lifelong learning and to enhance and expand the services and resources provided by libraries, including those services and resources relating to workforce development, 21st century skills, and digital literacy skills;
6. to enhance the skills of the current library workforce and to recruit future professionals to the field of library and information services;
7. to ensure the preservation of knowledge and library collections in all formats and to enable libraries to serve their communities during disasters;
8. to enhance the role of libraries within the information infrastructure of the United States in order to support research, education, and innovation; and
9. to promote library services that provide users with access to information through national, State, local, regional, and international collaborations and networks.

Grants to States

Process
The IMLS 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, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The formula consists of a minimum amount 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 website. The 2010 Act sets base allotments of $680,000 for states and $60,000 for Pacific Territories. 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 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
SLAAs may use the appropriation for

1. expanding services for learning and access to information and educational resources in a variety of formats, in all types of libraries, for individuals of all ages in order to support such individuals' needs for education, lifelong learning, workforce development, and digital literacy skills;

2. establishing or enhancing electronic and other linkages and improved coordination among and between libraries and entities, as described in 9134(b)(6) of this title, for the purpose of improving the quality of and access to library and information services;

3. (A) 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; and

(B)enhancing efforts to recruit future professionals to the field of library and information services;

4. developing public and private partnerships with other agencies and community-based organizations;

5. 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;

6. targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children (from birth through age 17) from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 9902(2) of title 42) applicable to a family of the size involved;

7. developing library services that provide all users access to information through local, State, regional, national, and international collaborations and networks; and

8. carrying out other activities consistent with the purposes set forth in section 9121 of this title, as described in the state library administrative agency's plan.

FY 2011 Grants to States Distribution

Source: IMLS Administrative Data, 2011
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LSTA State Program Distribution

- $0 - $1,500,000
- $1,500,001 - $3,000,000
- $3,000,001 - $6,500,000
- $6,500,001 - $160,000,000
- States with subgrant programs

Note: This chart is based on FY 2011 information for the Grants to States program, which is the most recent data available that documents the use of these funds by the states. Shaded states are those states that redistributed all or a portion of these funds within the state through sub-grants to local institutions. Total funds allocated to this program in FY 2011 was $160,032,000.

Support for Pacific Territories and Freely Associated States

Grants to the Pacific Territories and the Freely Associated States (FAS) are authorized under a Special Rule, 20 U.S.C. § 9131(b)(3), which authorizes a small competitive grants program in the Pacific region and the U.S. Virgin Islands. There are seven eligible entities: Guam (GU), American Samoa (AS), the Commonwealth of Northern Mariana Islands (CNMI), the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), the Republic of Palau (PU), and the U.S. Virgin Islands (VI). The funds for this grant program are taken from the allotment amounts for the FAS (FSM, RMI, and PU). The territories (GU, AS, CNMI, VI) receive allotments through the Grants to States program and, in addition, may apply for funds under the competitive program. Five percent of this program's funding is set aside for Pacific

Resources for Education and Learning (PREL), based in Hawaii, to facilitate the grants review process. These projects support the LSTA purposes.
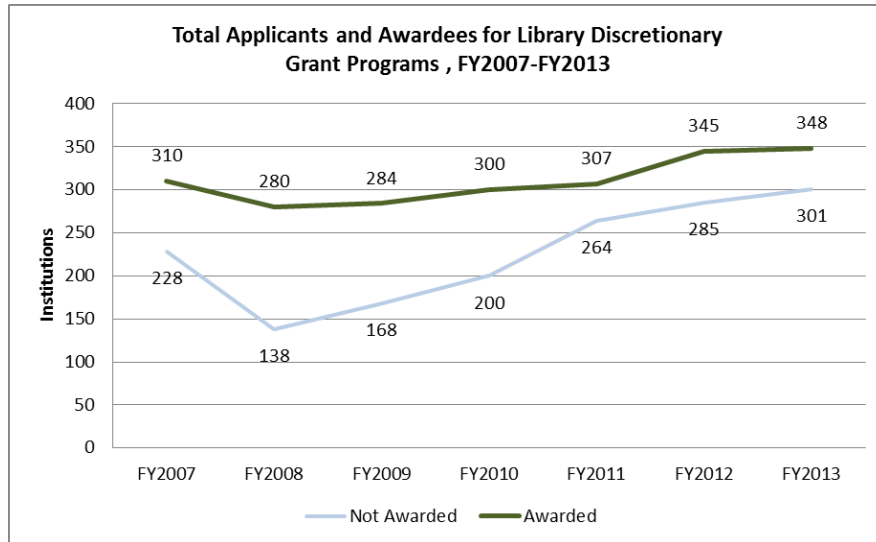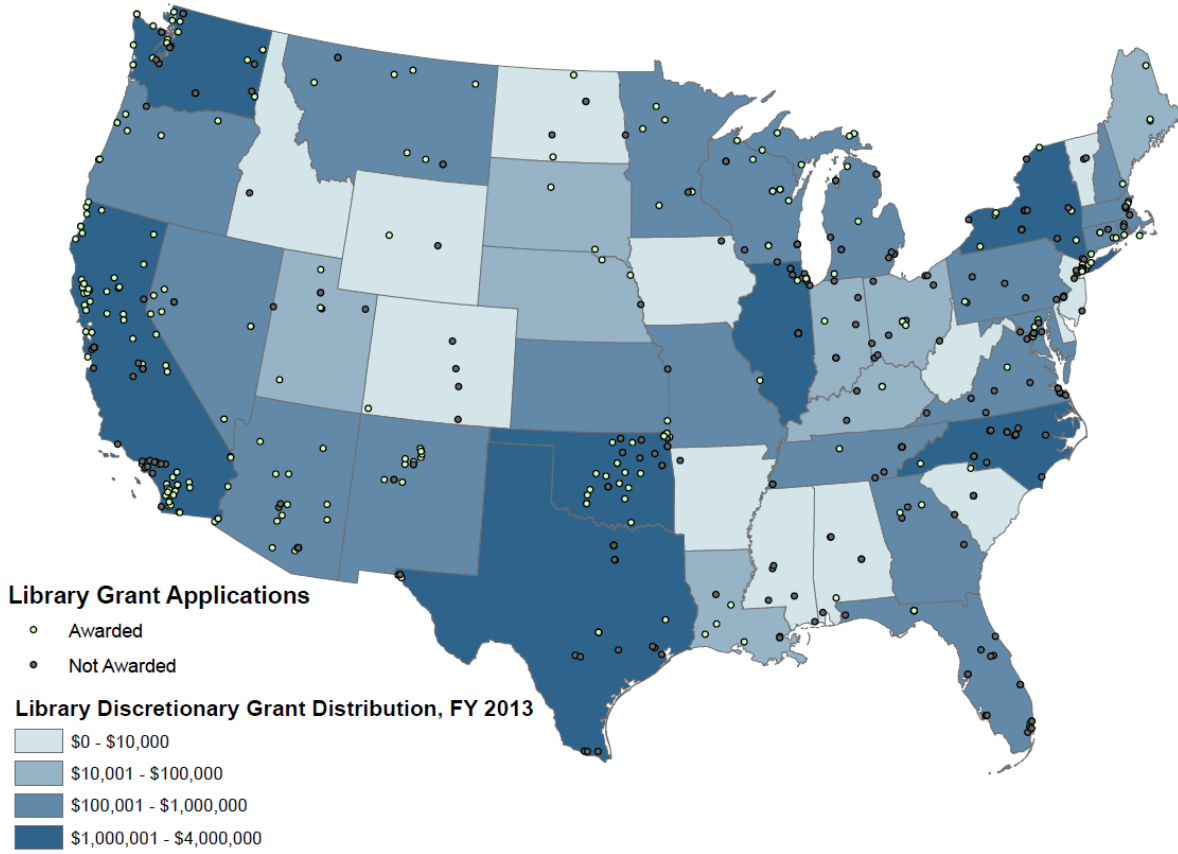
Discretionary Grants

The Library Services Discretionary Grants Programs are established in 20 U.S.C. Sections 9161, 9162, and 9165. The statute names the following programs: National Leadership Grants, Native American Library Services Basic Grants, Native American Library Services Enhancement Grants, Native Hawaiian Library Services, and Laura Bush 21st Century Librarian Program.

National Leadership Grants support projects that address challenges faced by the museums, libraries, and/or archives and that have the potential to advance the practices of those institutions. According to statute, the funded activities may include:

1. building workforce and institutional capacity for managing the national information infrastructure and serving the information and education needs of the public;
2. (A) research and demonstration projects related to the improvement of libraries or the enhancement of library and information services through effective and efficient use of new technologies, including projects that enable library users to acquire digital literacy skills and that make information resources more accessible and available; and B) dissemination of information derived from such projects;
3. preserving or digitizing of library materials and resources, giving priority to projects emphasizing coordination, avoidance of duplication, and access by researchers beyond the institution or library entity undertaking the project, including the development of national, regional, statewide, or local emergency plans that would ensure the preservation of knowledge and library collections in the event of a disaster; and
4. model programs demonstrating cooperative efforts between libraries and museums.

Library Discretionary Grant Distribution, FY 2013

Library Grant Applications

○ Awarded

● Not Awarded

Library Discretionary Grant Distribution, FY 2013

- $0 - $10,000
- $10,001 - $100,000
- $100,001 - $1,000,000
- $1,000,001 - $4,000,000

Total Applicants and Awardees for Library Discretionary Grant Programs , FY2007-FY2013

Awarded: 310, 280, 284, 300, 307, 345, 348

Not Awarded: 228, 138, 168, 200, 264, 285, 301

(FY2007, FY2008, FY2009, FY2010, FY2011, FY2012, FY2013)

— Not Awarded   — Awarded

Total Amount Requested Against Total Amount Awarded for Library Discretionary Grant Programs , FY2007-FY2013

The chart shows Total Requested and Total Awarded from FY2007 to FY2013, with amounts ranging from $0 to $140,000,000.

The Native American Library Services Basic Grant funds are distributed equally among eligible applicants. Basic Grants may support existing library operations and maintain core library services. The Native American Library Services Enhancement Grant program is competitive; projects may enhance existing library services or implement new library services. Native Hawaiian Library Services grant projects are competitive; they may enhance existing library services or implement new library services. These programs support the same types of activities as the Grants to States program (see page 9).

The Laura Bush 21st Century Librarian Program is also a competitive grant program. The statutory purposes of the program are:

1. recruiting and educating the next generation of librarians, including by encouraging middle or high school students and postsecondary students to pursue careers in library and information science;

2. developing faculty and library leaders, including by increasing the institutional capacity of graduate schools of library and information science; and
3. enhancing the training and professional development of librarians and the library workforce to meet the needs of their communities, including those needs relating to literacy and education, workforce development, lifelong learning, and digital literacy.

IMLS Grants to Libraries in 2013

Grants to States

	Number of awards	Funds awarded	Applicant match
Grants to States	56	$149,749,887	$76,950,358
Competitive Grants for Pacific Territories, Freely Associated	6	$237,600	$55,030*

States and the Virgin Islands			

*only includes match from the Freely Associated States; no match is required from the Territories.

Total for all Discretionary Programs

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
654	359	$81,071,476	$25,296,692	13,958,514

By Program

Laura Bush 21st Century Librarian Program

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
98	39	$31,948,779	$10,000,000	$3,370,822

National Leadership Grants for Libraries

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
139	41	$32,988,116	$10,654,542	$8,725,325

Sparks! Ignition Grants for Libraries*

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
52	14	$1,205,503	$329,527	$155,294

Learning Labs in Libraries*

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
74	7	$6,730,854	$645,718	$1,120,492

Native American/Native Hawaiian Library Services Program*

	Number of applications	Number of awards	Funds requested	Funds awarded	Applicant Match
Basic Grants (non-competitive)	243	243	$1,679,000	$1,679,000	N/A
Enhancement	42	11	$5,489,413	$1,464,905	$500,758

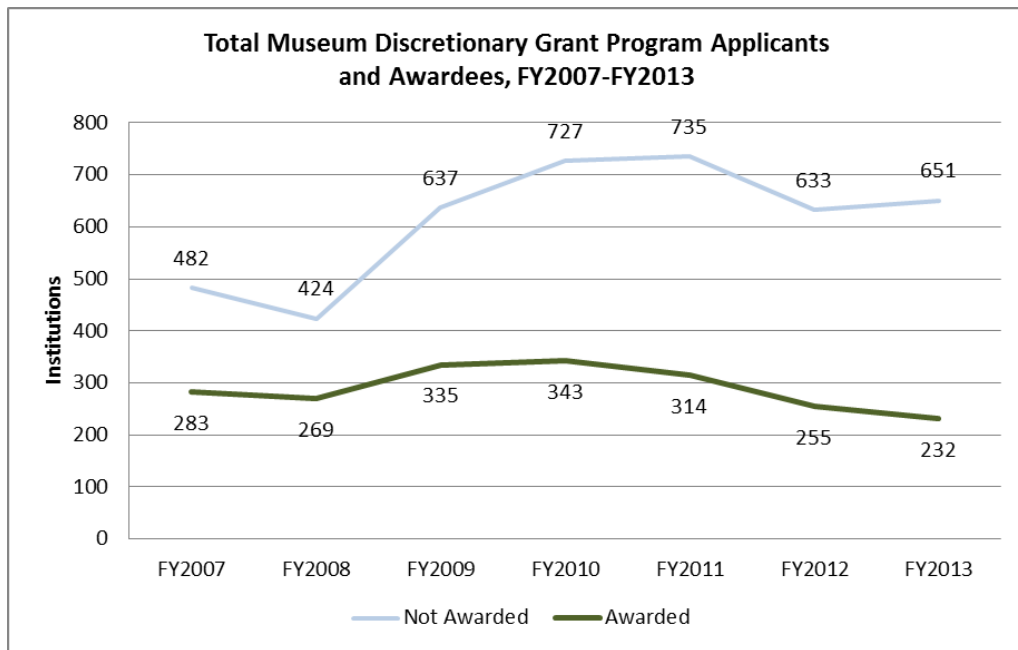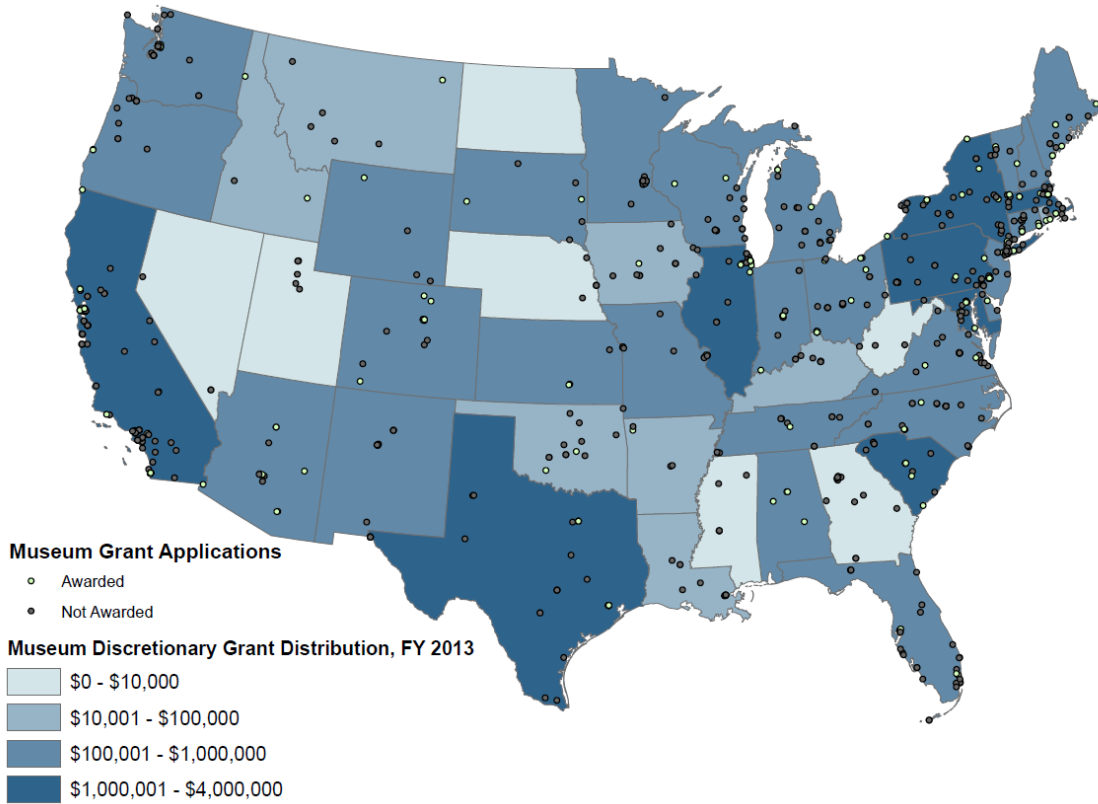| Grants					
Native Hawaiian	6	4	$1,029,811	$523,000	$85,823
Total	291	258	$8,198,224	$3,666,905	$586,581

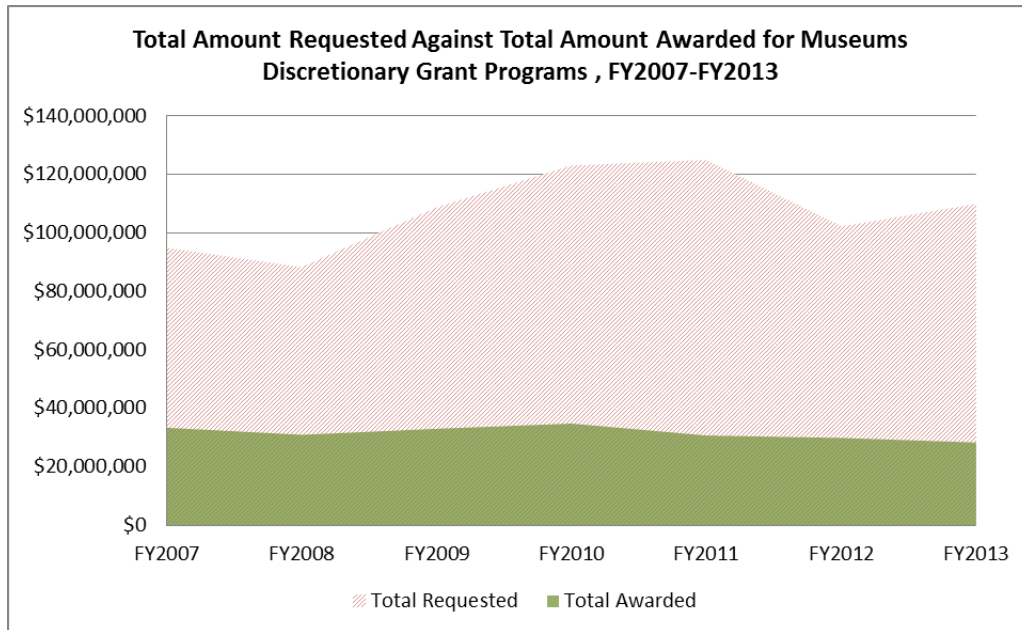*Matching funds are not required for these programs.

Museum Services

The Museum and Library Services Act authorizes the IMLS Office of Museum Services to

1. 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 heritage;
2. encourage and support museums in carrying out their educational role, as core providers of learning and in conjunction with schools, families, and communities;
3. 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;
4. assist, encourage, and support museums in carrying out their stewardship responsibilities to achieve the highest standards in conservation and care of the cultural, historic, natural, and scientific heritage of the United States to benefit future generations;
5. 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 a result of their increasing use by the public;
6. support resource sharing and partnerships among museums, libraries, schools, and other community organizations;
7. encourage and support museums as a part of economic development and revitalization in communities;
8. ensure museums of various types and sizes in diverse geographic regions of the United States are afforded attention and support; and
9. support efforts at the State level to leverage museum resources and maximize museum services.

Museum Discretionary Grant Distribution, FY 2013

Museum Grant Applications
- ○ Awarded
- ● Not Awarded

Museum Discretionary Grant Distribution, FY 2013
- $0 - $10,000
- $10,001 - $100,000
- $100,001 - $1,000,000
- $1,000,001 - $4,000,000

Total Museum Discretionary Grant Program Applicants and Awardees, FY2007-FY2013

Not Awarded: 482, 424, 637, 727, 735, 633, 651

Awarded: 283, 269, 335, 343, 314, 255, 232

Y-axis: Institutions (0–800)

X-axis: FY2007, FY2008, FY2009, FY2010, FY2011, FY2012, FY2013

Legend: — Not Awarded — Awarded

Total Amount Requested Against Total Amount Awarded for Museums Discretionary Grant Programs , FY2007-FY2013

Legend: Total Requested, Total Awarded

Discretionary Grants

The Office of Museum Services offers a number of discretionary grant programs to address its statutory mandate.

The Museums for America program supports projects that strengthen the ability of an individual museum to serve its public. These grants support activities that strengthen museums as active resources for lifelong learning, as important institutions in the establishment of livable communities, and as good stewards of the nation's collections. National Leadership Grants for Museums support projects that address critical needs of the museum field and that have the potential to advance practices in the profession so that museums can improve services to the American public.

Sparks! Ignition Grants for Museums encourage institutions to prototype and evaluate specific innovations in the ways they operate and the services they provide resulting in new tools, products, services or organizational practices.

The Native American/Native Hawaiian Museum Services program supports the capacity of Native American tribes and organizations that primarily serve and represent Native Hawaiians to sustain heritage, culture, and knowledge through strengthened activities in areas such as exhibitions, educational services and programming, professional development, and collections stewardship.

The National Museum of African American History and Culture Act
This Act directs the Director of IMLS to consult with the Council and Director of the National Museum of African American History and Culture to establish grant opportunities for African American museums for improving operations, care of collections, and development of professional management, and for providing internship and fellowship programs.

IMLS Grants to Museums in 2013

Total

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
879	231	$109,207,122	$28,121,410	$37,876,918

By Program

Museums for America

	Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
Learning Experiences	288	72	$33,992,856	$8,665,530	$13,817,615
Community Anchors	78	20	$9,396,073	$2,766,037	$3,839,741
Collections Stewardship	231	78	$23,860,327	$8,411,634	$12,359,038
Total	597	170	$67,249,256	$19,843,201	$30,016,394

National Leadership Grants for Museums

	Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
Learning Experiences	53	7	$14,443,100	$2,149,206	$2,092,138
Community Anchors	29	3	$7,420,864	$997,260	$862,936
Collections Stewardship	29	7	$8,724,388	$2,243,338	$2,397,215
Total	111	17	$30,588,352	$5,389,804	$5,352,289

Sparks! Ignition Grants for Museums*

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
47	7	$1,106,613	$167,461	$252,856

Learning Labs in Museums*

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
44	5	$4,264,790	$485,054	$283,495

Native American/Native Hawaiian Museum Services Program*

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
45	21	$2,013,008	$899,616	$421,809

Museum Grants for African American History and Culture

Number of applications	Number of awards	Funds requested	Funds awarded	Applicant match
35	11	$3,985,103	$1,336,274	$1,550,075

* Matching funds are not required for these programs.

Museum and Library Cooperative and Interagency Agreements

IMLS has a number of cooperative and interagency agreements to support and enhance agency priorities and services to the library and museum community. Information on those agreements that received FY 2013 funding and the programs they support are below:

Conservation Assessment Program

Heritage Preservation - Washington, DC
Award Amount: $722,906

The Conservation Assessment Program (CAP) provides a general conservation assessment of a museum's collection, environmental conditions, and site. Conservation priorities are identified by professionals who spend two days on-site and three days writing a report. The report helps museums develop strategies for improved collections care and provide a tool for long-range planning and fundraising. The Conservation Assessment Program received 133 applications in FY2013 and provided assessments for 84 museums in 34 states and the District of Columbia.

Film Forward

National Endowment for the Arts – Washington, DC
Award Amount: $80,000

Film Forward is an international touring program designed to enhance greater cultural understanding and dialogue in both the U.S. and abroad by engaging underserved audiences

through the exhibition of films, workshops, and conversations with filmmakers. It is an initiative of the President's Committee on the Arts and Humanities and the Sundance Institute, supported by IMLS, the NEA, and the NEH.

Heritage Health Index II

Heritage Preservation - Washington, DC
Award Amount: $338,554

This Cooperative Agreement will update A Public Trust at Risk: The Heritage Health Index Report on the State of America's Collections, published in December 2005. This ground-breaking report, based on an extensive national survey, produced the first comprehensive data on the condition and preservation needs of U.S. collections held in archives, historical societies, libraries, museums, and scientific research organizations. Heritage Health Index II will examine the extent and effectiveness of preservation activities and initiatives since the last survey and will recommend actions to improve the care of collections and ensure that they will be available for public access now and in the future.

Museum Assessment Program

American Alliance of Museums - Washington, DC
Award Amount: $414,117

The Museum Assessment Program (MAP) helps museums assess their strengths and weaknesses, and plan for the future. A MAP assessment requires the museum staff and governing authority to complete a self-study. Following the study, a site visit is conducted by one or more museum professionals, who tour the museum and meet with staff, governing officials, and volunteers and produce a report evaluating the museum's operations, making recommendations, and suggesting resources. Three types of MAP assessments are offered: Organizational; Collections Stewardship; and Community Engagement. In FY2013, the Museum Assessment Program received 141 applications and provided assessments for 106 museums in 41 states and the District of Columbia.

National Arts and Humanities Youth Program Awards

President's Committee on the Arts and the Humanities - Washington, DC
Award Amount: $91,500

The National Arts and Humanities Youth Program Award is the Nation's highest honor for out-of-school arts and humanities programs in museums, libraries and other youth-serving organizations that celebrate the creativity of America's young people, particularly those from underserved communities. The awards recognize and support excellence in programs that open new pathways to learning, self-discovery, and achievement.

The National Book Festival

Chief Officers of State Library Agencies (COSLA) – Lexington, KY
Award Amount: $90,000

 This effort provides an opportunity for an engaging experience for learners as well as demonstrating the variety of services and practices that make libraries anchor institutions in their communities. Representatives from throughout the United States and the U.S. territories use this extraordinary opportunity to talk about the critical role of libraries in the community and to promote the recruitment of persons for library and information science careers at the National Book Festival.

The Library of Congress – Washington, DC
Award Amount: $100,000

This effort supports the Library of Congress National Book Festival's "Pavilion of the States," which highlights the work of State library agencies and regional library services. The Pavilion is an effort of the Center for the Book and IMLS to promote libraries, literacy, and reading where representatives from State Libraries and Centers for the Book across the country interact with festival attendees (adults and children) and provide information on their state's literary heritage and its local libraries, book festivals, activities dedicated to promoting local authors and reading, and careers and opportunities in library and information science.

National Student Poets Program

Alliance for Young Artists and Writers – New York, NY
Award Amount: $50,000

Along with the NEA on behalf of the President's Committee on the Arts and Humanities, this agreement supports the National Student Poets Program, a national initiative that highlights the work of young poets for a national audience. The program also leverages the resources of museums and libraries to help inspire other young people to excellence in their creative endeavors and showcase the role of writing and the arts in academic and personal success.

State Museum Association Study

American Alliance of Museums - Washington, DC
Award Amount: $231,324

This Cooperative Agreement assesses the capacity and needs of state museum associations by engaging the leadership of the nation's state museum associations to understand their operations and approaches to serving museums and museum professionals within their states.

STEM Video Game Challenge

Joan Ganz Cooney Center at Sesame Workshop - New York, NY
Award Amount: $100,000

This Cooperative Agreement engaged museums and libraries in the 2013 STEM Video Game Challenge, sponsored by the Joan Ganz Cooney Center and other funders, by holding workshops at 20 institutions for youth in their communities to develop students' ability to participate in the Challenge.

StoryCorps Door-to-Door Program: National Medal for Museum and Library Service

StoryCorps - Brooklyn, NY
Award Amount: $250,000

This Cooperative Agreement highlights the contributions that IMLS National Medal for Museum and Library Service award winners have made to their communities. Each library or museum is visited by a team from StoryCorps that conducts interviews with community members about how the library or museum affected their lives.

Policy Research, Analysis, Data Collection, and Dissemination

Section 9108 of the Museum and Library Services Act authorizes the Director of IMLS to annually conduct policy research, analysis, and data collection with ongoing collaboration (as determined appropriate by the Director), and in consultation, with (1) state library administrative agencies; (2) national, state, and regional library and museum organizations; (3) other relevant agencies and organizations.

The legislation further states that the policy research, analysis, and data collection shall be used to:

1. identify national needs for and trends in museum, library, and information services;
2. measure and reports on the impact and effectiveness of museum, library, and information services throughout the United States, including the impact of federal programs authorized under this chapter;
3. identify best practices; and
4. develop plans to improve museum, library, and information services of the United States and to strengthen national, state, local, regional, and international communications and cooperative networks.

IMLS provides reliable and objective data and analysis to help inform policy decisions. It is a source of information about library and museum service trends, including analysis of market conditions that affect the financial health of the museum and library sectors and research on emerging services. IMLS is committed to supporting highly diverse wide perspectives, methods, and researchers to advance museum and library and information services research.

Interagency Collaboration

The Museum and Library Services Act authorizes the IMLS Director to support interagency collaboration:

The Director shall work jointly with the individuals heading relevant Federal departments and agencies, including the Secretary of Labor, the Secretary of Education, the Administrator of the Small Business Administration, the Chairman of the Federal Communications Commission, the Director of the National Science Foundation, the Secretary of Health and Human Services, the Secretary of State, the Administrator of the Environmental Protection Agency, the Secretary of the Interior, the Secretary of Housing and Urban Development, the Chairman of the National Endowment for the Arts, the Chairman of the National Endowment of the Humanities, and the Director of the Office of Management and Budget, or the designees of such individuals, on –

1. initiatives, materials, or technology to support workforce development activities undertaken by libraries;
2. resource and policy approaches to eliminate barriers to fully leveraging the roles 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
3. initiatives, materials, or technology to support educational, cultural, historical, scientific, environmental, and other activities undertaken by museums.

The Act also authorizes the Director to coordinate the policies and activities of IMLS with the policies and activities of other agencies and offices of the federal government having interest in or responsibilities for the improvement of museums, libraries, and information services. The statute expressly requires the Director to coordinate with other agencies to improve literacy through school libraries and through programs supported by the Head Start and Workforce Investment Acts. It also authorizes the Director to help ensure that IMLS policies and activities are coordinated with federal programs and activities that increase the capacity of libraries and museums to participate in economic and community development, education and research, improving digital literacy skills, and disseminating health information.

IMLS has a wide range of interagency partnerships, including advancing broadband adoption, coordinating early learning activities, supporting the effective delivery of workforce development services, and distributing federal information impacting the health and well-being of Americans.

H. Summary of Strategic Goals, Objectives & Results

Libraries and museums are tremendous national assets with infrastructure in nearly every community, expert staff, technology and collections. IMLS has an important role in how these assets can be used to prepare our citizens for success in a global economy and to strengthen our communities. IMLS has had four high priorities: 1) integrating the early learning work in libraries and museums with comprehensive early learning strategies; 2) preparing libraries and museums to lead in the maker space movement; 3) establishing robust federal partnerships to serve citizens better; and 4) improving accountability and outcome reporting for the Grants to States program through our Measuring Success initiative.

Early Learning

This year, IMLS, working with the Campaign for Grade Level Reading, published the report, "Growing Young Minds: How Museums and Libraries Create Lifelong Learners." The report was unveiled at the Anacostia Library in Washington D.C. with IMLS partners, Assistant Secretary of Education for Elementary and Secondary Education Deb Delisle and Richard Gonzalez, Senior Advisory for Early Childhood Development and Education at the Department of Health and Human Services. The report calls upon policy makers, practitioners, and parents to make full use of libraries and museums, and the skills and talents of those who work in them, to close knowledge and opportunity gaps and give all children a strong start in learning. In 2013, IMLS made $4.3 million in discretionary grants for early learning programming, building upon the $2.5 million in 2012.

To produce the report, IMLS engaged the expertise of dozens of experts in libraries and museums, foundations, early childhood development and public policy. Through this work we are making significant systemic change by working strategically to fully The report looked at how the capacity of libraries and museums could be combined with the work of childcare centers, head start and schools to meet the needs of young children and their families and caregivers. With active partners in 124 communities, the Campaign for Grade Level Reading amplified the work of libraries and museums and deepened their community level connections. And we will continue this work by strengthening networks at the state level in FY 2014. By demonstrating that libraries and museums are engaged in programming that connects to the established Quality Rating & Improvement System (QRIS) method to assess, improve, and communicate the level of quality in early care and education and after-school settings, we can make a difference, especially for children with limited opportunities.

STEM Education and Makerspaces

IMLS has helped libraries and museums to deliver 21st Century skills. Combining strengths in traditional and digital learning, libraries and museums are well-positioned to build the skills Americans need in the 21st century. Our report on Museums, Libraries and 21st Century Skills outlines a vision for the role of libraries and museums in the national dialogue around learning and 21st century skills and includes case studies of innovative audience engagement and 21st

century skills practices. We have helped libraries and museums demonstrate how their programming, facilities, staff, and collections strengthen creativity, collaboration, critical thinking, and communication.

This year, IMLS and the MacArthur Foundation announced a second round of grants for designing 21st century "learning labs" in museums and libraries around the country. The 12 winners—five museums and seven libraries—received a total of $1.2 million in grants to plan and design the labs. Inspired by digital teen spaces in libraries and innovations in science and technology centers, these labs will help young people move beyond consuming content to making and creating it.

IMLS supported a new makerspace at the Chicago Public Library that was unveiled during the annual meeting of the American Library Association meeting. Interest in makerspaces is increasing and libraries and museums can be places where people can pursue technical and engineering-oriented activities such as electronics, robotics, and 3D printing, as well as traditional metalworking, woodworking, and arts and crafts, in a creative, collaborative environment.

We partnered with the Joan Ganz Cooney Center at Sesame Street on the National STEM Video Challenge. We hope to increase interest in STEM learning among youth by tapping into students' natural passion for playing and making video games while also developing systems thinking, problem solving, iterative design, and digital media literacy. Activities focused on STEM learning for at-risk youth will be a priority for FY 2014 discretionary funding.

Federal Partnerships

Americans depend upon libraries to deliver a wide range of information services. The theory that access to the Internet is a substitute to library service has been debunked by research again and again. The Pew Center for the Internet in American Life has released a series of reports that show people of all ages and backgrounds believe that libraries are important.

As more and more government services are only available online, the library has an increased role in the delivery of federal information and services. In the past three years, federal agencies are increasingly seeking partnerships with IMLS, as they recognize the power that libraries have in reaching the American public.

For example, recognizing that 32 million Americans used a library computer for health information in one year, the U.S. Health and Human Services, Centers for Medicare and Medicaid partnered with IMLS to help libraries access the online resources and community connections they need to meet patrons' health information needs. More than 1,000 library professionals participated in a series of webinars in 2013.

The U.S. Citizenship and Immigration Services signed a memorandum of understanding with IMLS pledging to support local libraries' services to new immigrants. Recent research shows that more than 55 percent of people who immigrated to the United States within the last 15 years use

the public library at least once a week. More mock naturalization interviews take place at public libraries than at any other community institution.

IMLS is working with the Consumer Financial Protection Board to help libraries access and use financial education tools. The IMLS partnership with the U.S. Department of Labor's, Employment and Training Administration encourages partnerships between America's Job Centers and public libraries to support workforce development and small business.

Measuring Success

Because most of IMLS's appropriation is allocated to its Grants to States program, these funds play an important role in seeding innovation and bringing evidenced based practice to scale. The most significant example is the Measuring Success initiative with the State Library Administrative Agencies (SLAA). IMLS worked with 16 different SLAAs to redesign the program reporting protocols for the Grants to States program, which is 84 percent of IMLS's FY 2013 program budget. The old reporting system did not organize program information using consistent, standardized metrics, which made it difficult for states to report on their performance and difficult to compare and contrast program performance between the states, even when they were engaged in very similar activities. IMLS staff worked closely with the SLAAs to develop a new national taxonomy of Grants to States program activities. The taxonomy was completed in 2013 with a new web-based reporting tool for data input and display. Using the new tool, states can also benchmark their programs activities against similar initiatives in other states. It will also provide a public interface that will display program data in a variety of user-friendly formats. The reporting tool will undergo a final review by pilot states in the second quarter of FY 2014 and will be accessible to all states for their FY 2013 program reporting.

I. Brief Analysis of Financial Statements

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 2013 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 2013. Figure 2 summarizes the FY 2013 grant award obligations by Strategic Goal.
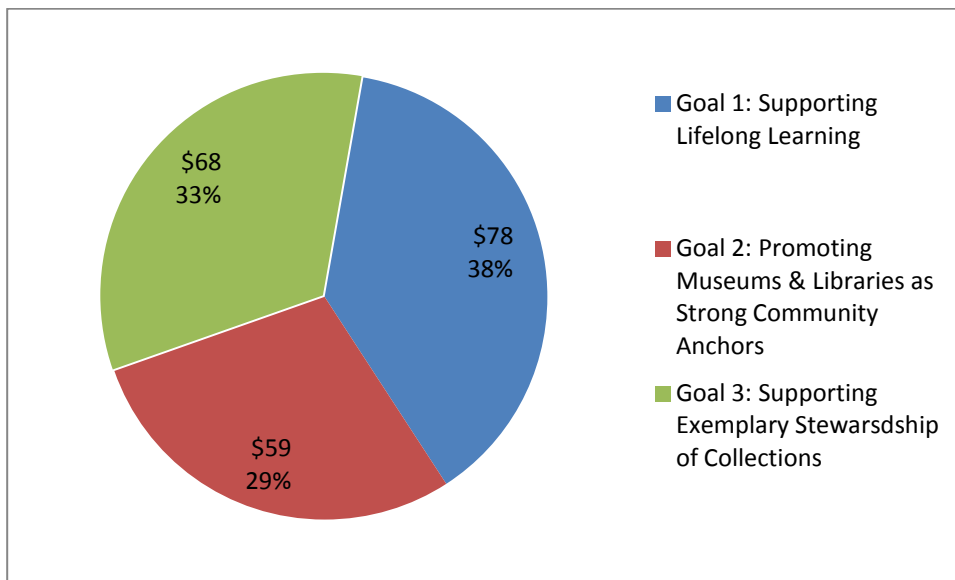
Figure 1: IMLS FY 2013 Financial Position

The significant changes in the asset and net position categories below are attributable to the continued reduction of federal funding appropriated to the IMLS, including the FY 2013 sequestration. The increases to both the liabilities and the net cost of IMLS were insignificant in FY 2013.

Net Financial Condition	FY 2013	FY 2012	Increase/(Decrease)($)	Change (%)
Assets	$298.8M	$335.8M	($37.0M)	(11.0%)
Liabilities	$53.0M	$52.7M	$0.3M	1.0%
Net Position	$245.8M	$283.1M	($37.3M)	(13.2%)
Net Cost	$254.5M	$249.4M	$5.1M	2.0%

Figure 2: FY 2013 Grant Obligations
FY 2013 Grant Awards issued by Strategic Goal ($ in millions)

J. Limitations of Financial Statements

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). While 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), the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

These statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

K. Management Assurances

Overall Internal Control

IMLS recognizes the importance of establishing and maintaining adequate controls over its programs and administrative functions. Management continues to evaluate and modify existing controls – and establish new ones as appropriate – to ensure accountability of federal funds and resources. IMLS also recognizes the importance of using technology to enhance effectiveness and efficiency, and to ensure an adequate degree of internal control and compliance with applicable laws and regulations. Consistent with operating procedures and pursuant to the Federal Managers' Financial Integrity Act of 1982 (FMFIA), the Chief Financial Officer requested each office head to conduct an internal review of their respective activities to identify possible deficiencies in management controls. Mindful of the Administration's continuing emphasis on management accountability for effective and efficient performance, IMLS senior executives closely reviewed their and provided written statements of their findings. The results are reported here, within the agency's FY 2013 Performance and Accountability Report, consistent with the provisions of the Reports Consolidation Act of 2000. Based on the review process described above, IMLS provides the following assurances:

IMLS management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). IMLS conducted its assessment of the effectiveness and efficiency of operations and its compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on the results of this evaluation, IMLS can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2013 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

Internal Control over Financial Reporting

IMLS conducted an assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with OMB Circulars A-123, *Management's Responsibility for Internal Control*, and A-136, *Financial Reporting Requirements*. Based on the results of this evaluation and the audit report on our financial statements, IMLS can provide reasonable assurance that its internal control over financial reporting as of September 30, 2013 was operating effectively and that no material weaknesses were found in the design or operation of the internal control over financial reporting.

Susan H. Hildreth
Director

2. Measuring Performance: Key Results for 2013

A. Performance Goals, Objectives and Assessments

1. Assessing Progress in Meeting Goal 1 Objectives

Strategic Goal 1: IMLS places the learner at the center and supports engaging experiences in libraries and museums that prepare people to be full participants in their local communities and our global society.

To succeed in our rapidly changing society and economy, individuals must keep informed of relevant events and trends, develop perspective and judgment, gain new knowledge to remain current in their occupations, and update their skills. Everyone is welcome at our nation's libraries and museums, giving these institutions the capacity to reach underserved audiences and to develop learning experiences in every discipline, including science, engineering, and business, and basic literacy in digital, health, and financial literacy.

Through their collections, exhibits, programs (onsite, offsite, and online), and partnerships, these institutions serve as essential and trusted components of the nation's learning ecosystem, providing opportunities for lifelong, "life-wide" learning. They satisfy critical needs for pre-K, out-of-school, after-school, summer, and adult learning.

The chart summarizes progress in meeting the goal's objectives.

Objective 1.1: Invest in projects that provide inclusive and accessible learning opportunities to individuals of diverse geographic, cultural, special needs, and socioeconomic backgrounds.	Met
Objective 1.2: Support communities of practice that draw on current research and evaluation literature to develop effective informal and formal learning experiences in museums and libraries.	Met
Objective 1.3: Facilitate partnerships among museums, libraries, and other education providers to expand learning opportunities for the public.	Met
Objective 1.4: Support the training and development of museum and library leadership to meet the needs of diverse publics in a rapidly changing environment.	Met

IMLS has demonstrated its commitment to supporting accessible programs targeted at underserved communities. We are developing analytical tools and communication platforms to share best practices. We continue to seek out educational partners and to document their progress. IMLS supports professional development of the library and museum workforce by

analyzing past investment and convening stakeholders to share lessons learned and inform future grant making.

Objective 1.1: Invest in projects that provide inclusive and accessible learning opportunities to individuals of diverse geographic, cultural, special needs, and socioeconomic backgrounds.

Associated Activities from the Strategic Plan:

- Promote and share best practices to access and serve special populations and underserved communities.
- Direct a portion of IMLS discretionary grant funds to target library and museum services to support inclusive and accessible learning opportunities using identified best practices.

Benchmarks and Assessing Progress:

In FY 2013, IMLS will designate a portion of discretionary grant funds for library and museum services that serve special needs populations and/or underserved communities, using identified best practices.

Evidence of Progress for Objective 1.1:

- In FY 2013 IMLS committed more than $4.3 million for 20 projects for libraries and museum programs aligned with the Campaign for Grade Level Reading, which aims to increase the number of low-income children reading at grade level by the end of third grade. The projects range from: developing a mobile app for parents in Philadelphia to creating comic books with kids in Brooklyn, from home visiting with young families in Columbus, Ohio, to training new librarians in Denver about early learning. In FY 2012 IMLS committed over $2.5 million for 19 projects for similar activities. In FY 2014, IMLS will convene these Early Learning grantees to identify and share best practices. Also in FY 2014, IMLS has proposed to commit $1.5 million to improve early learning programs for at-risk youth and their families and care-givers. IMLS will continue its partnership with the Campaign for Grade Level Reading.
- In FY 2013 IMLS provided $4.6 million to build capacity among native communities to meet the needs of their populations. 243 basic library grants for materials, computers and connectivity and 11 enhancement library grants for partnerships for enhanced learning and access were awarded to federally recognized Indian tribes. Four library grants were awarded to enhance existing services or support new services in organizations that serve native Hawaiians. Twenty-one museums grants were made to federally recognized Indian tribes and organizations serving native Hawaiians that sustain heritage, culture and knowledge through exhibitions, educational services, professional development and collections stewardship. These awardees are convened annually to share best practices at the Association of Tribal Libraries, Archives and Museums conference.
- In FY 2013 IMLS provided $1.3 million to support African American museums. Eleven institutions received funding to enhance their institutional capacity and sustainability through professional development, internships, technical assistance and other tools. IMLS convenes these grantees annually to share best practices.

Objective 1.2: Support communities of practice that draw on current research and evaluation literature to develop effective informal and formal learning experiences in museums and libraries.

Associated Activities from the Strategic Plan:

- Synthesize research and evaluation findings from IMLS grants around informal lifetime learning and formal education to identify trends, lessons learned, and best practices.
- Require current and future IMLS grantees to share information to improve informal learning and formal education opportunities for the public through libraries and museums.

Benchmarks and Assessing Progress:

By the end of FY 2013, IMLS will complete assessment of trends and best practices for informal and formal learning in museums and libraries.

By the end of FY 2013, IMLS will revise reporting guidelines to more clearly identify project lessons and best practices in informal and formal education programming.

Evidence of Progress for Objective 1.2:

- In June 2013, IMLS, with the Campaign for Grade Level Reading, issued "Growing Young Minds: How Museums and Libraries Create Lifelong Learners," which identifies ways in which museums and libraries support communities' efforts to develop a strong start for young children's learning. A number of IMLS-funded projects were highlighted in the document. This report has received attention from the national media, public policy organizations, and early learning stakeholder groups. IMLS is using the report to engage the early learning community about the role of museums and libraries in early learning.
- Focused on the Grants to State program investments, the "Measuring Success" initiative identifies common service areas, including formal and informal learning, and measures their impact. In FY 2013, IMLS provided significant technical assistance to clarify the range of activities supported by Grants to States funding, develop a new outcome-based reporting system, and build a strong community for sharing effective practice. In FY 2014, 16 SLAAs will submit annual reports using the beta outcome-based reporting system.

Objective 1.3: Facilitate partnerships among museums, libraries, and other education providers to expand learning opportunities for the public.

Associated Activities from the Strategic Plan:

- Assess past library and museum projects supported with IMLS funds that included partnerships with formal education institutions and community organizations that provide informal education.
- Foster partnerships with other federal agencies, foundations, and the private sector that support comprehensive approaches to learning at the state and local levels.

- Assess the impact of partnerships on the delivery of informal learning in IMLS programs and other agency initiatives, including in the Grants to States program.

Benchmarks and Assessing Progress:

By the end of FY 2013, at least 80 percent of applicants and current IMLS grantees will systematically document the types and roles of partners in their projects.

Evidence of Progress for Objective 1.3:

- IMLS works with the Partnership for 21st Century Skills (P21), a non-profit coalition sponsored by education, business, and community organizations, to develop a collection of tools and resources to help museums and libraries define their roles as institutions of learning in the 21st century.
- The agency's partnership with the MacArthur Foundation in creating the Learning Labs grant program demonstrates how libraries and museums can use evidence-based practices to engage youth in 21st century learning. In November 2012, the second cohort of Learning Labs was selected through a national competition. The 12 winners—five museums and seven libraries—received $1.2 million in grants to plan and design the labs and join the first cohort of 12 institutions from 2011. Inspired by YOUmedia, a teen space at the Chicago Public Library, and innovations in science and technology centers, these labs will help young people move beyond consuming content to making and creating it. The Labs @ Carnegie Library of Pittsburgh (CLP) is a teen-driven, interest-based digital learning environment for teens in and around the city of Pittsburgh. The Labs @ CLP will expand the library's teen services programming by providing teens with opportunities to create and share digital media using free library resources in four learning labs throughout the city. With the help of community partners, including Carnegie Museums of Pittsburgh, Carnegie Mellon University's Entertainment Technology Center, University of Pittsburgh School of Library and Information Science, Filmmakers at the Center (Pittsburgh Filmmakers), Hip-Hop on LOCK, Saturday Light Brigade (Radio), Carnegie Mellon University Robotics Institute, and HackPittsburg.org, the project will reach teens in underserved parts of the city.
- The Science Museum of Virginia will integrate its Innovation Studio digital media hub with a network of STEM Outposts—for example, Boys & Girls Clubs, 4-H programs, and 21st Century Community Learning Centers. Funding will support increases and improvements in staff and technology. It will teach young people problem solving, communications, and global awareness. The project shows volunteer mentors how to teach young people using STEM challenges. It will also result in a sustainable operating plan that fully engages the museum, youth participants, out-of-school-time partners, and the broader community.
- The National Leadership Grants (NLG) for Libraries and Museums encourage partnerships among libraries, museums, and other education providers. The FY 2013 guidelines note that "while partnerships are not required in all NLG-Libraries categories, they can help demonstrate a broad need, field-wide buy-in and input, access to appropriate expertise, and sharing of resources."

Objective 1.4: Support the training and development of museum and library leadership to meet the needs of diverse publics in a rapidly changing environment.

Associated Activities from the Strategic Plan:

- Convene museum and library leaders in professional education and training with practicing professionals in the museum and library field to evaluate current investments and identify high-priority learning needs for current and future professionals.
- Develop an action plan to align educational opportunities with the current and future needs of the museum and library workforce.

Benchmarks and Assessing Progress:

By FY 2013, IMLS will complete an action plan with measurable objectives for education of professional museum and library staff, which reflects stakeholder priorities.

Evidence of Progress for Objective 1.4.:

- Since 2000, the IMLS-sponsored WebWise conference has brought together representatives of museums, libraries, archives, science, education, and other fields to share effective strategies for professional development in the digital environment. WebWise highlights recent research and innovations in digital technology, explores their potential impacts on library and museum services, and promotes effective museum and library practices in a digital environment. It also provides recipients of technology-based grants from the Institute with an opportunity to showcase their exemplary projects.
- Through the Laura Bush 21st Century Librarian Program, IMLS funds projects that support the education and training of museum and library professionals, continuing education (CE), and learning opportunities for mid-career professionals. In June 2013, IMLS and its partner Webjunction brought together stakeholders from across the nation to discuss mutual interest in CE for library and cultural institution staff. The purpose of the event was to jump-start coordinated, near-term plans for innovative projects and partnerships. Two specific outcomes were the establishment of the Coalition for National Learning, which is developing a national plan for continuing education in libraries and museums; and the development of a national project to strengthen continuing education content for libraries.
- In FY2013, IMLS awarded a National Leadership Grant to the Association of Academic Museums and Galleries to support the Academic Museum Leadership Seminar (AMLS) in the summer of 2014 in collaboration with the Kellogg School Center for Nonprofit Management, Northwestern University. The seminar will be led by the nation's top experts in business and nonprofit management, and will help academic museum leaders to fulfill their institutions' missions and meet the challenges and needs of their on- and off-campus communities.

2. Assessing Progress in Meeting Goal 2 Objectives

Strategic Goal 2: IMLS promotes museums and libraries as strong community anchors that enhance civic engagement, cultural opportunities, and economic vitality.

Healthy, thriving, sustainable communities need institutions that strengthen civic life, understand and respond to community needs, and provide common experiences that knit together diverse interests. Museums and libraries are unique community-based organizations that are well positioned to serve as these anchor institutions. They connect people to information and ideas. They encourage the participation and dialogue that are crucial to creating a sense of place and strengthening the link between individuals and their communities. They are more than just safe places for community gathering; they provide a center for community vitality, a connecting point for community services, and a venue for cultural expression and lifelong learning. Programs and services at libraries and museums enhance civic discourse, increase scientific literacy, and connect communities to information regarding health, education, job seeking and training, digital literacy, and early and intergenerational learning.

IMLS identifies and leverages innovative services developed in one community, sharing the strategies and approaches with similar service providers in communities across the country. Targeted federal investments can optimize use of private, state, and local funds; ensure that underserved populations are reached; and provide links to practice, research, and data across agencies working to address community needs. This chart summarizes progress in meeting this goal.

Objective 2.1: Invest in projects that strengthen the role of libraries and museums as core components of a broader community learning and service infrastructure.	Met
Objective 2.2: Partner with other federal agencies to leverage the resources of libraries and museums in advancing national priorities, including education, health, disaster preparedness, digital literacy and economic and workforce development.	Met
Objective 2.3: Ensure that public and private sector leaders have the information they need to make strategic policy and investment decisions that leverage the infrastructure and expertise of museums and libraries.	Met

Objective 2.1: Invest in projects that strengthen the role of libraries and museums as core components of a broader community learning and service infrastructure.

Associated Activities from the Strategic Plan:

- Identify best practices in assessing community impacts of museum and library services and promote those practices through IMLS communications platforms.

- Identify and assemble no-cost tools and resources for museums and libraries to use to conduct community needs assessments and promote evidence-based planning.

Benchmarks and Assessing Progress:

By FY 2013, IMLS will develop tools for museum and library stakeholders to conduct improved and systematic assessments to meet a range of social and economic needs.

Evidence of Progress for Objective 2.1:

- IMLS' Office of Planning, Research and Evaluation has developed a detailed suite of resources available on the IMLS website to support museums and libraries in effective program planning and evaluation. Data analysis tools covering a wide variety of subjects from demographics to economic indicators are clearly explained with possible applications for libraries and museums. Project planning and evaluation tools and resources are identified to assist libraries and museums in developing evidence-based projects that demonstrate the value of innovative services. These tools can be found at: http://www.imls.gov/research/data_analysis_tools.aspx
- In FY 2012 IMLS partnered with Local Initiative Support Corporation (LISC) to review lessons learned from comprehensive community development initiatives that involve libraries or museums. In FY 2013 IMLS and LISC have identified early adopters and developed an information resource for them. In FY 2014, IMLS will hold a meeting of libraries and museums that have led comprehensive community development initiatives and publish a Promising Practices Report with a detailed analytic framework to guide subsequent research, and tools for community stakeholders will be published. Future work will assess the level of investment needed to incent community activities and engage local community foundations.

Objective 2.2: Partner with other federal agencies to leverage the resources of libraries and museums in advancing national priorities, including education, health, disaster preparedness, digital literacy, and economic and workforce development.

Associated Activities from the Strategic Plan:

Identify other federal agencies whose interests intersect with national priorities that can be addressed by the work of libraries and museums.

Benchmarks for Assessing Progress:

By FY 2013, IMLS will complete a scan of national priorities where the work of museums and libraries intersect with key priorities addressed by other federal agencies.

Evidence of Progress for Objective 2.2:

- IMLS has consistently worked with other federal agencies but a number of new partnerships were developed in FY 2013.

U.S. Citizenship and Immigration Service (USCIS):

In June 2013, IMLS and USCIS signed a memorandum of understanding to establish a structure to support libraries through public information and engagement opportunities, and the distribution of educational materials and training resources on immigration and citizenship. In FY 2014, activities will include webinars for librarians presented by USCIS staff and coordination of USCIS field offices with libraries to support joint efforts on immigration information.

Consumer Financial Protection Bureau (CFPB):

In August 2013, IMLS and CFPB signed a memorandum of understanding to develop financial education tools that provide access to financial education materials. Activities include identifying the platforms that leverage library systems to share financial education concepts; sharing financial education best practices and identifying opportunities to expand best practices; and creating a method to replicate model financial education programs across the United States. through existing library networks. IMLS is also participating in the Financial Literacy and Education Commission (FLEC) and is facilitating connections between FLEC members and a variety of library networks.

U.S. Department of Health and Human Services, Center for Medicare and Medicaid Services (CMS):

In June 2013, IMLS and CMS developed a partnership to provide health information in libraries. This partnership is based on prior successful work in the implementation of Medicare Part D. With the launch of the Affordable Care Act, libraries must connect people who are seeking information about the health insurance marketplaces and access to the ACA, including Navigators, Certified Assistance Counselors, and others who can help citizens make informed choices.

Federal Communications Commission - Connect to Compete:

In FY 2013, IMLS is working closely with the FCC and Connect to Compete (C2C) to support digital literacy efforts including the launch of the Advertising Council EveryoneOn campaign in March 2013. IMLS is supporting digital literacy efforts at both the state and local library level. IMLS also shares the FCC's goal of broadband connectivity for the nation and is supporting work in individual communities to achieve that goal.

U.S. Department of Labor:

IMLS works with the Department of Labor to address workforce development challenges. IMLS is working with ETA and the FCC to highlight how America's Job Centers and public libraries can help citizens with digital literacy and workforce development.

The Office of the First Lady: Let's Move Museums and Gardens:

In a partnership with the First Lady's Let's Move initiative, more than 600 museums and gardens from all 50 states are participating. This year IMLS published a technical guide for participating museums and gardens and held webinars to showcase best practices.

Objective 2.3: Ensure that public and private sector leaders have the information they need to make strategic policy and investment decisions that leverage the infrastructure and expertise of museums and libraries.

Associated Activities from the Strategic Plan:

- Develop a taxonomy to categorize projects, to identify target populations served and substantive areas of work, and to highlight the value of IMLS-funded investments and their intersection with other complementary public and private sector efforts.

Benchmarks for Assessing Progress:

By FY 2013, 70 percent of IMLS grants from FY 2005 through FY 2011 will be categorized by project taxonomy and available on the IMLS website.

Evidence of Progress for Objective 2.3:

- To improve processing and analysis of grants, IMLS has revised its grant application forms for FY 2013. All IMLS grant applicants will now be required to code their projects by subject area and intended beneficiaries at the application stage. This process change will streamline the grant tagging process, increase reliability and validity of administrative data, and allow for greater comparability and more detailed analysis across all IMLS grant applications. Because the data is required of all applicants, 100 percent of projects are categorized by project taxonomy. This information is available and searchable on the IMLS website.

3. Assessing Progress in Meeting Goal 3 Objectives

Strategic Goal 3: IMLS supports exemplary stewardship of museum and library collections and promotes the use of technology to facilitate discovery of knowledge and cultural heritage.

Access to museum and library collections helps to fuel innovation, inspire the development of new knowledge, and increase global understanding. Too many of the collections held in U.S. libraries and museums are at risk and in need of proper storage, emergency planning, and conservation treatment. IMLS is helping these institutions to digitize and share their collections and develop new standards and protocols to preserve and provide access to "born digital" data and objects.

The collections held in public trust in our museums, libraries, and archives are our national memory; they connect us to the cultural, artistic, historical, natural, and scientific understanding of our heritage. In order to provide wide access, high standards and best practices in collections management and preservation are essential.

IMLS provides federal leadership to share and promote effective practices across states and other entities. IMLS programs help to leverage local dollars and support management, care, and access to collections and to the information, meaning, and content they represent. IMLS has made significant investments over the last five years through its grant programs, national initiatives, and partnerships to foster best practices in collections management, preservation, and digitization. IMLS must now develop effective regional and national strategies for collections care and access to content. This chart summarizes progress in meeting the objectives under this goal.

Objective 3.1: Support the care and management of the nation's collections, both material and living, to expand and sustain access for current and future generations.	Met
Objective 3.2: Develop and implement a nationwide strategy to expand public access to the information, meaning, and content found in museum and library collections.	Met

These activities include the traditional priorities of its library, museum, and archive constituencies. IMLS is the primary federal agency providing support for collections care at the local level. This work is critical to the success of museums and libraries, and IMLS has the knowledge to provide this support and assistance. Based on the review of completed projects, IMLS is developing an action plan for collections care training. To support digital and virtual collections, IMLS will focus on evaluating existing activities and will encourage more cost-effective and efficient use of technology, to share resources, collections, and infrastructure.

Objective 3.1: Support the care and management of the nation's collections, both material and living, to expand and sustain access for current and future generations.

Associated Activities from the Strategic Plan:

- Raise awareness at local, state, and regional levels of the importance of collections care and conservation for libraries, archives, and museums.
- Continue to support a comprehensive approach to collections care that includes assessment and prioritization, collections management, environmental controls, and treatment.
- Support the training of cultural heritage professionals who can share knowledge, skills, and expertise among museums, libraries, and archives.
- Publish and share with relevant organizations best practice guidelines for both the digitization and for the digital curation (management and preservation) of collections.

Benchmarks and Assessing Progress:

- By FY 2013, IMLS will develop an agency plan on training in collections care, with measureable objectives.
- By FY 2013, IMLS and partner organizations will publish and share consensus-based guidelines on the digitization and digital curation of collections.

Evidence of Progress for Objective 3.1:

- In FY 2013, IMLS partnered with Heritage Preservation to conduct Heritage Health Index II (HHI II). The original survey, conducted nearly 10 years ago, was the first comprehensive study to assess the condition of U.S. collections. The new HHI II will use a similar instrument and methodology to the 2004 study to assess the changes in collections care. HHI II will examine the extent and effectiveness of preservation activities and initiatives and will recommend actions to improve the care of collections to ensure their accessibility now and in the future.
- The Conservation Assessment Program (CAP), administered by Heritage Preservation and funded by IMLS, helps museums improve the care of their collections and historic structures. This program was particularly helpful in the wake of Hurricane Sandy in the fall of 2013. Museums located in <u>federally declared disaster areas</u> that experienced damage to collections or structures could apply to CAP for an emergency assessment by a conservator and, if applicable, a historic preservation specialist. A streamlined application review process enabled museums to select assessors quickly and schedule on-site visits.
- The Conservation Center for Art and Historic Artifacts will use its FY 2013 grant to lead the Pennsylvania Cultural Resilience Network (PACRN), a two-year project to develop, coordinate, and consolidate regional efforts to address disaster preparedness and response needs at museums and historic sites. PACRN has an approach to statewide emergency preparedness for cultural institutions that can be easily replicated or adapted in other states or regions. More than 300 museum and historic site professionals in Pennsylvania are expected to show measurable gains in knowledge and confidence as measured by pre- and post-evaluation forms.
- The Associations of Zoos & Aquariums will build the sustainability of its cooperatively managed Species Survival Plan® (SSP) populations with its FY 2013 IMLS grant. Currently, only 30 of the 500 SSP populations are genetically stable. The information needed to address this situation is currently only available in multiple, lengthy, and technical population planning documents for each SSP. This complicates recognition of the essential actions required, and thwarts decision making for those aiming to increase the sustainability of these vital wildlife populations. In this three-year project, AZA will compile demographic and population information into a Sustainability Database to yield "Species Sustainability Reports" for all SSPs.

Objective 3.2: Develop and implement a nationwide strategy to expand public access to the information, meaning, and content found in museum and library collections.

Associated Activities from the Strategic Plan:

- Analyze IMLS-funded statewide planning and implementation grant results to document and disseminate findings and replicable practices.

Evidence of Progress for Objective 3.2:

- In FY 2013, IMLS awarded grants to support and populate the national digital infrastructure. Among others, the Folger Early Modern Manuscripts Online project will create a free, searchable database of the transcriptions of 10,700 unbound and 1,050 bound early modern (1500-1700) English manuscripts. The University of Minnesota's African American Theater History Project will build a national collection of digital archival material relevant to African American cultural history, accessible through the Digital Public Library of America. The Scripps Library at the University of Virginia's Miller Center will develop Connecting Presidential Collections, a centralized portal for accessing presidential materials. The New York Public Library will test library policies and practices and new technologies to improve patrons' experiences and help build new audiences and increase the use of electronic collections.
- With IMLS's guidance, Heritage Preservation is leading a team of partners representing statewide collaborative projects (American Association for State and Local History, Clemson University [SC]; Florida Association of Museums; Maine State Museum; Newark Museum [NJ]; Washington State Library; Oklahoma Department of Libraries; South Dakota State Historical Society; Board of Library Commissioners for the Commonwealth of Massachusetts). IMLS had worked with this group to develop the Connecting to Collections Continuing Conversation Exchange, a series of meetings for recipients of Connecting to Collections Statewide Planning Grants. This project will support a community of practice by expanding opportunities for continuing professional development for 300 librarians and cultural heritage experts responsible for statewide collections.

4. Assessing Progress in Meeting IMLS' Goal 4 Objectives

Strategic Goal 4: IMLS advises the President and Congress on plans, policies, and activities that sustain and increase public access to information and ideas.

In an economy powered by knowledge, libraries and museums play essential roles in ensuring equitable access to information for everyone, a cornerstone of economic growth and a strong democracy. Technology is changing the ways that people access and use library and museum services.

During this time of rapid change, IMLS can help ensure that decision makers have the data and analysis they need to improve and modernize their services.

Progress toward objectives under this goal is summarized below.

Objective 4.1: Promote federal policies that improve access to information services for underserved communities and help to remove barriers that prevent individuals from using these services effectively.	Met
Objective 4.2: Identify trends and provide consistent and reliable data on museum and library services and use to ensure that federal policymakers, public and private sector leaders, and the public are aware of the critical role that libraries and museums play in our democratic society.	Met
Objective 4.3: Support and extend a national digital information infrastructure that leverages libraries and museums as key partners and providers of reliable, persistent, and widely available access to digital information and services.	Met

Through its statistical collection and analysis, its support of the Digital Public Library of America program, and other similar grants, IMLS provides public access to information. IMLS identifies and overcomes barriers to digital access and supports the development of a national digital infrastructure.

Objective 4.1: Promote federal policies that improve access to information services for underserved communities and help to remove barriers that prevent individuals from using these services effectively.

Associated Activities from the Strategic Plan:

Survey challenges in access to information for underserved communities and differently abled individuals.

Benchmark for Assessing Progress:

By FY13, IMLS will develop and report baseline measures for assessing challenges to information access for underserved communities and differently abled individuals.

Evidence of Progress for Objective 4.1:

- IMLS partnered with the White House (including the Office of the U.S. Trade Representative and the Special Advisor to the President for Disabilities Rights) and other government agencies (including the U.S. Patent and Trademark Office, Departments of Education and State, and the Copyright Office) to craft U.S. positions and serve on the U.S. Delegation to the Standing Committee on Copyright and Related Rights of the United Nations World Intellectual Property Organization. During FY 2013, IMLS engaged in the Standing Committee's efforts to promote cross-border exchange of special format materials for individuals who are blind or visually impaired. Individuals who are visually impaired rely upon the nation's libraries, including the state and regional libraries for the blind supported by IMLS, for access to special format materials. In June 2013, the

United States interagency delegation, including IMLS, negotiated the historic Marrakesh Treaty to Facilitate Access to Published Works for Persons Who are Blind, Visually Impaired, or Otherwise Print Disabled, a multilateral treaty that will oblige all nations to establish copyright exceptions for people with print disabilities and increase the international exchange of accessible-format copies of published works.

- IMLS and the NEA are updating "Design for Accessibility: A Cultural Administrator's Handbook." The handbook and related resources assist cultural institutions in complying with the federal disabilities laws and making access an integral part of their missions, planning, and programs. The updated handbook will be available in FY 2014 and IMLS will provide training on accessibility in libraries and museums.
- In FY 2013, IMLS provided guidance to all state library agencies on the accessibility requirements for e-reading devices purchased with Library Services and Technology Act funds. The guidance identifies best practices for purchasing or adopting emerging technologies.

Objective 4.2: Identify trends and provide consistent and reliable data on museum and library services and use to ensure that federal policymakers, public and private sector leaders, and the public are aware of the critical role that libraries and museums play in our democratic society.

Associated Activities from the Strategic Plan:

- Collect and disseminate data on the public use of museum and library resources to identify trends and potential gaps in the availability and use of museum and library services.
- Increase the timeliness and availability of museums and library statistical reports to the public.

Benchmark for Assessing Progress:

By the end of FY 2012, IMLS will issue annual reports on the availability of museum and library services and demographics of users and nonusers to identify gaps, partner with stakeholders to complete a comprehensive review of the public and state library statistical collections, and publish reports on the rate of library and museum use by segments of the United States population.

By the end of FY 2013, IMLS will initiate annual user surveys to assess satisfaction and effectiveness of statistical products and reports.

Evidence of Progress for Objective 4.2:

- In FY 2013, IMLS began the Public Needs for Library and Museum Services (PNLMS) Survey to determine attitudes, assess awareness of library and museum issues, and to track trends in visitation and usage. The sample size is 3,500 households, including land lines and cell phones and taps into library users, museum users, dual users, and non-users. The data include respondents' visitation to libraries and museums, their attitudes toward library and museum services, and demographics about the respondents. It also includes

visitation and usage of libraries and museums by children in the household. The first data reports will be released in FY 2014 and data collection is anticipated to recur every three years. These data are useful to researchers, journalists, practitioners, the public, and policymakers at the federal, state, and local levels.

- The annual U.S. Public Library Survey (PLS) has one of the highest unit and item response rates in the Federal Statistical System. At the state level, the PLS is administered by State Data Coordinators, appointed by each of the state's or outlying area's chief officer of the State Library Administrative Agency. State Data Coordinators collect the requested data from local public libraries and submit the information to IMLS. The Public Library Survey has been collected annually since 1992. As a way to assure data reliability and provide technical assistance on analysis and presentation of data at the state level, IMLS convenes an annual meeting of these State Data Coordinators. IMLS also coordinates with a Library Statistics Working Group which includes some State Data Coordinators, Chief Officers of the State Library Agencies and other public library constituents. Participants share their individual expertise in the development of the PLS data elements, software, and training.

Objective 4.3: Support and extend a national digital information infrastructure that leverages libraries and museums as key partners and providers of reliable, persistent, and widely available access to digital information and services.

Associated Activities from the Strategic Plan

- Work with relevant experts to identify necessary components and partners for a national digital information infrastructure, identify which parts already exist wholly or partially, and identify key gaps. More closely align and coordinate IMLS activities with external, concurrent, and complementary national and statewide efforts, and continue ongoing engagement with activities such as the National Digital Stewardship Alliance, the Interagency Working Group on Digital Data, and the Digital Public Library of America.

Benchmark for Assessing Progress:

By FY 2013, IMLS will complete an action plan that (1) coordinates with similar efforts occurring in the federal government and elsewhere, and (2) aligns a share of IMLS grant programs in support of development and promotion of a national digital infrastructure.

Evidence of Progress for Objective 4.3:

- IMLS support expands the reach of the Digital Public Library of America (DPLA) through public libraries, statewide networks, and large content repositories. The DPLA, launched at the Berkman Center for Internet & Society at Harvard University, is a national initiative that makes public collections available to more users. The National Archives and Records Administration, Smithsonian Institution, and the Library of Congress are partners in the initiative. IMLS provides assistance by leveraging contributions from a vast number of non-federal institutions.

- IMLS supported a DPLA partnership with the Mountain West Digital Library and others to launch a Digital Hubs Pilot Program. The program will fund a network of service hubs run by statewide digital library programs and "content hubs" of large content repositories. These hubs will form the foundation of a DPLA national network and test and refine a model for future expansion. Content hubs will contribute their data directly to DPLA via specialized agreements, and service hubs in five to seven states will offer services such as digitization, customized metadata consulting, repository and data aggregation services, and community programming. Since the pilot launch in 2013, three new state hubs have joined the DPLA network, bringing the total to nine hubs, which now provide access to the digital resources of 11 states via one unified interface. The DPLA shows how digital resources throughout the nation can be brought together to stimulate seamless access to information. IMLS will continue its support in FY 2014.
- IMLS is a sponsor of the Board on Research Data and Information (BRDI), a program of the National Academy of Sciences. The BRDI improves the stewardship, policy, and use of digital data and information for science and the broader society. IMLS, with the National Science Foundation (NSF) and the Alfred P. Sloan Foundation, is supporting BRDI's first study, "Future Career Opportunities and Educational Requirements for Digital Curation." A study committee has been appointed by the President of the National Academy and the report is scheduled for release in FY 2014.

5. Assessing Progress in Meeting IMLS' Goals 5 Objectives

Strategic Goal 5: IMLS achieves excellence in public management and performs as a model organization through strategic alignment of IMLS resources and prioritization of programmatic activities, maximizing value for the American public.

IMLS continues its commitment to improve administrative efficiencies and focus on its high-quality stewardship of public funds and outstanding public service. With its strategic plan, IMLS accomplished many activities in FY 2013 and will advance these activities in the coming year. In FY 2014, IMLS will implement methods to assess grantee satisfaction and extend our support for an engaged and well-trained workforce.

Progress toward Goal 5 objectives is summarized below.

Objective 5.1: Develop an exemplary model of efficient federal grants management.	Partially Met
Objective 5.2: Cultivate a culture of planning, evaluation, and evidence-based practice to maximize the impact of public investments.	Met
Objective 5.3: Promote greater transparency and accountability of IMLS operations.	Met
Objective 5.4: Encourage and promote an engaged and energized IMLS workforce.	Partially Met

Objective 5.1: Develop an exemplary model of efficient federal grants management.

Associated Activities from the Strategic Plan:

- Conduct a process review of grant-making activities across programs to maximize efficiencies in grant review, grant management, and monitoring processes, and make any appropriate changes.
- Transfer to an enhanced grants management system that will increase performance-monitoring capability, improve communications with applicants and grantees, fast track grant award processing, promote greater technical and financial stewardship, and reduce inefficiencies and costs.

Benchmark for Assessing Progress:

- By FY 2013, IMLS will develop training webinars and provide them on the IMLS website.
- By FY 2013, IMLS will develop customer satisfaction surveys to accompany training webinars and collect baseline measures for grantee satisfaction.

Evidence of Progress for Objective 5.1:

- IMLS offers training webinars to assist potential applicants, to improve the performance of grant recipients, and to train peer reviewers. Each discretionary grant program holds at least one webinar between the competition announcement and its deadline. Webinars are announced widely and are attended by both inexperienced and experienced applicants, and all webinar content is available for download during the training. Evaluation mechanisms for all webinars will be incorporated into presentations in FY 2014.
- The State Program Manual ("Extranet") is an online resource for personnel in SLAAs who administer the Library Services and Technology Act (LSTA) Grants to States program or the Competitive Grants to Territories and Freely Associated States. The Extranet includes statutory and regulatory requirements, yearly award guidance outlining new grant requirements, standard reporting forms and procedural information, complying with federal cost principles and other requirements, and evaluating projects and services.
- IMLS continues its move to an enhanced grants management system. In FY 2013, IMLS entered into an Interagency Agreement with the National Endowment for the Humanities (NEH) and the National Endowment for the Arts (NEA) to support the development of the NEH's eGMS, its electronic grants management system. Migration to eGMS is planned to begin in FY 2014 and implemented for grants made in FY 2015.
- A Grants Management Working Group was formed to address changes in the areas of government-wide grant regulations, federal reporting requirements, and the transition of the proprietary IMLS grants management system (AAMS) to the more efficient web-based eGMS. A comprehensive, successful transition requires a joint approach between administrative and program offices – the intersection of technology, grant processes and procedures, and financial management. This group will increase satisfaction of applicants,

grantees, and reviewers through increased operational efficiency and develop baseline measures to assess grantee satisfaction..

Objective 5.2: Cultivate a culture of planning, evaluation, and evidence-based practice to maximize the impact of public investments.

Associated Activities from the Strategic Plan:

- Establish a data release and review policy.
- Use social media to increase the level and quality of dialogue with IMLS.
- Increase transparency and accessibility of IMLS data.
- Redesign performance reporting forms for discretionary grant programs to limt reporting to outcome measures that align with program priorities and relieve the overall burden on grantees.
- Work with SLAAs to develop a measurement system that tracks state (or local) progress toward the goal(s) of their five-year plans in alignment with IMLS's strategic plan, identifies effective and ineffective strategies, and ensures that cross-state data are standardized.

Benchmarks for Assessing Progress:

- By FY 2012, 100 percent of the business plan for Grants to States performance monitoring will be completed.
- By FY 2013, revised planning and performance monitoring protocols will be implemented for 60 percent of the IMLS grant portfolio.

Evidence of Progress for Objective 5.2:

- Over FY13 IMLS worked with 16 different SLAAs to redesign the program reporting protocols for the Grants to States formula grant program. A complete redesign was necessary because the old reporting system did not organize program information using consistent, standardized metrics, which made it difficult for states to report on their performance and to compare and contrast program performance between the states. IMLS staff worked with 16 States Library Agencies to develop a new national taxonomy of Grants to States program activities. The taxonomy was completed in 2013 and a web-based, reporting tool for data input and display will be available in FY 2014. This new tool will make it much easier for SLAA partners to enter and extract annual program data. Using the new tool states can also benchmark their programs against similar initiatives in other states. It will also provide a public interface that will display program data in a variety of user-friendly formats. The reporting tool will undergo a final review by the lead states in the second quarter of FY 14 and will be accessible to all states for their FY 2013 program reporting, which occurs in December 2014.
- In September 2013, IMLS organized "Museums Take the Lead," a convening of grantees who are managing IMLS-funded projects that address broad needs in the museum field. This meeting assessed the collective impact and contribution of these types of leadership

projects and to document how their results are being shared and adapted. The convening objectives included exploring factors affecting a museum's decision to adopt a leadership role, project outputs and outcomes, and the effects of geography, museum size, and type. IMLS will use the results to quantify and report the value of these projects, to strengthen grant programs supporting projects that advance the museum field, and to inform future grantee meetings.

Objective 5.3: Promote greater transparency and accountability of IMLS operations.

Associated Activities from the Strategic Plan:

- Develop a plan for sharing grant information with the public, including applications, grant performance reporting, and post-award analysis of success in meeting objectives.
- Initiate regular applicant and grantee customer satisfaction surveys with application and reporting guidelines.
- Develop and implement an improved, regularized customer satisfaction survey process for reviewers to monitor the efficiency of the review process and identify ways to improve IMLS grant making.

Benchmarks for Assessing Progress:

No FY 2012 or FY 2013 benchmarks for this goal.

Evidence of Progress for Objective 5.3:

- IMLS strongly supports the White House Office of Science and Technology Policy's February 2013 Memorandum requiring federal agencies to develop a plan to increase public access to the results of research funded by the federal government. Although IMLS is not subject to the memorandum, the agency supports the memorandum's policies and will conform its practices, as appropriate. IMLS is committed to expanding public access to IMLS and IMLS-funded research. The agency has implemented policies and procedures to ensure that the results of such research are made broadly available to and useful for the public, industry, and the research community.
- IMLS strongly supports the President's Executive Order on Open Data and the Office of Management and Budget's Open Data Policy. The policy requires that data generated by the government be made available in open, machine-readable formats, while appropriately safeguarding privacy, confidentiality, and security. IMLS has made data that it collects readily available on its website. We are also making administrative data regarding all funded grants since 1996 available on our website.
- In FY 2012, IMLS initiated a pilot program to post final reports on its website from grantees in the Sparks! Ignition Grant for Museums and Libraries program. Based on this work, IMLS has drafted a standard for reports for all discretionary grant programs that will support their comparative analysis and evaluation. As with the Sparks! Ignition reports, these will be posted online. Testing and development will continue in FY 2014, with final implementation after the move to the new electronic grants management system.

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- In FY 2013, the U.S. Department of Justice evaluated IMLS's Freedom of Information Act program, along with those of the ninety-nine Federal agencies subject to the Act. IMLS was one of just fifteen agencies to be awarded all "green lights" for the effectiveness of its program operations and implementation of the Administration's priorities. The complete DOJ assessment is available at: http://www.justice.gov/oip/docs/2013-cfo-assessment.pdf.

Objective 5.4: Encourage and promote an engaged and energized IMLS workforce.

Associated Activities from the Strategic Plan:

- Assess the success of IMLS staff in supporting the strategic plan goals; ensure staff resources are strategically aligned to IMLS priorities to maximize the use of federal dollars.
- Increase use of IMLS staff library, museum, archive, and grant expertise to further excellence in agency operations.
- Develop agency-wide training that is tied to agency mission and goals.
- Centralize IMLS training priorities to promote greater personal learning and development, increasing our subject matter experts to further the agency's mission and goals.

Benchmarks for Assessing Progress:

- Identify high-priority training areas for all IMLS job classifications

Evidence of Progress for Objective 5.4:

- In FY 2013 IMLS signed an interagency agreement with the U.S. Department of Agriculture (USDA) to implement its Ag-Learn learning management system (LMS). This LMS adoption will create a system of record to support our Talent & Knowledge Management requirements under OPM's new Human Capital Framework (HCF) and GRPA 2.0. This LMS allows employees and managers access to over 13,000 effective educational and training options that can result in better organizational and individual performance as expected by 5 U.S.C. § 2301(b)(7). IMLS is deploying this LMS in FY 2014 as its first significant investment in training and technology to enhance the agency's Knowledge and Talent Management needs. This investment will identify and address potential gaps in effective leadership and implement and maintain programs that capture organizational knowledge and promote learning. Lastly, the multiple monitoring and evaluation tools will enable IMLS to ensure continuity of leadership, enhance succession planning efforts, and sustain a learning environment with continuous improvement and a means to share knowledge across the organization.
- The Office of Museum Services conducted a strategic review of its current structure and grant categories, internal processes and efficiencies, and desired outcomes. It hoped to streamline the grant-making process with a focus on accessibility; achieve maximum efficiency in the use of resources; allocate more time to measuring impact and sharing outcomes; and become more proactive and strategic. The result was the restructuring of

grant categories to align with the IMLS strategic goals -- Learning Experiences, Community Anchors, and Collections Stewardship. A reduction in the number of distinct grant programs offered applicants the ability to request support for traditionally funded activities, while allowing others the freedom to address specific needs within their museums without the restrictions of pre-prescribed programs. The grant guidelines were streamlined, making them simpler and easier for applicants to understand, and were posted for public comment and feedback. The change from multiple guidelines and deadline dates to fewer guidelines and a single deadline date allowed IMLS to become more strategic in its announcement of awards and more proactive about the benefits and impact of its investments. On September 18, 2013, an announcement and celebration of funded projects was held at The U.S. Capitol Visitor Center. In attendance were board members, grant recipients, and community leaders. The single deadline also allows for the establishment of a more formal, end-of-year assessment of programs for continued improvement and refinement.

- The strategic plan Workforce Planning and Training workgroup continued in FY 2013 to identify key themes to further the IMLS grant programs and practice and the agency's human capital management plan. Successful achievement in formalized training and individual employee development plans will result in a formal IMLS knowledge management practice at the beginning of FY 2014.

B. Additional Management Highlights

Grants and Financial Management

In FY 2013 IMLS signed an Interagency Agreement with NEH and NEA for the deployment of NEH's new Electronic Grants Management System (E-GMS). This system will increase the IMLS capacity to increase its efficiency in the grant-making process and will replace IMLS's legacy grants administration system. IMLS continued to use the Federal Aviation Administration – Enterprise Services Center (FAA-ESC) for its accounting and financial reporting requirements in FY 2013. Using one of the Financial Management Line of Business (FMLOB) Centers of Excellence has significant benefits, including reduced overhead costs and the need for additional full-time employees.

In addition, IMLS uses these other shared service providers:

- Department of Transportation for E-travel services
- General Services Administration (GSA) for the use of agency purchase and travel credit cards
- Department of Interior – National Business Center for payroll services and indirect cost grant proposals.

These partnerships result in cost savings and operational efficiencies, access to timely budgetary and financial reporting, and information necessary for strategic agency and programmatic decisions.

Information Technology

The Office of the Chief Information Officer (OCIO) focuses on efforts that will increase the mobility of the agency's workforce.

In FY 2013 IMLS made progress to stay current on new technological advances in security and overall technical standards. Recently, IMLS switched over to an MTIPS certified internet service provider through Verizon, which ensures the agency is up to date and in line with current federal standards for security. We continued to test our network with state-of-the-art network analysis to meet current standards and prepare for future hacking, cyber-attacks, and other network threats. The OCIO ensures that IMLS is compliant with all NIST and FISMA standards The IMLS infrastructure continues to be revamped to maximize storage, improve stability, availability, and the integrity of our data. Hardware and software upgrades were completed to increase and improve access to systems and services, while minimizing cost and improving efficiency.

In FY 2013 the agency began its efforts to address the new Records Management directive issued by NARA. In FY 2014 the OCIO will be researching and evaluating electronic management systems to begin to manage electronic content. The agency is also focused on ways to ensure the workforce can perform responsibilities anywhere in a secure mode.

IMLS uses SharePoint for intranet services and as a repository for agency documents. IMLS is migrating data from alternate storage locations to make SharePoint the primary location for document storage.

Ethics in Government Operations

During FY 2013, the U.S. Office of Government Ethics (OGE) conducted a comprehensive review of IMLS's ethics program, including financial disclosure reports, and concluded in December 2012 that the program is effectively administered and in compliance with applicable laws, regulations, and policies. OGE also recognized IMLS leadership's concrete actions to demonstrate commitment to ethics and promote an ethical culture and its training content and delivery methods as model practices.

3. Financial Information

A Message from the Chief Financial Officer

It is my pleasure to join with Director Hildreth in presenting the Institute's FY 2013 Performance and Accountability Report. This report is an integrated presentation of our programmatic, financial, and operational achievements during the past year.

Our financial statements independent audit has been completed, and I am happy to report that the Institute received an eighth consecutive unqualified opinion, with no material weaknesses. There were no identified findings from the audit, which is a reflection of the organization's continued emphasis on strengthening internal controls.

In FY 2013, there were no significant changes or issues in the Institute's financial operations or systems. We continued our successful partnership with the Federal Aviation Administration – Enterprise Services Center (FAA-ESC) for our accounting and financial reporting services. The ability use a federal Center of Excellence affords us the opportunity to receive the numerous benefits a shared service provider can offer at affordable cost.

During FY 2014 we will continue to improve operational efficiencies, strengthen internal controls, and optimize the use of improved technology, with particular emphasis on agency-wide grants management and staff training systems. The agency this year will move to a web-based grants management system, which will streamline activities from application to close-out.

We are confident that our financial systems and operations will continue to support the Institute's mission. I want to extend my sincere thanks and appreciation to all of the dedicated staff at IMLS whose commitment and effort made this past year a success; your work is recognized and appreciated.

Christopher A. Catignani
Chief Financial Officer
November 20, 2013

Institute of Museum and Library Services

Audit of Financial Statements

As of and for the Years Ended
September 30, 2013 and 2012

Submitted By

Leon Snead & Company, P.C.
Certified Public Accountants & Management Consultants

416 Hungerford Drive, Suite 400
Rockville, Maryland 20850
301-738-8190
Fax: 301-738-8210
leonsnead.companypc@erols.com

Independent Auditor's Report

Susan Hildreth, 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, 2013 and 2012, and the related statements of net cost, changes in net position and budgetary resources (the financial statements) 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, 2013 and 2012, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States.

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 in financial reporting.

As a result of our tests of compliance with certain provisions of laws, regulations, and significant provisions of contracts and grant agreements, nothing came to our attention that caused us to believe that IMLS failed to comply with applicable laws, regulations, contracts or grant agreements that have a material effect on the financial statements insofar as they relate to accounting matters.

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, 2013 and 2012, and the related statements of net cost, statements of changes in net position and statements of budgetary resources for the years then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMLS as of September 30, 2013 and 2012, 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.

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. 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; 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 14-02, *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 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.

Leon Snead & Company, P.C.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States require that 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 FASAB 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 required supplementary information and required supplementary stewardship information in accordance with auditing standards generally accepted in the United States, 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 ACCOMPANYING INFORMATION

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The performance measures and other accompanying information 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

In planning and performing our audit of the financial statements of IMLS as of and for the years ended September 30, 2013 and 2012, in accordance with auditing standards generally accepted in the United States, 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.

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

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 specified in the OMB audit bulletin. 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 laws, regulations, 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 laws, regulations, 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.

Agency Comments and Auditor Evaluation

In commenting on the draft of this report, 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.
November 21, 2013

November 21, 2013

Ms. Pat Layfield
Senior 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 2013 financial statements.

We concur with the facts and conclusion of your report, and are pleased to learn of the unqualified 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,

Susan H. Hildreth
Director

Cc: Chris Catignani, Chief Financial Officer

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
BALANCE SHEET
As of September 30, 2013 and 2012
(in dollars)

		2013		2012
Assets:				
Intragovernmental:				
Fund balance with Treasury (note 2)	$	294,135,197	$	330,026,967
Other - Advances (note 4)		373,959		-
Total intragovernmental		294,509,156		330,026,967
Accounts Receivable		-		179
General property, plant and equipment, net (note 3)		279,487		270,150
Other - Grant Advances (note 4)		3,979,808		5,540,754
Total assets	$	298,768,451	$	335,838,050
Liabilities (note 5):				
Intragovernmental:				
Other (note 6)	$	1,030,840	$	2,668,912
Total intragovernmental		1,030,840		2,668,912
Accounts payable		400,802		244,336
Other (note 6)		635,726		718,244
Other - Grant Accrual (note 6)		50,937,372		49,105,226
Total liabilities		53,004,740		52,736,718
Commitments and contingencies		-		-
Net position:				
Unexpended appropriations - other funds		244,403,274		281,897,866
Cumulative results of operations - Funds from Dedicated Collections (Combined (note 8))		802,776		824,602
Cumulative results of operations - other funds		557,661		378,864
Total net position		245,763,711		283,101,332
Total liabilities and net position	$	298,768,451	$	335,838,050

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, 2013 and 2012
(in dollars)

Program costs: (note 9 & 10)	2013	2012
Goal 1: Supporting lifelong learning		
Gross costs	$ 101,681,550	$ 100,543,251
Less: Earned revenue	-	-
Net Program Costs	101,681,550	100,543,251
Goal 2: Promoting museums and libraries as strong community anchors		
Gross costs	$ 70,101,911	$ 69,355,362
Less: Earned revenue	-	-
Net Program Costs	70,101,911	69,355,362
Goal 3: Supporting exemplary stewardship of museum and library collections		
Gross costs	$ 83,197,313	$ 79,664,188
Less: Earned revenue (note 11)	(1,622,916)	(1,314,621)
Net Program Costs	81,574,397	78,349,567
Goal 4: Sustaining and increasing public access to information and ideas		
Gross costs	$ 1,177,562	$ 1,188,988
Less: Earned revenue	-	-
Net Program Costs	1,177,562	1,188,988
Net Cost of Operations	$ 254,535,420	$ 249,437,168

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, 2013 and 2012
(in dollars)

	2013			2012		
	Funds from Dedicated Collections (Combined (note 8))	All Other Funds	Consolidated Total	Funds from Dedicated Collections	All Other Funds	Consolidated Total
Cumulative Results Of Operations:						
Beginning Balances	$ 824,602	$ 378,864	$ 1,203,466	$ 446,266	$ 66,779	$ 513,045
Adjustments:						
Changes in accounting priciples	-		-	-		-
Corrections of errors	-	-	-	-	(30,576)	(30,576)
Beginning Balance, as adjusted	824,602	378,864	1,203,466	446,266	36,203	482,469
Budgetary Financing Sources:						
Appropriations Used	-	253,535,253	253,535,253	-	248,904,834	248,904,834
Nonexchange Revenue	-	-	-	-	-	-
Donations of Cash and Cash Equivalents	748,232	-	748,232	676,510	-	676,510
Transfers in/out without reimbursement	-	-	-	-	-	-
Other	-	-	-	-	-	-
Other Financing Sources (Non-Exchange):						
Imputed financing	-	408,906	408,906	-	576,821	576,821
Total Financing Sources	748,232	253,944,159	254,692,391	676,510	249,481,655	250,158,165
Net Cost of Operations	770,058	253,765,362	254,535,420	298,174	249,138,994	249,437,168
Net Change	(21,826)	178,797	156,971	378,336	342,661	720,997
Cumulative Results Of Operations	802,776	557,661	1,360,437	824,602	378,864	1,203,466
Unexpended Appropriations:						
Beginning Balance	-	281,897,866	281,897,866	-	298,765,329	298,765,329
Adjustments:						
Changes in accounting priciples	-	-	-	-	-	-
Corrections of errors	-	-	-	-	83,595	83,595
Beginning Balance, as adjusted	-	281,897,866	281,897,866	-	298,848,923	298,848,923
Budgetary Financing Sources:						
Appropriations Received	-	231,953,777	231,953,777	-	232,393,000	232,393,000
Appropriations transferred in/out	-	-	-	-	-	-
Other Adjustments	-	(15,913,116)	(15,913,116)	-	(439,223)	(439,223)
Appropriations Used	-	(253,535,253)	(253,535,253)	-	(248,904,834)	(248,904,834)
Total Budgetary Financing Sources	-	(37,494,592)	(37,494,592)	-	(16,951,057)	(16,951,057)
Total Unexpended Appropriations	-	244,403,274	244,403,274	-	281,897,866	281,897,866
Net Position	$ 802,776	$ 244,960,935	$ 245,763,711	$ 824,602	$ 282,276,730	$ 283,101,332

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, 2013 and 2012
(in dollars)

	2013 Budgetary	2012 Budgetary
Budgetary Resources:		
Unobligated balance, brought forward, October 1	$ 9,822,431	$ 7,769,826
Adjustment to unobligated balance brought forward , October 1 (+ or -)	-	-
Unobligated balance brought forward, October 1, as adjusted	9,822,431	7,769,826
Recoveries of prior year unpaid obligations	3,722,360	2,494,950
Other changes in unobligated balance (+ or -)	(3,780,541)	-
Unobligated balance from prior year budget authority, net	9,764,250	10,264,775
Appropriations (discretionary and mandatory)	220,569,434	232,630,287
Spending authority from offsetting collections (discretionary and mandatory)	96,472	107,894
Total Budgetary Resources	$ 230,430,156	$ 243,002,956
Status of Budgetary Resources:		
Obligations incurred (note 12)	$ 221,771,646	$ 233,180,525
Unobligated balance, end of year:		
Apportioned	2,769,379	2,808,252
Exempt from apportionment	254,391	310,181
Unapportioned	5,634,740	6,703,998
Total unobligated balance, end of year	8,658,510	9,822,431
Total Budgetary Resources	$ 230,430,156	$ 243,002,956
Change in Obligated Balance:		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	$ 320,204,536	$ 340,380,771
Adjustment to unpaid obligations, start of year (+ or -)	-	-
Obligations incurred	221,771,646	233,180,525
Outlays (gross) (-)	(252,777,136)	(250,861,810)
Actual transfers, unpaid obligations (net) (+ or -)	-	-
Recoveries of prior year unpaid obligations (-)	(3,722,360)	(2,494,950)
Unpaid obligations, end of year	285,476,686	320,204,536
Uncollected payments:		
Uncollected customer payments from Federal sources, end of year	-	-
Memorandum (non-add) entries:		
Obligated balance, start of year (+ or -)	$ 320,204,536	$ 340,380,771
Obligated balance, end of year (+ or -)	$ 285,476,686	$ 320,204,536
Budget Authority and Outlays, Net:		
Budget authority, gross (discretionary and mandatory)	$ 220,665,906	$ 232,738,181
Actual offsetting collections (discretionary and mandatory) (-)	(96,472)	(107,894)
Change in uncollected customer payments from Federal sources (discretionary and mandatory) (+ or-)	-	-
Budget authority, net (discretionary and mandatory)	$ 220,569,434	$ 232,630,287
Outlays, gross (discretionary and mandatory)	$ 252,777,136	$ 250,861,810
Actual offsetting collections (discretionary and mandatory) (-)	(96,472)	(107,894)
Outlays, net (discretionary and mandatory)	252,680,664	250,753,916
Distributed offsetting receipts (-)	(748,232)	(676,510)
Agency outlays, net (discretionary and mandatory)	$ 251,932,432	$ 250,077,406

The accompanying notes are an integral part of these statements

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. This statement differs 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

The Institute is the primary source of federal support for the nation's 123,000 libraries and 17,500 museums. Its mission is to grow and sustain a "Nation of Learners" because life-long learning is essential to a democratic society and individual success. Through its grant making, convenings, research and publications, the Institute empowers museums and libraries nationwide to provide leadership and services to enhance learning in families and communities, sustain cultural heritage, build twenty-first-century skills, and increase civic participation.

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.

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.

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 that administers discretionary programs, IMLS is funded through the indefinite appropriations process. IMLS's function is to support museum and library services.

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. Advances and Prepayments

IMLS records grant payments for work not yet performed at year-end as advances. The advances are recorded as expenses in subsequent fiscal years.

G. Revenues 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.

H. 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.

I. 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 $2,500 per item. Estimated useful lives by asset class are as shown below:

Asset Class	Useful Life
Computer equipment & software	3 years
Office equipment	5 years
Furniture	7 years
Leasehold improvement	Lease Term

J. Liabilities

Liabilities represent transactions or events that have already occurred for which IMLS will likely pay. No liability can be paid, however, absent an appropriation, or in some cases donated funds. 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.

K. 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.

L. 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.

M. 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.

N. 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.

O. **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 LSTA Grants to States. The Grants to States 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 70% of IMLS program 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.

IMLS has an occupancy agreement with General Services Administration (GSA) for office space occupied by the Institute, in FY 2013 IMLS consolidated space in their existing location resulting in a modification to the agreement and a decrease to the monthly rent amount. The term of the associated GSA lease is from April 1, 2005, through April 15, 2015. The modified agreement has yet to be finalized; however accounting entries related to the modified agreement were estimated using the square footage remaining which was approved by GSA.

P. **Federal employee and veteran benefits**

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

Q. **Commitments and Contingencies**

There are no commitments or contingencies that require disclosure.

Note 2 Fund Balance with Treasury

	2013		
Intragovernmental:	Entity	Non-Entity	Total
Trust Fund	$ 794,552	$ -	$ 794,552
Investments	-	-	-
Annual Appropriated Fund	286,279,735	-	286,279,735
No Year Appropriated Funds	7,060,910	-	7,060,910
Treasury Misc. Receipts	-	-	-
Total	$ 294,135,197	$ -	$ 294,135,197

	2012		
Intragovernmental:	Entity	Non-Entity	Total
Trust Fund	$ 897,577	$ -	$ 897,577
Investments	-	-	-
Annual Appropriated Fund	319,714,113	-	319,714,113
No Year Appropriated Funds	9,415,277	-	9,415,277
Treasury Misc. Receipts	-	-	-
Total	$ 330,026,967	$ -	$ 330,026,967

Status of Fund Balance with Treasury:	**2013**
Unobligated Balance	
Available	$ 3,023,770
Unavailable- No Year / Admin	64,470
Unavailable- No Year / Program	1,095,578
Unavailable- Annual Funds	4,474,693
Obligated Balance Not Yet Disbursed	285,476,686
Total	$ 294,135,197

Status of Fund Balance with Treasury:	**2012**
Unobligated Balance	
Available	$ 3,118,433
Unavailable- No Year / Admin	7,406
Unavailable- No Year / Program	1,465,611
Unavailable- Annual Funds	5,230,981
Obligated Balance Not Yet Disbursed	320,204,536
Total	$ 330,026,967

Note 3 General Property, Plant & Equipment

Major Class	2013		
	Acquisition Value	Accumulated Amortization	Net Book Value
Leasehold Improvements	$ 937,353	$ 660,939	$ 276,414
Work In Progress	-	-	-
Equipment	383,842	380,769	3,073
Total PP&E	$ 1,321,195	$ 1,041,708	$ 279,487

Major Class	2012		
	Acquisition Value	Accumulated Amortization	Net Book Value
Leasehold Improvements	$ 782,914	$ 587,185	$ 195,729
Work In Progress	48,974	-	48,974
Equipment	264,210	238,763	25,447
Total PP&E	$ 1,096,098	$ 825,948	$ 270,150

In FY 2013 IMLS consolidated space in their existing location, the leasehold improvements include amounts from the original occupancy agreement from FY 2005 and capitalized activity from a new Reimbursable Work Agreement associated with the consolidation. The original leasehold improvement is the portion of the building lease recorded as a capital lease.

In accordance with SFFAS 44, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*, an impairment loss of $64,199 was recorded in FY 2013 by applying the 41% reduction in square footage to the net book value of the leasehold improvement which was $156,582 due to the permanent decline in service value of the original leasehold improvements associated with the space consolidation. The loss from impairment was recognized and reported in the Statement of Net Cost and allocated along with other administrative costs due to the immaterial amount of the loss relative to the agency's total annual administrative cost. The estimated present value of monthly payments through FY 2015 for the improvements is $3,850. The imputed interest cost used in calculating the net present value of the lease payments was based on OMB Circular A-94, *Discount Rates for Cost Effectiveness, Lease Purchase, and Related Analysis*, which listed Treasury's 2005 nominal interest rate for a 10-year period as 4.6%.

The work in progress balance represented the amount of contracting costs associated with a Reimbursable Work Agreement with GSA for the reconfiguration of the newly configured office space. In FY 2013 $218,637 was transferred to Leasehold Improvements. Depreciation on this amount commenced in September of 2013.

The equipment consists of information technology equipment, most of those assets are fully depreciated. Also in 2013, the Department of the Treasury transferred $119,632.32 of excess furniture to IMLS. These assets were recorded at original cost with an offsetting credit to Accumulated Depreciation because they were already fully depreciated prior to the transfer.

Note 4 Other Assets

	2013	2012
Intragovernmental Advances	$ 373,959	$ -
Grant Advances	3,979,808	5,540,754
Total Other Assets	$ 4,353,767	$ 5,540,754

The intragovernmental advances amount is based upon an agreement between the Library of Congress and IMLS for the Residency Program in Digital Curation. Based upon an amendment to the Residency Program agreement, expenses will be incurred through FY 2014.

The grant advances with the public consists of payments made to grantees. 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 Request for Advance or Reimbursement (SF-270) within 30 days of receipt. The amount in the Grant Advances line item represents the total amount of unliquidated advances requested and paid to grantees as of the year ending September 30, 2013.

Note 5 Liabilities Not Covered by Budgetary Resources

	2013
Intragovernmental:	
Other Unfunded Employment	$ 36,563
Total intragovernmental	36,563
Accounts Payable	-
Accrued Unfunded Leave	477,954
Total liabilities not covered by budgetary resources	514,517
Total liabilities covered by budgetary resources	52,490,223
Total liabilities	$ 53,004,740

	2012
Intragovernmental:	
Other Unfunded Employment	$ 32,761
Total intragovernmental	32,761
Accounts Payable	-
Accrued Unfunded Leave	579,835
Misc. Receipts Payable to Treasury	-
Total liabilities not covered by budgetary resources	612,596
Total liabilities covered by budgetary resources	52,124,122
Total liabilities	$ 52,736,718

Note 6 Other Liabilities

	2013		
	Non-Current	Current	Total
Intragovernmental:			
Liability for Prepayments	$ -	$ 751,730	$ 751,730
Employer Contrib. & PR Tax	-	73,949	73,949
Capital Leases	48,077	110,080	158,157
Accrued rent abatement	-	47,004	47,004
Total Intragovernmental	48,077	982,763	1,030,840
Public:			
Accrued Pay and Benefits	-	629,142	629,142
Employer Contrib. & PR Tax	-	6,584	6,584
Misc. Receipts due to Treasury	-		-
Grant Accrual	-	50,937,372	50,937,372
Total Other Liabilities	$ 48,077	$ 52,555,861	$ 52,603,938

	2012		
	Non-Current	Current	Total
Intragovernmental:			
Liability for Prepayments	$ -	$ 2,374,645	$ 2,374,645
Employer Contrib. & PR Tax	-	64,548	64,548
Capital Leases	229,719	-	229,719
Misc Receipts due to Treasury	-	-	-
Total Intragovernmental	229,719	2,439,193	2,668,912
Public:			
Accrued Pay and Benefits	-	718,244	718,244
Misc. Receipts due to Treasury	-	-	-
Grant Accrual	-	49,105,226	49,105,226
Total Other Liabilities	$ 229,719	$ 52,262,663	$ 52,492,382

Note 7 Leases

IMLS as Lessee

Capital Leases:	**2013**
Summary of Assets Under Capital Lease:	
Leasehold Improvements	$ 937,353
Accumulated Amortization	660,939
Net	$ 276,414

IMLS as Lessee

Capital Leases:	**2012**
Summary of Assets Under Capital Lease:	
Leasehold Improvements	$ 782,914
Accumulated Amortization	587,185
Net	$ 195,729

Description of Lease Arrangements:

In fiscal year 2005, IMLS entered into a 10-year occupancy agreement with the U.S. General Services Administration (GSA) to lease office space. Part of the monthly lease payment for the premises is allocable to leasehold improvements. This portion of the rent has been recorded as a capital lease in an amount representing the present value of all future lease payments. The total payments for leasehold improvements constructed in FY 2005 are $974,480. The present value was calculated using an interest rate of 4.6%, obtained from OMB Circular A-94, *Discount Rates for Cost Effectiveness, Lease Purchase, and Related Analysis*.

In FY 2013 IMLS consolidated space in their existing location. The reduction in space resulted in an impairment loss of the existing leasehold improvement of $64,199. However, the leasehold improvements increased by $218,637 due to the capitalization of the reconfiguration construction costs of the consolidated space incurred under a Reimbursable Work Agreement with GSA.

Future Payments Due:

	2013
	Leasehold
Fiscal Year	Improvements
2014	$ 115,790
2015	48,724
Total Future Capital Lease Payments	164,514
Less: Imputed Interest	6,357
Net Capital Lease Liability	$ 158,157
Lease liabilities covered by budgetary resources	$ 158,157

	2012
	Leasehold
Fiscal Year	Improvments
2013	$ 97,448
2014	97,448
2015	48,724
Total Future Capital Lease Payments	243,620
Less: Imputed Interest	13,901
Net Capital Lease Liability	$ 229,719
Lease liabilities covered by budgetary resources	$ 229,719

The future payments due for FY 2014 increased from 2012 to 2013 due to GSA changing the August and September 2013 monthly payments for the leasehold improvements from a monthly billing to a lump sum billing which will be made in FY 2014. The lump sum payment is being made as a result of IMLS consolidating office space by 41%.

Operating Leases:

IMLS has an occupancy agreement with GSA for office space occupied by the Institute, in FY 2013 IMLS consolidated space in their existing location resulting in a modification to the agreement and a decrease to the monthly rent amount. The term of the lease is from April 1, 2005, through April 15, 2015. The modified agreement has yet to be finalized; however the payment amounts are based on the square footage remaining which was approved by GSA.

Future Payments Due:

	2013
	Office
Fiscal Year	Space
2014	$ 1,172,544
2015	586,272
Total Future Lease Payments	$ 1,758,816

	2012
	Office
Fiscal Year	Space
2013	$ 2,134,167
2014	2,166,679
2015	1,093,043
Total Future Lease Payments	$ 5,393,889

Note 8 Funds from Dedicated Collections

IMLS has a dedicated collections fund for Gifts & 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.

Balance Sheet as of September 30	2013	2012
ASSETS		
Fund balance with Treasury	$ 794,552	$ 897,577
Investment	-	-
Other Assets	95,897	-
Total Assets	$ 890,449	$ 897,577
LIABILITIES and NET POSITION		
Other Liabilities	$ 87,673	$ 72,975
Cumulative Results of Operations	802,776	824,602
Total Liabilities and Net Position	$ 890,449	$ 897,577

Statement of Net Cost for the Year ended September 30	2013	2012
Program Costs	$ (770,058)	$ (298,174)
Less Resources	748,232	676,510
Excess of Donations Received Over Cost Incurred	$ (21,826)	$ 378,336

Statement of Changes in Net Postion Year ended September 30	2013	2012
Net Position Beginning of Period	$ 824,602	$ 446,266
Change in Net Position	(21,826)	378,336
Net Position End of Period	$ 802,776	$ 824,602

Note 9 Intragovernmental Costs and Exchange Revenue by Program/Goal

	2013	2012
Goal 1: Supporting lifelong learning		
Intragovernmental costs	$ 1,928,210	$ 1,390,027
Public Costs	99,753,340	99,153,224
Less: Intragovernmental earned revenue	-	-
Less: Public earned revenue	-	-
Net Program Cost	$ 101,681,550	$ 100,543,251
Goal 2: Promoting museums and libraries as strong community anchors		
Intragovernmental costs	$ 1,301,541	$ 906,210
Public Costs	68,800,370	68,449,152
Less: Intragovernmental earned revenue	-	-
Less: Public earned revenue	-	-
Net Program Cost	$ 70,101,911	$ 69,355,362
Goal 3: Supporting exemplary stewardship of museum and library collections		
Intragovernmental costs	$ 1,542,568	$ 1,078,625
Public Costs	81,654,745	78,585,563
Less: Intragovernmental earned revenue	1,622,916	1,314,621
Less: Public earned revenue	-	-
Net Program Cost	$ 81,574,397	$ 78,349,567
Goal 4: Sustaining and increasing public access to information and ideas		
Intragovernmental costs	$ 794,862	$ 969,535
Public Costs	382,700	219,453
Less: Intragovernmental earned revenue	-	-
Less: Public earned revenue	-	-
Net Program Cost	$ 1,177,562	$ 1,188,988
Net Cost of Operations	$ 254,535,420	$ 249,437,168

Note 10 Suborganization Program Costs/Program Costs by Segment

Program costs:	2013				
	Library State Grants	Library Other Grants	Museum Grants	Administrative	Total
Goal 1: Supporting lifelong learning					
Gross Costs	$ 54,848,415	$ 22,415,588	$ 18,344,687	$ 6,072,860	$ 101,681,550
Less: Earned Revenue	-	-	-	-	-
Net Program Costs	$ 54,848,415	$ 22,415,588	$ 18,344,687	$ 6,072,860	$ 101,681,550
Goal 2: Promoting museum and libraries as strong community anchors					
Gross Costs	$ 54,848,414	$ 6,506,119	$ 4,648,198	$ 4,099,180	$ 70,101,911
Less: Earned Revenue	-	-	-	-	-
Net Program Costs	$ 54,848,414	$ 6,506,119	$ 4,648,198	$ 4,099,180	$ 70,101,911
Goal 3: Supporting exemplary stewardship of museum and library collections					
Gross Costs	$ 54,848,414	$ 11,077,213	$ 12,413,398	$ 4,858,288	$ 83,197,313
Less: Earned Revenue			1,622,916		1,622,916
Net Program Costs	$ 54,848,414	$ 11,077,213	$ 10,790,482	$ 4,858,288	$ 81,574,397
Goal 4: Sustaining and increasing public access to information and ideas					
Gross Costs	$ -	$ -	$ -	$ 1,177,562	$ 1,177,562
Less: Earned Revenue	-	-	-	-	-
Net Program Costs	$ -	$ -	$ -	$ 1,177,562	$ 1,177,562
Net Cost of Operations	$ 164,545,243	$ 39,998,920	$ 33,783,367	$ 16,207,890	$ 254,535,420

Program costs:	2012				
	Library State Grants	Library Other Grants	Museum Grants	Administrative	Total
Goal 1: Supporting lifelong learning					
Gross Costs	$ 50,994,845	$ 24,603,735	$ 18,388,377	$ 6,556,294	$ 100,543,251
Less: Earned Revenue	-	-	-	-	-
Net Program Costs	$ 50,994,845	$ 24,603,735	$ 18,388,377	$ 6,556,294	$ 100,543,251
Goal 2: Promoting museum and libraries as strong community anchors					
Gross Costs	$ 50,994,845	$ 7,088,312	$ 7,482,385	$ 3,789,820	$ 69,355,362
Less: Earned Revenue	-	-	-	-	-
Net Program Costs	$ 50,994,845	$ 7,088,312	$ 7,482,385	$ 3,789,820	$ 69,355,362
Goal 3: Supporting exemplary stewardship of museum and library collections					
Gross Costs	$ 50,994,846	$ 11,420,583	$ 12,363,018	$ 4,885,741	$ 79,664,188
Less: Earned Revenue	-	-	1,314,621	-	1,314,621
Net Program Costs	$ 50,994,846	$ 11,420,583	$ 11,048,397	$ 4,885,741	$ 78,349,567
Goal 4: Sustaining and increasing public access to information and ideas					
Gross Costs	$ -	$ -	$ -	$ 1,188,988	$ 1,188,988
Less: Earned Revenue	-	-	-	-	-
Net Program Costs	$ -	$ -	$ -	$ 1,188,988	$ 1,188,988
Net Cost of Operations	$ 152,984,536	$ 43,112,630	$ 36,919,159	$ 16,420,843	$ 249,437,168

Note 11 Exchange Revenue

Exchange Revenue in the amount of $1,622,916 and $1,314,621 was recorded in FY 2013 and FY 2012, respectively. Exchange revenue is related to an interagency agreement with the Department of Interior, National Park Service to issue and manage Save America's Treasures grants in accordance with appropriation language.

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

Note 12 Apportionment Categories of Obligations Incurred

The amount of direct and reimbursable obligations incurred against amounts apportioned under Category A, Quarterly, Category B, Annual, and Exempt from Apportionment as of September 30:

2013

	No Year	Annual	Total
Obligations Incurred:			
Category A, Direct Obligations	$ 50,000	$ 15,502,084	$ 15,552,084
Category B, Direct Obligations	1,124,716	204,288,945	205,413,661
Category B, Reimbursable	-	-	-
Exempt from Apportionment	805,901	-	805,901
Total obligations incurred	$ 1,980,617	$ 219,791,029	$ 221,771,646

2012

	No Year	Annual	Total
Obligations Incurred:			
Category A, Direct Obligations	$ 203,063	$ 16,219,991	$ 16,423,054
Category B, Direct Obligations	492,212	215,557,645	216,049,857
Category B, Reimbursable	-	-	-
Exempt from Apportionment	707,614	-	707,614
Total obligations incurred	$ 1,402,889	$ 231,777,636	$ 233,180,525

Note 13 Explanation of Differences between the Statement of Budgetary Resources and the Budget of the Unites States Government

The President's Budget, which includes actual numbers for fiscal year 2013, has not yet been published. Actual numbers for fiscal year 2013 will be included in the President's Budget for fiscal year 2015, scheduled to be released in February 2014. The budget can be found at http://www.whitehouse.gov/omb when it becomes available.

No material differences exist between the amounts reported in the FY 2012 Statement of Budgetary Resources and the 2012 actual amounts reported in the 2014 Budget of the United States Government. The Budget of the United States is displayed to the nearest million, while the Statement of Budgetary Resources is displayed in dollars. The difference noted under Budgetary Resources Available for Obligation is due to a combination of rounding and the expired unobligated balances from prior year annual funds that are reported in the Statement of Budgetary Resources and SF 133 but not in the Budget of the United States Government.

FY2012 (in Millions of Dollars)	Budgetary Resources Available for Obligation	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	$239	$233	$1	$251
IMLS Statement of Budgetary Resources	$243	$233	$1	$251
Differences	$4	$0	$0	$0

Note 14 Undelivered orders at the end of the period

	2013	2012
Undelivered orders as of September 30		
Administrative	$ 2,461,622	$ 3,039,874
Program	234,940,463	272,356,764
Exempt from Apportionment	548,385	514,421
Total undelivered orders	$ 237,950,470	$ 275,911,059

Note 15 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.

	2013	2012
Income from IMLS projects funded in prior years	$ 2,568	$ 1,120
Disposition of collections:		
Transferred to Treasury (general fund)	2,568	1,120
Net custodial revenue activity	$ -	$ -

Note 16 Explanations of Differences between Liabilities Not Covered by Budgetary Resources and Components Requiring or Generating Resources in Future Periods

Components that comprise liabilities not covered by budgetary resources represent the cumulative balance of the liability. By contrast, components requiring or generating resources in future periods included in the reconciliation of net cost of operations to budget represent the change in the liability created in the current year.

Note 17 Reconciliation of Net Cost of Operations to Budget

	2013	2012
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations incurred	$ 221,771,646	$ 233,180,525
Less: Spending authority from offsetting collections and recoveries	(3,818,832)	(2,602,844)
Less: Offsetting receipts	(748,232)	(676,510)
Obligations net of offsetting collections and recoveries	$ 217,204,582	$ 229,901,171
Other Resources		
Imputed financing from costs absorbed by others	408,905	576,821
Total resources used to finance activities	$ 217,613,487	$ 230,477,992
Resources Used to Finance Items not Part of the Net Cost of Operations:		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-)	36,352,498	18,321,087
Resources that fund expenses recognized in prior periods	(71,561)	(84,575)
Budgetary offsetting collections and receipts that do not affect net cost of operations:		
Other		-
Resources that finance the acquisition of assets	(105,464)	(48,974)
Adjustments to net obligations resources that do not affect net cost	748,232	676,510
Resources used to finance items not part of the net cost of operations	36,923,705	18,864,048
Total resources used to finance items not part of the Net Cost of Operations	$ 254,537,192	$ 249,342,040
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods		
Increase in Annual leave liability	$ (101,881)	$ (24,349)
Increase in Exchange Revenue		-
Other (+/-)	3,803	(1,554)
Total components of Net Cost of Operation	$ (98,078)	$ (25,903)
Components not Requiring or Generating Resources:		
Depreciation and amortization	$ 96,127	$ 121,210
Other (+/-)	179	(179)
Total components of Net Cost of Operations that will not require or generate resources	$ 96,306	$ 121,031
Total components of Net Cost of Operations that will not require or generate resources in the current period	$ (1,772)	$ 95,128
Net Cost of Operations	$ 254,535,420	$ 249,437,168

Note 18 Contributed Capital

The Institute 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 2013, IMLS received contributions totaling $748,232. In FY 2012, contributions totaled $676,510.

4. Other Information

Summary of Financial Statement Audit and Management Assurances (unaudited)

Table 1: Summary of Financial Statement Audit

Audit Opinion	Unqualified				
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	Unqualified					
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	Unqualified					
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	Systems conform to financial management systems requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None						
Total non-conformances	0	0	0	0	0	0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		

Overall Substantial Compliance	Not applicable*	Not applicable*
1. System Requirements	Not applicable*	
2. Accounting Standards	Not applicable*	
3. USSGL at Transaction Level	Not applicable*	

*OMB Bulletin 07-04 states that agencies subject to the ATDA and Government Corporation Control Act are not subject to the requirements of FFMIA.

Improper Payments Information Act (IPIA)

Risk Assessment and Systematic Sampling Method

There are only four (4) grant programs within IMLS where the entire annual budget authority exceeds $10 million. These are: Grants to States, Laura Bush 21st Century Librarians, Library National Leadership Grants, and Museums for America. Risk factors that were 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	None
Recent major changes in program funding, authorities, practices, or procedures	None
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.

No grant programs listed above are considered susceptible to significant erroneous payments or qualify as "risk susceptible" based on OMB guidance thresholds. The Grants to States program grants are awarded yearly to each of the 50 states and US territories. The recipient of these grants

is the State Library Agency of each state or territory, and does not change from year to year. The other three (3) programs follow the IMLS discretionary grant process and each institution is pre-determined for eligibility (as are applicants to all of our other grant programs).

To identify payments that were erroneously paid, a review of all FY 2013 grant refunds was performed. There were overpayments totaling approximately $297,527 or .12% of the Agency's total program outlays of $240M as of September 30, 2013. Additionally, as of September 30, 2013 IMLS has collected 100% of this money back.

In FY 2012 there were overpayments totaling approximately $31,295 or .01% of the Agency's total program outlays of $250M. As of September 30, 2012 IMLS had collected all of this money back.

A review of administrative expenses in FY 2013 and FY 2012 identified no significant improper payments. In addition, there were no underpayments made in the review of FY 2013 and FY 2012 total outlays.

Corrective Actions

While the Agency has determined that no programs are susceptible to significant erroneous payments, it has strengthened its preventative controls prior to grant payments being disbursed. In FY 2013, IMLS, in coordination with its financial management shared-service provider, implemented use of the Batch Processing function of OMB's Do Not Pay Solution. If a payment was paid in error and deemed improper, procedures are in place for IMLS to collect the monies back in a timely fashion. 100 percent of reimbursement or advance requests are reviewed by IMLS 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	$237M	0.01%	$31K	$240M	0.12%	$298K
Contracts	$2.6M	0.0%	$0	$2.5M	0.0%	$0

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	$271M	0.1%	$271K	$250M	0.1%	$250K	$250M	0.1%	$250K
Contracts	$2.5M	0.0%	$0	$2.3M	0.0%	$0	$2.2M	0.0%	$0

Table 2: Overpayments Recaptured Outside of Payment Recapture Audits

Agency Source	Amount Identified (CY)	Amount Recovered (CY)	Amount Identified (PY)	Amount Recovered (PY)	Cumulative Amount Identified (CY+PYs)	Cumulative Amount Recovered (CY+PYs)
Post -Payment Reviews	$298K	$298K	$31K	$31K	$329K	$329K