



Performance and Accountability Report

FISCAL YEAR 2018 | NOVEMBER 15, 2018

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Message from the Director



I am pleased to present the FY 2018 Performance and Accountability Report for the Institute of Museum and Library Services.

When IMLS was created in 1996, lawmakers cited “great potential in an Institute that is focused on the combined

roles that libraries and museums play in our community life.” For over 22 years, we have carried on that charge, supporting the essential services of museums and libraries that help communities across the United States and its territories to flourish. The agency continues to adapt its programs to meet the evolving needs of these institutions within society and respond to opportunities that support library and museum professionals.

IMLS designs its grants, research, and capacity-building programs for a broad range of libraries, such as public, research, academic, and tribal, and museums of many disciplines, including historical societies, botanic gardens, aquariums, science and technology centers, children’s museums, and zoos. These distinctive organizations contribute to the wellbeing of communities all across the 50 states, the District of Columbia, and the U.S. territories.

We continue to reach wide and deep into this national network of museums and libraries. In FY 2018, the agency’s work was enhanced by an additional \$9 million Congressional appropriation. In particular, the Grants to States program, funded through the Library Services and Technology Act, received a \$4.7 million increase. This allowed states and territories to carry out critical library services in accordance with their new five-year plans. The agency was also allocated a \$3 million budget increase for museum programs: \$1.75 million for Museums for America and Museum Empowered Grants for Professional Development, \$500,000 for Native

American/Native Hawaiian Museum Services, and \$750,000 towards Museum Grants for African American History and Culture. These increases allowed IMLS to fund many beneficial and high quality projects across the nation.

In January, we launched the agency’s new Strategic Plan 2018-2022, *Transforming Communities*. The plan is the culmination of a series of dialogues with a wide variety of stakeholders, and supports IMLS’s vision of a nation where museums and libraries work together to transform the lives of individuals and communities. The agency’s strategic goals, under which we’ll work for the next five years, are to promote lifelong learning, build capacity, increase public access, and achieve excellence. Throughout this report, you’ll see activities aligned with these priorities: for example, programs for the visually impaired, such as Talking Book Services; digital literacy and inclusion; community memory archiving; civic engagement; collections preservation; and museum and library staff professional development. These organizations are offering so much more beyond their physical spaces and collections, and we are honored to further their outreach.

We also made advances in evaluation, research, and data collection; for example, we continue to enhance the Public Libraries Survey by working more closely with the library field. And to better assess how museums and libraries contribute to financial, education, health, and other aspects of wellbeing, IMLS began a new national study under the umbrella of our flagship Community Catalyst initiative, *Understanding the Social Wellbeing Impacts of the Nation’s Libraries and Museums*. The year-long project will explore indicators of how museums and libraries contribute to quality of life in the communities they serve; the results will also benefit library and museum stakeholders as well as policymakers and local officials.

In addition to awarding a second year of Community Catalyst grants, we're also deploying a more robust set of cohort learning and evaluation approaches to explore the outcomes of our investments. Through this agency-wide initiative, IMLS continues to focus on the commonalities among museums and libraries as they seek to work more purposefully, proactively, and collaboratively with their communities and their partners. The local commitment and enthusiasm for these grantees' areas of focus resulted in IMLS awards of more than \$1.5 million, with an additional \$1.8 million matched in non-federal funds. This is but one example of how the agency leverages its investments to achieve a ripple effect around grantees and their networks.

Once again this year, our agency has an effective internal control structure, including an agency-wide risk management council established to recommend and monitor high-priority investment areas. This is one way that we meet our strategic goal of achieving excellence and serving as a model agency through effective stewardship of our federal resources.

Over the next year, our agency will continue to respond to the needs and opportunities in the museum and library fields. We'll also continue building an agency culture and operations to become even more of a learning organization. This shift will enable us to invest in a range of activities, such as early-stage exploratory work, enhancements to and pilots of emerging approaches, and scaling up promising practices or expanding proven programs to broader audiences or new areas of need.

We've made important progress this year. I look forward to building on this throughout FY 2019 with the essential dedication from the IMLS team and board, the museum and library fields, and their stakeholders.

Respectfully submitted,

Kathryn K. Matthew

Kathryn K. Matthew, PhD, MBA

Director, Institute of Museum and Library Services

SECTION 1

Management's Discussion and Analysis (MD&A)

A. IMLS OVERVIEW AND MISSION

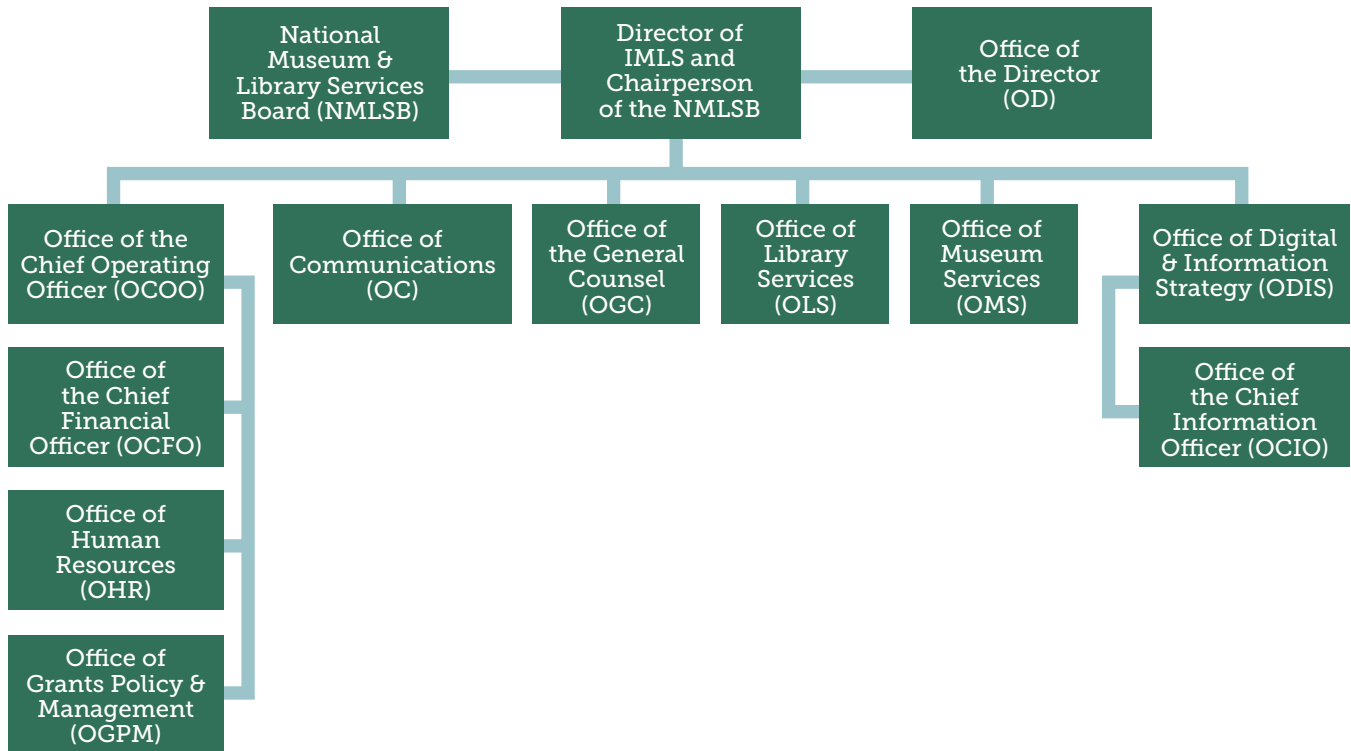
The Institute of Museum and Library Services is the primary source of federal support for the nation's libraries and museums. We advance, support, and empower America's museums and libraries through grantmaking, research, and policy development. Our vision is a nation where museums and libraries work together to transform the lives of individuals and communities.

IMLS was created with the passage of the Museum and Library Services Act of 1996, which, as amended, authorizes the agency to award financial assistance, collect data, form strategic partnerships, and advise the President, Congress, and other federal agencies on museum, library, and information services. Federal library programs began in 1956, and the agency has consolidated them with the federal museum programs dating to 1976. Today, IMLS is responsive to the needs and opportunities expressed by communities through their libraries and museums and brings cutting-edge approaches to curating essential information within cities, regions, and the nation.

The agency has an expansive reach across the country and into a large variety of institutions. Its discretionary grants are selected through a structured, competitive peer review process, drawing on professionals located across the nation. IMLS builds capacity within the museum and library fields to enable better service to communities and to enhance community decision-making by sharing trends and data.

IMLS 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 23-member advisory body that includes the IMLS director, the deputy director for libraries, the deputy director for museums, and 20 presidentially appointed individuals with expertise in, or commitment to, library or museum services. Based on its knowledge and experience, the NMLSB advises the IMLS director on general policy and practices and helps with the selections for the National Medals for Museum and Library Service.

IMLS Organizational Chart 2018



B. STRATEGIC GOALS

IMLS's five-year strategic plan, published in January 2018, closely aligns with the Museum and Library Services Act.

The complete IMLS Strategic Plan, *Transforming Communities*, is available at <https://www.imls.gov/about-us/strategic-plan>. To increase accountability and ensure continued focus and progress, the agency has established cross-departmental teams to assess and streamline administrative and programmatic investments and develop work plans to implement the strategic plan.

As part of the new strategic plan process, IMLS is defining and measuring key benchmarks and agency-wide performance through logic models and strategic indicators. These new approaches will be used to analyze trends, identify future areas of importance for our funding opportunities, and track results for FY 2019 and beyond.

STRATEGIC GOAL 1, PROMOTE LIFELONG LEARNING: IMLS supports learning and literacy for people of all ages through museums and libraries.

Objectives:

1. Enhance library and museum resources that foster early, digital, information, health, financial, media, civic, and other types of literacies.
2. Support cross-disciplinary and inquiry-based methods of learning within museums and libraries.
3. Invest in library and museum programs that focus on continuous learning for families and individuals of diverse cultural and socio-economic backgrounds and needs.
4. Leverage the distinct role of museums and libraries as trusted sources of information.

STRATEGIC GOAL 2, BUILD CAPACITY:

IMLS strengthens the capacity of museums and libraries to improve the wellbeing of their communities.

Objectives:

1. Support the recruitment, training, and development of library and museum staff, boards, and volunteers, helping to grow a skilled, professional workforce.
2. Encourage library and museum professionals and institutions to share and adopt best practices and innovations.
3. Identify trends in the museum and library fields to help organizations make informed decisions.
4. Promote the ability of museums and libraries to serve as trusted spaces for community engagement and dialogue.

STRATEGIC GOAL 3, INCREASE PUBLIC

ACCESS: IMLS makes strategic investments that increase access to information, ideas, and networks through libraries and museums.

Objectives:

1. Support the stewardship of museum and library collections at institutions of all types and sizes.
2. Invest in tools, technology, and training that enable people of all backgrounds and abilities to discover and use museum and library collections and resources.
3. Invest in policies and partnerships that address barriers to accessing museum and library collections, programs, and information.
4. Increase access to IMLS, museum, library, and community knowledge through effective communications.

STRATEGIC GOAL 4, ACHIEVE

EXCELLENCE: IMLS strategically aligns its resources and relationships to support libraries and museums nationwide.

Objectives:

1. Attract, develop, and engage an effective and dedicated workforce, fostering innovation, collaboration, and learning.
2. Adapt to the changing needs of the museum and library fields by incorporating proven approaches as well as new ideas into IMLS programs and services.
3. Design IMLS grants and awards to encourage communities to invest resources, funding, and other support for museums and libraries.
4. Seek effective partnerships with federal leadership and nonprofit and private organizations to promote the public value of museums and libraries.

C. SCOPE

This section provides highlights of key IMLS authorizations, programs, and activities, and the distribution of funds.

LIBRARY SERVICES

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

- to enhance coordination among federal programs that relate to library and information services;
- to promote continuous improvement in library services in all types of libraries in order to better serve the people of the United States;
- to facilitate access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry;
- to encourage resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public;
- 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;
- to enhance the skills of the current library workforce and to recruit future professionals to the field of library and information services;
- to ensure the preservation of knowledge and library collections in all formats and to enable libraries to serve their communities during disasters;
- to enhance the role of libraries within the information infrastructure of the United States in order to support research, education, and innovation; and
- 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

Based on state-specific five-year plans, 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, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands (20 U.S.C. § 9131). SLAAs must also conduct a five-year evaluation based on these plans and report annually to IMLS on their progress in strengthening library services, which helps improve practice and inform policy. 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 Library Services and Technology Act (LSTA) sets base allotments of \$680,000 for U.S. states and \$60,000 for Pacific territories. The act limits administrative costs for SLAAs 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 LSTA legislation. 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 needs assessments specific to each state or territory. SLAAs take special precautions to ensure that federal funds do not supplant state investments.

Use of Funds

State Library Administrative Agencies may use their funding for:

- expanding services for individuals of all ages to support such individuals' needs for education, lifelong learning, workforce development, and digital literacy skills;
- establishing or enhancing electronic and other linkages and improved coordination among and between libraries and entities;
- providing training and professional development to enhance the skills of the current library workforce and leadership, and advance the delivery of library and information services; and recruiting future professionals to the field;
- developing public and private partnerships with other agencies and community-based organizations;
- targeting library services to individuals of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to individuals with limited functional literacy or information skills;
- targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including low-income children;
- developing library services that provide access to information through local, state, regional, national, and international collaborations and networks; and,
- carrying out other activities as described in the State Library Administrative Agency's plan.

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 (PW), 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 PW). 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. Up to five percent of this program's funding is set aside for Mid-Continent Research for Education and Learning to facilitate the grants review process. These projects support the LSTA purposes.

Discretionary Grants

The following Library Services Discretionary Grants Programs are established in 20 U.S.C. Sections 9161, 9162, and 9165:

1. **National Leadership Grants** invest in projects that address challenges faced by the library and archives fields and generate results such as new tools, research findings, or models that can be widely used.
2. **Native American Library Services Basic Grants**, noncompetitive funds of \$6,000 - \$10,000, are available to eligible Native American and Native Alaskan organizations and may support existing library operations and/or maintain core library services.
3. **Native American Library Services Enhancement Grants** are competitive and can be used to enhance existing library services or to implement new services.
4. **Native Hawaiian Library Services** grant projects are competitive and may be used for existing library services or to implement new library services. These programs support the same types of activities as the Grants to States program.
5. **Laura Bush 21st Century Librarian Program** supports professional development and training projects for libraries and archives.

IMLS Library Grant Programs in 2018

Highlights:

- The Grants to States program received a \$4.7 million increase in the Congressional appropriation for 2018, which allowed State Library Administrative Agencies (SLAAs) to carry out critical library services related to their new five-year plans.
- To report out on the impact of IMLS' largest grant program, staff synthesized the SLAAs' five-year evaluations for 2013-2017 and five-year plans for 2018-2022 and shared national-level findings with state library stakeholders and the general public.
 - » Goals aligned with "civic engagement" saw the greatest increase (74 percent) compared to the 2013-2017 plans.
 - » On average, more than 10 percent of the funding each year supports state Talking Book Services and other services provided by Libraries for the Blind and Physically Handicapped. In their 2018-2022 five-year plans, 36 states and territories (64 percent) noted Libraries for the Blind as a funding priority.
- A Connecticut State Library project around identifying community needs was piloted with Grants to States funds and then funded through a Laura Bush 21st Century Librarian Program grant to reach out to other states.
- IMLS funded a second phase of implementation work for the Measures that Matter cooperative agreement with the Chief Officers of State Library Agencies. This grant will improve the library field's capacity to collect meaningful data at a national level by prioritizing enhancements to the Public Libraries Survey process.
- To encourage small and rural library applicants, IMLS developed and submitted to OMB a Notice of Funding Opportunity for a new FY 2019 grant initiative, Accelerating Promising Practices for Small Libraries.
- The agency is funding OCLC, Inc., to conduct a research study in partnership with the American Library Association's Public Library Association to investigate how libraries are working with their communities to respond to the opioid crisis. The project will produce case studies of eight varied communities in which the public library is directly involved in a community response to the opioid epidemic, and will glean additional perspectives from federal government agencies, public health and human services organizations, community organizations, and library leaders. The goal is to help public libraries and their community partners to develop effective, community-driven strategies for addressing substance misuse in the United States.
- Responding to input from the Native American community and the library field, we have increased the grant award for Native American Library Services Basic Grants from \$6,000 to \$10,000 per eligible tribe. This program supports tribal libraries by providing funds for library operations and cores services.

| Grants to States | | | |
|---|------------------|---------------|---------------|
| PROGRAM | NUMBER OF AWARDS | FUNDS AWARDS | AWARDEE MATCH |
| Grants to States | 56 | \$160,546,768 | \$82,508,448 |
| Grants to States for Pacific Territories, Freely Associated States and the Virgin Islands | 7 | \$248,818 | \$78,102* |

*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 | AWARDEE MATCH |
| 951 | 324 | \$106,713,749 | \$28,469,000 | \$7,835,444 |

By Program

| Laura Bush 21st Century Librarian Program | | | | | |
|---|------------------------------|------------------|-----------------|---------------|---------------|
| NUMBER OF PRELIMINARY PROPOSALS | NUMBER OF FULL APPLICATIONS* | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| 174 | 53 | 42 | \$39,782,291 | \$10,000,000 | \$1,844,957 |

| National Leadership Grants for Libraries** | | | | | |
|--|------------------------------|------------------|-----------------|---------------|---------------|
| NUMBER OF PRELIMINARY PROPOSALS | NUMBER OF FULL APPLICATIONS* | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| 323 | 187 | 79 | \$60,641,949 | \$13,406,000 | \$5,021,853 |

**Laura Bush 21st Century Librarian Program grants and National Leadership Grants for Libraries involve a two phased, peer-reviewed process: an open round of preliminary proposals, from which selected applicants are invited to submit full applications.*

***This program has common interests and so is reflected in both the OLS and OMS charts.*

| Native American and Native Hawaiian Library Service Programs*** | | | | | |
|---|------------------------|------------------|-----------------|---------------|---------------|
| PROGRAM | NUMBER OF APPLICATIONS | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| Basic Grants | 179 | 179 | \$1,844,442 | \$1,844,442 | \$0 |
| Enhancement Grants | 31 | 21 | \$4,079,826 | \$2,783,317 | \$846,062 |
| Native Hawaiian | 4 | 3 | \$585,241 | \$435,241 | \$122,572 |
| Total | 214 | 203 | \$6,509,509 | \$5,063,000 | \$968,634 |

****Matching funds are not required for these programs.*

MUSEUM SERVICES

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

- encourage and support museums in carrying out their public service role of connecting society to the cultural, artistic, historical, natural, and scientific understandings that constitute our heritage;
- encourage and support museums in carrying out their educational role;
- encourage leadership, innovation, and applications of the most current technologies and practices to enhance museum services through international, national, regional, state, and local networks and partnerships;
- assist, encourage, and support museums in carrying out their stewardship activities 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;
- 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;
- support resource sharing and partnerships among museums, libraries, schools, and other community organizations;
- encourage and support museums as a part of economic development and revitalization in communities;
- ensure museums of various types and sizes in diverse geographic regions of the United States are afforded attention and support; and
- support efforts at the state level to maximize museum resources and services.

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

Discretionary Grants

The Office of Museum Services offered five competitive funding opportunities in FY 2018:

1. **Museums for America** supports projects that strengthen individual museums as active resources for lifelong learning, vital components of livable communities, and as good stewards of the nation's collections.
2. **Museums Empowered** supports activities for professional development and capacity building in individual museums. The funding opportunity focuses on four areas of relevant needs in the museum field: Digital Technology, Diversity and Inclusion, Evaluation, and Organizational Management. Now in its second year, Museums Empowered provides an example of how IMLS is responding to capacity building needs expressed by the museum field.
3. **National Leadership Grants for Museums** support projects that address critical needs of the museum field and that have the potential to advance practice in the profession so museums can improve services for the American public. In addition to museums, related organizations such as museum associations, colleges and universities, and some foundations and nonprofit organizations are eligible to apply for grants in this funding program under four project categories: Advancing Digital Assets and Capacity; Diversity and Inclusion; Collections Care and Access; and Professional Development.
4. **Native American/Native Hawaiian (NANH) Museum Services** grants support the capacity of Indian tribes as well as organizations that primarily serve and represent Native Hawaiians to enhance museum services to sustain heritage, culture, and knowledge through exhibitions, educational services and programming, professional development, and collections stewardship.
5. **Museum Grants for African American History and Culture (AAHC)** support activities that build the capacity of African American museums and support the growth and development of museum professionals at African American museums.

IMLS Museum Grant Programs in 2018

Highlights:

- In FY 2018, the Office of Museum Services supported projects in every state, the District of Columbia, and Puerto Rico directly through its discretionary grants and National Medal for Museum and Library Service awards, and through technical assistance and capacity building programs such as the Museum Assessment Program and the Collections Assessment for Preservation program, carried out through cooperative agreements.
- All applications that received positive reviewer evaluations in the NANH program were awarded grants.
- A record number of African American History and Culture grants were awarded: a total of 26 projects in 18 states, with 11 of the 26 receiving IMLS funding for the first time.
- In order to be responsive to communities impacted by national disasters, the Collections Assessment for Preservation program, a cooperative agreement with IMLS, provided emergency assistance for four museums in Florida, California, the Virgin Islands, and Puerto Rico.
- To encourage and support small museums, thereby reaching even more broadly and deeply into the museum field, including museums in remote areas, the agency developed and launched a new FY 2019 grant initiative, Inspire! Grants for Small Museums.
- In FY 2018, IMLS partnered with the National Park Service, the National Endowment for the Humanities, and the National Endowment for the Arts in collectively managing Save America's Treasures, a grant program designed to preserve and protect nationally significant

historic properties and collections throughout the country. IMLS will manage seven of the sixteen awards that support collections preservation totaling \$1,612,217. The sixteen grants totaled \$4.8 million overall, were awarded in 12 states, and leveraged more than \$7.5 million in additional private and public investment.

- To meet a need to provide greater access and use of digital collections data and assets, IMLS launched Museums for Digital Learning, a cooperative agreement with the Indianapolis Museum of Arts' Newfields Lab to work with the

Field Museum and History Colorado. Together, they will develop a pilot digital platform that would provide access to a suite of standardized collections-based digital educational products. The goal is for museums of all disciplines to be able to leverage their digital collections data and assets to serve the needs of the nation's K-12 educators and students. For this pilot project, ten K-12 educators will collaborate with the project team to co-create and test the digital educational products in their classrooms. Ten museums of various sizes and disciplines will also test and validate the pilot platform and products.

| Total | | | | |
|------------------------|------------------|-----------------|---------------|---------------|
| NUMBER OF APPLICATIONS | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| 819 | 239 | \$120,064,448 | \$34,714,990 | \$38,139,979 |

By Program

| Museums for America | | | | |
|------------------------|------------------|-----------------|---------------|---------------|
| NUMBER OF APPLICATIONS | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| 472 | 133 | \$70,286,280 | \$19,931,618 | \$27,703,523 |

| Museums Empowered* | | | | |
|------------------------|------------------|-----------------|---------------|---------------|
| NUMBER OF APPLICATIONS | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| 110 | 27 | \$12,178,449 | \$2,967,382 | \$3,476,692 |

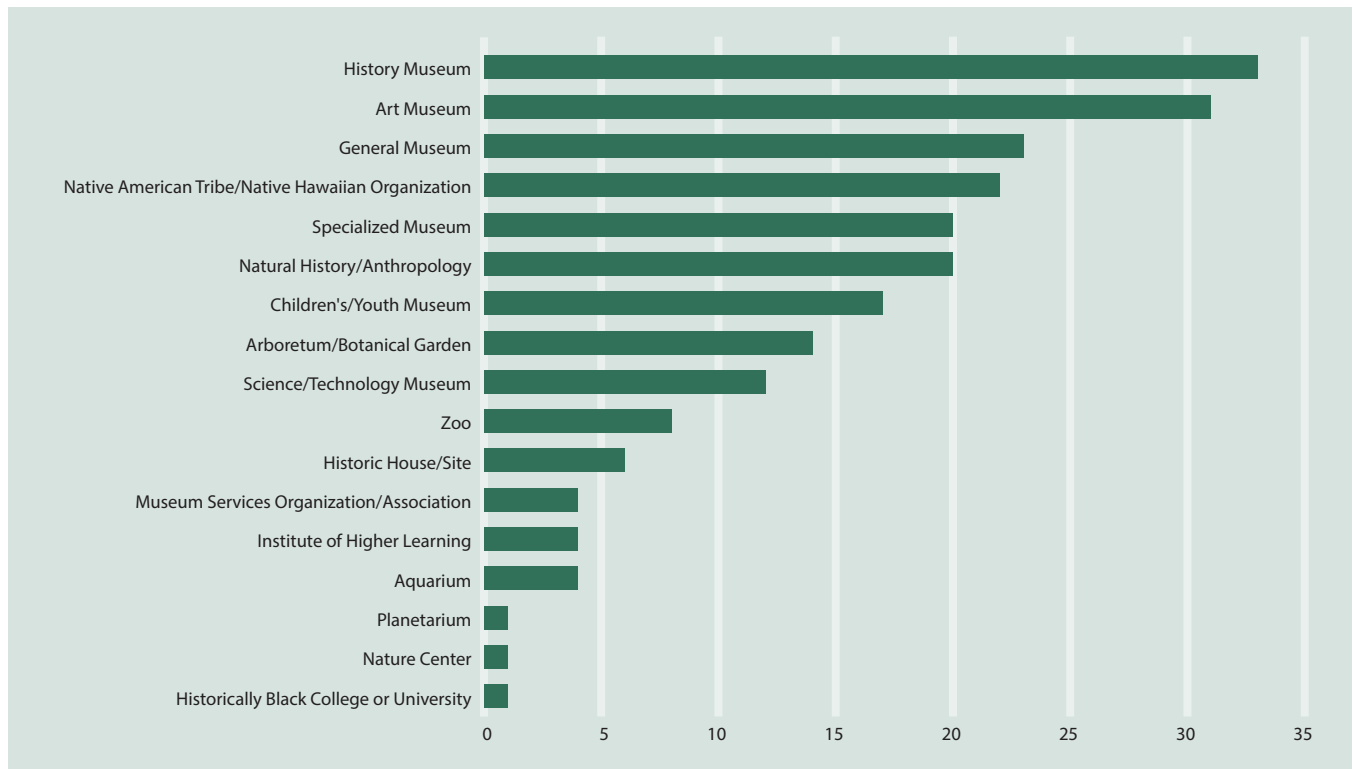
*Museums Empowered is a special initiative of the Museums for America program.

| National Leadership Grants for Museums | | | | |
|--|------------------|-----------------|---------------|---------------|
| NUMBER OF APPLICATIONS | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| 166 | 31 | \$31,753,715 | \$8,112,990 | \$4,484,348 |

| Native American/Native Hawaiian Museum Services Program* | | | | |
|--|------------------|-----------------|---------------|---------------|
| NUMBER OF APPLICATIONS | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| 31 | 22 | \$2,103,943 | \$1,472,000 | \$206,465 |

* Matching funds are not required for this program.

| Museum Grants for African American History and Culture | | | | |
|--|------------------|-----------------|---------------|---------------|
| NUMBER OF APPLICATIONS | NUMBER OF AWARDS | FUNDS REQUESTED | FUNDS AWARDED | AWARDEE MATCH |
| 40 | 26 | \$3,742,061 | \$2,231,000 | \$2,268,951 |

Table 1: FY 2018 Museum Awards by Discipline

MUSEUM AND LIBRARY COOPERATIVE AGREEMENTS: HIGHLIGHTS

IMLS has numerous cooperative and interagency agreements that support agency priorities and services to the library and museum community.

- Museum Assessment Program (MAP)** helps museums assess their strengths and weaknesses and plan for the future. Administered by the American Alliance of Museums with support from IMLS, MAP helps museums build capacity in operations, collections stewardship, and community engagement. Since its inception in 1981, the program has supported more than 5,000 small and mid-sized museums of all types. In FY 2018, 43 museums in 28 states participated in MAP.
- Collections Assessment for Preservation (CAP)** provides small and mid-sized museums with an assessment of the institution's collections, buildings, and building systems, as well as policies and procedures relating to collections care. CAP is administered by the Foundation of the American Institute for Conservation of Historic and Artistic Works with support from IMLS. In FY 2018, 81 museums from 44 states and territories participated in the CAP program.
- Museums for Digital Learning** is a cooperative agreement with the Indianapolis Museum of Arts' Newfields Lab to work with the Field Museum and History Colorado. Together, they will develop a pilot digital platform that would provide access to a suite of standardized collections-based digital educational products. The goal is for museums of all disciplines to be able to leverage their digital collections data and assets to serve the needs of the nation's K-12 educators and students. For this pilot project, ten K-12 educators will collaborate with the project team to co-create and test the digital educational products in their classrooms. Ten museums of various sizes and disciplines will also test and validate the pilot platform and products.

- **Museums for All**, a partnership with the Association of Children’s Museums, helps enable low-income families to visit museums and build lifelong museum habits. Participating museums offer free or greatly reduced admission fees year-round to Supplemental Nutrition Assistance Program (SNAP) Electronic Benefit Transfer (EBT) cardholders. Museums for All is helping to expand access to museums while raising public awareness about how museums in the U.S. are reaching their entire communities. To date, 315 museums in 43 states and the District of Columbia have attracted over 1.4 million visitors through the program.
- **The National Student Poets Program (NSPP)** is the nation’s highest honor for youth poets presenting original work. A collaboration with the Alliance for Young Artists & Writers, the program strives to inspire other young people to achieve excellence in their own creative endeavors and promote the essential role of writing and the arts in academic and personal success. The program links the National Student Poets with audiences and neighborhood resources such as museums, libraries, and other community anchor institutions. NSPP builds upon the Alliance for Young Artists & Writers’ long-standing work with educators and creative teens through the prestigious Scholastic Art & Writing Awards. For the last two years, the poets’ appointment events have been hosted in cooperation with the Library of Congress in Washington, D.C., and held in conjunction with the National Book Festival.
- **Mentored Internships for Diversity** is a cooperative agreement with the American Library Association’s Public Library Association (PLA). Through an extension to an existing cooperative agreement, PLA will offer a third year of its Inclusive Internship Initiative. To date, PLA has used IMLS funds to provide 79 public libraries in 40 states with the opportunity to offer paid, mentored internships to high school students from diverse backgrounds. The program is designed to introduce interns to careers in librarianship

through a summer-long learning project, while also building the capacity of their mentor librarians and host libraries. Supplemental funds will expand this opportunity to 50 additional libraries and give PLA the opportunity to leverage data, experience, and field engagement generated over the two previous cohorts to explore program impacts and test multiple models of sustainability.

- **StoryCorps** is a cooperative agreement which highlights the contributions that National Medal for Museum and Library Services award winners have made to their communities. A team from StoryCorps, a national nonprofit organization dedicated to recording, preserving, and sharing the stories of Americans from all backgrounds and beliefs, visits award winners each year and conducts interviews with community members about how the institution affected their lives.

INTERAGENCY COLLABORATION

The Museum and Library Services Act (20 U.S.C. § 9103) authorizes the IMLS director to support interagency collaboration:

- initiatives, materials, or technology to support workforce development activities undertaken by libraries;
- 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
- initiatives, materials, or technology to support educational, cultural, historical, scientific, environmental, and other activities undertaken by museums.

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 wellbeing of Americans.

Community Catalyst

The flagship Community Catalyst initiative challenges museums and libraries to transform how they collaborate with their communities. It seeks to further develop robust tools and approaches for libraries and museums that can support increased capacity in community engagement. The 2017 and 2018 grant investments built off of an initial scan that documented the current activities of this field and gleaned deeper understanding through a 2016 “town hall” style convening. In 2018, IMLS completed a partnership with the **Environmental Protection Agency (EPA)** that provided some of the Community Catalyst grantees with technical assistance through EPA’s Building Blocks for Sustainable Communities. In 2018, IMLS awarded a second round of grants—49 awards—from the two National Leadership Grant Programs to support this initiative, totaling \$1,559,805, which generated a total funding match of \$1,809,128.

Learning through Making

The **U.S. Department of Education** provided funding support in the amount of \$750,000 in FY 2017 to IMLS through an interagency agreement, enabling IMLS to work with the New York Hall of Science to implement and expand the Maker/STEM Education Support for 21st Century Community Learning Centers project. The project was implemented in FY 2018 and produced a six-week STEM/Making curriculum and other resources to support programming that was offered at thirty sites across six states. Museum educators from six partner museums and science centers in Pennsylvania, Texas, Florida, Oregon, Arkansas, and Wisconsin trained the staff of afterschool centers to engage over 450 underserved youth in STEM-based making activities. This work scales a national cross-sector collaboration and leverages resources from museums to educate afterschool educators and benefit underserved youth.

Serving New Americans

A memorandum of understanding between IMLS and the **U.S. Citizenship and Immigration Services** supports cross-cultural understanding and learning opportunities by sharing information with libraries and museums on citizenship rights and responsibilities through webinars and other opportunities and materials.

National Book Festival

Through direct support to the **Library of Congress**, as well as through a cooperative agreement with the Chief Officers of State Library Agencies, IMLS, along with the National Endowment for the Humanities, funded the National Book Festival’s Parade of the States. Representatives from State Library Administrative Agencies and Centers for the Book across the country interact with festival attendees of all ages, providing information on each state’s literary heritage, its local libraries, book festivals, local authors and reading, and careers and opportunities in library and information science. The Parade of the States is one of the most highly attended activities at the National Book Festival with a diverse audience of families, teachers, and students. This year, it also featured performances by the National Student Poets.

Digital Humanities Advancement Grants

Through a partnership with the **National Endowment for the Humanities (NEH)**, IMLS supports Digital Humanities Advancement Grants, an NEH program that enhances scholarly research, teaching, and public programming in the humanities. IMLS funding to this program encourages innovative collaborations between museum or library professionals and humanities professionals to advance preservation of, access to, use of, and engagement with digital collections and services.

POLICY RESEARCH, ANALYSIS, DATA COLLECTION, AND DISSEMINATION

The director of IMLS is authorized to conduct policy research, analyses, and data collections annually with State Library Administrative Agencies; national, state, and regional library and museum organizations; and other relevant agencies and organizations (20 U.S.C. § 9108).

20 U.S.C. § 9108 also mandates that IMLS should:

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

IMLS engages in evaluations, data collection, and analysis to inform policy decisions and support the museum and library fields of practice. This enables the agency to identify trends and indicators of community impact so that museums and libraries can highlight successes in their programs and services, as well as enable objective policymaking at national and state levels. The primary data products maintained by IMLS are the Public Libraries Survey and the State Library Administrative Agency Survey.

- **The Public Libraries Survey (PLS)** has been conducted annually since 1988, and is the definitive source on the state of public libraries in the United States. PLS data provides key information on over 9,000 public library systems and 17,000 public library outlets nationwide.

- The **State Library Administrative Agency (SLAA) Survey** has been collected annually since 1994 and biennially after 2010. The survey is the definitive source of information on the state of SLAAs in all 50 states and the District of Columbia.
- **Understanding the Social Wellbeing Impacts of the Nation's Libraries and Museums** was launched in August 2018 to gain a better understanding on a national level of the conditions under which museums and libraries contribute to quality of life and wellbeing in the communities they serve. This new study focuses on these institutions' essential roles within communities to help them demonstrate the impact of their programs and services.
- Over the past year, IMLS augmented the Public Libraries Survey by including a state profile handout for every U.S. state, providing key data on public libraries at a glance. This was a major recommendation from the Library Statistics Working Group, a core mechanism for input from the public library field around how IMLS can improve the usefulness of these core statistical products.
- IMLS published the results of a national household survey of perspectives on museums and libraries, the **Public Needs for Library and Museum Services (PNLMS) Survey**. This dataset is now available so that the general public, researchers, journalists, practitioners, and policymakers may explore attitudes, assess awareness of issues related to library and museum services, and track nationwide trends in museum and library visitation and usage.

D. 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. The principal financial statements have been prepared to report the financial position and results of operations for IMLS. The FY 2018 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 2018.

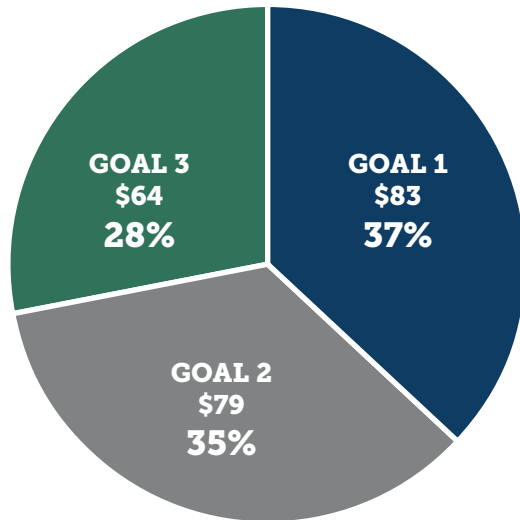
IMLS received an additional \$9 million in appropriations in FY 2018 which resulted in an increase to the fund balance with treasury in the Assets line and the unexpended appropriations amount in the Net Position line from the prior year. The change in Net Cost is due primarily to an increase in distributions to grantees in the Grants to States program.

Figure 1: IMLS FY 2018 Financial Position
(\$ in millions)

| Net Financial Condition | FY 2018 (\$) | FY 2017 (\$) | Increase/Decrease (\$) | Change (%) |
|-------------------------|--------------|--------------|------------------------|------------|
| ASSETS | 302.3 | 293.5 | 8.8 | 3.0 |
| LIABILITIES | 31.9 | 34 | (2.1) | (6.2) |
| NET POSITION | 270.4 | 259.5 | 10.9 | 4.2 |
| NET COST | 227.8 | 219.7 | 8.1 | 3.7 |

Figure 2 below summarizes the FY 2018 grant award obligations by Strategic Goal.

Figure 2: FY 2018 Grant Obligations
FY 2018 Grant Awards issued by Strategic Goal (\$ in millions)



- Goal 1: Supporting Lifelong Learning**
- Goal 2: Promoting Museums & Libraries as Strong Community Anchors**
- Goal 3: Supporting Exemplary Stewardship of Collections**

STEWARDSHIP INVESTMENTS

IMLS investments in research and development yield long-term benefits to the public.

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

E. 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 that technology can enhance effectiveness and efficiency and 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, the Chief Financial Officer requested that each office head to conduct an internal review of their activities to identify possible deficiencies in management controls. IMLS senior executives closely reviewed these plans and provided written statements of their findings. The results are reported here, within the agency's FY 2018 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 compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management's Responsibility for Internal Control and Enterprise Risk Management. Based on the results of this evaluation, IMLS can provide reasonable assurance that our internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2018 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 the requirements of OMB Circulars A-123, Management's Responsibility for Internal Control and Enterprise Risk Management, 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, 2018 was operating effectively and that no material weaknesses were found in the design or operation of the internal control over financial reporting.

Respectfully submitted,

Kathryn K. Matthew

Dr. Kathryn K. Matthew

Director, Institute of Museum and Library Services

SECTION 2

Measuring Performance: Key Results for 2018

A. PERFORMANCE GOALS, OBJECTIVES AND ASSESSMENTS

1. ASSESSING PROGRESS IN MEETING GOAL 1 OBJECTIVES

Strategic Goal 1: Promote Lifelong Learning

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

| | |
|---|-----|
| Objective 1.1: Enhance library and museum resources that foster early, digital, information, health, financial, media, civic, and other types of literacies. | MET |
| Objective 1.2: Support cross-disciplinary and inquiry-based methods of learning within museums and libraries. | MET |
| Objective 1.3: Invest in library and museum programs that focus on continuous learning for families and individuals of diverse cultural and socio-economic backgrounds and needs. | MET |
| Objective 1.4: Leverage the distinct role of museums and libraries as trusted sources of information. | MET |

Evidence of Progress for Objective 1.1: Enhance library and museum resources that foster early, digital, information, health, financial, media, civic, and other types of literacies.

- The IMLS Grants to States program provides funding to the 59 State Library Administrative Agencies to fund vital library services across America. In states' 2018-2022 five-year plans, goals aligned with "civic engagement" saw the greatest increase (74 percent) compared to the 2013-2017 plans.

- IMLS is helping libraries partner with state libraries and other organizations to advance literacies. For example:
 - » A grant to the North Dakota State Library will advance digital literacy and STEM skills offered through small and rural libraries. Through the Coding at Every Library project, youth at fifty libraries will learn and build computer coding skills through a program called Code Club for Small & Rural Libraries.
 - » The Pacific Resources for Education and Learning will use IMLS grant funds for LiFTS: Librarians for Transformative Spaces in Kosrae. Working in collaboration with the Kosrae Department of Education, Rose Mackwelung Public Library, and the Kosrae Women's Association, PReL will design and create model write-spaces in Kosrae schools and public libraries in the Federated States of Micronesia.
 - » Through the *Making the Literacy-Innovation Connection for Rural Libraries and their Youngest Patrons* project, Syracuse University will support the development of literacy and innovation skills in children grades K-3 by creating a replicable afterschool project in six rural public libraries designed to prepare youth from an early age to contribute to the future economic viability of their communities.

- IMLS is helping museums partner with community organizations to advance various literacies.
 - » A grant to EdVenture Children’s Museum in Columbia, South Carolina, will increase family engagement around early literacy and health education for county residents through a robust series of programs for childhood educators, parents, and children.
 - » The Children’s Museum of Houston will use its grant award to advance literacy development for children aged three and under by collaborating on a city-wide collective impact initiative to establish demonstration projects supporting parents in two low-income neighborhoods.
 - » IMLS funding will support the work of BRIC Arts Media Brooklyn to redirect the “school to prison pipeline” in targeted neighborhoods by engaging middle and high school students in residencies and programming addressing visual and media literacy.

Evidence of Progress for Objective 1.2: Support cross-disciplinary and inquiry-based methods of learning within museums and libraries.

- Among the 2018-2022 State Library Administrative Agencies’ five-year plans, detailing funding priorities for the IMLS Grants to States program, 33 states and territories (61 percent) indicated plans to coordinate with elementary or secondary education agencies, and 10 states and territories (19 percent) indicated plans to coordinate with early childhood agencies.
- Through discretionary grants to libraries, libraries are offering unique learning experiences that encourage inquiry skills and integrate a variety of real-world experiences.
 - » The Keene Public Library in New Hampshire will use IMLS funds for *Little Makers: Library STEM and Maker Activities for Very Young Learners*. Partnering with Keene State College, the project will provide STEM and making learning experiences for young

children ages two-six to foster science process skills acquisition. The grant also provides training and resources that equip librarians and educators to offer high-quality science instruction and facilitation for young children and their families.

- » The Erickson Institute will use IMLS grant funds to form an alliance for media literacy in early childhood, bringing together national leaders from libraries, museums, schools, and community-based early childhood programs. The project will develop and implement promising practices around media literacy for families with children up through age five. The partnership will also collaborate on strategies and resources to help parents build the media literacy skills their children will need to be full participants in our society.
- » The agency is funding OCLC, Inc., to conduct a research study in partnership with the American Library Association’s Public Library Association to investigate how libraries are working with their communities to respond to the opioid crisis. The project will produce case studies of eight varied communities in which the public library is directly involved in a community response to the opioid epidemic, and will glean additional perspectives from federal government agencies, public health and human services organizations, community organizations, and library leaders. The goal is to help public libraries and their community partners to develop effective, community-driven strategies for addressing substance misuse in the United States.

- Museums offer unique learning experiences that encourage inquiry skills and integrate a variety of real-world experiences.
 - » A grant to the Edward M. Kennedy Institute for the United States Senate will enable educators to incorporate inquiry-based civics activities in their classrooms through the use of digital tools that allow students to participate in a Senate debate on real-life bills.

- » Chicago's Brookfield Zoo will use IMLS grant funds to facilitate science learning through inquiry for underserved middle school students with free informal STEM education programs in libraries and community centers that include hands-on experiments, outdoor observations, and craft projects.
- » The Aldrich Contemporary Art Museum in Ridgefield, Connecticut, will leverage its artist exhibitions to focus on technology and an inquiry-based approach to science. Students, teachers, and families will be encouraged to see and think in new ways through STEAM tours, artist-led workshops, teacher professional development, and afterschool family activities.

Evidence of Progress for Objective 1.3: Invest in library and museum programs that focus on continuous learning for families and individuals of diverse cultural and socio-economic backgrounds and needs.

- Through discretionary grants to libraries, libraries are offering unique continuous learning for families and individuals of diverse cultural and socio-economic backgrounds and needs.
 - » The Dayton Public Library in Ohio will extend its successful "Love Them Out Loud" early literacy kit for children aged 24-48 months. Informed by area health partners, literacy experts, librarians, educators, and designers, the kits will include picture books, educational toys, and early learning resources for parents. The kits will be distributed to low-income families with children in the critical toddler/preschool development stage through the library or other trusted community partners.
 - » The Urban Libraries Council will build programs and partnerships that will result in greater availability of STEM learning programs for low-income middle school youth. The project seeks to encourage public libraries to promote STEM equity and extend teen programs to the "tween" years, and it

will highlight to policy and decision makers the opportunity and impact of library-school partnerships for STEM learning.

- In FY 2018, IMLS continued to make grant awards to museums and other organizations to sustain ongoing learning programs for diverse audiences.
 - » The Walker Art Center will focus on culturally and linguistically diverse communities by engaging and deepening relationships with community organizations and teaching artists to present culturally-relevant programming in languages other than English that are widely spoken in Minnesota, such as Spanish, Hmong, and Somali.
 - » The Oregon Museum of Science and Industry will partner with Oregon MESA, an organization that uses human-centered Design Challenges to teach STEM, invention, and 21st Century Skills to middle and high school students historically underrepresented in STEM fields. The project will inspire diverse youth and families to use these skills to create their own hands-on design challenges while developing a sustainability plan to continue the partnership and programs beyond the grant.
 - » The New Knowledge Organization will aggregate research found in the theses of museum studies students to make the findings available to the museum community. This will support work to engage with communities and provide inclusive services to people of diverse geographic, cultural, and socioeconomic backgrounds.

Evidence of Progress for Objective 1.4: Leverage the distinct role of museums and libraries as trusted sources of information.

- IMLS supports the work of museums to share the information contained in their collections to support the development of educational programming and community planning.

- » With a goal of reaching more than 5,000 educators nationwide, the New York Historical Society will meet the need for primary source material and interpretive content to support the integration of women’s experiences into classroom instruction by developing and disseminating its free online women’s history curriculum, “Women and the American Story.” Presented on an interactive website, each unit will include an introductory essay; high-resolution images or 3D renderings of materials from the museum’s collection; resource descriptions providing historical context; and biographical portraits of fascinating individuals.
- » California’s Ontario Museum of History and Art will develop a permanent exhibit and related programs devoted to an examination of the history, present, and future of water conservation in Ontario, California, and the surrounding region. The project will reflect current best practices and knowledge through partnerships with water agencies, school districts, libraries, and area colleges to provide a cohesive approach to water education and community engagement.
- IMLS supports the work of libraries as trusted sources of information and services within their communities.
 - » The University of South Carolina School of Library and Information Science will investigate contributions public libraries make to the prosperity of the communities they serve and the new types of value created as public libraries realize their potential as vital, energizing community anchors.
 - » With supplemental funding, New York University and its partner, the Library Freedom Project, will extend a project to develop and facilitate the use of practical privacy tools in libraries and their communities through the development of a privacy-focused train-the-trainer program for librarians. By training more than 100 geographically dispersed Privacy Advocates,

libraries will then be able to conduct workshops for community members on aspects of computer and web-based privacy.

- » Through Community Catalyst funding, the “Empowering Maptivists” project of the Norman B. Leventhal Map and Education Center of Boston, in collaboration with the Boston Public Schools and the Boston Public Library, will teach high school students to use maps and spatial data as tools for advocacy and change. The project empowers teachers and youth community leaders by teaching them to use Geographic Information Systems and maps to better understand how their communities have changed over time, and how the past impacts the present and future.

2. ASSESSING PROGRESS IN MEETING GOAL 2 OBJECTIVES

Strategic Goal 2: Build Capacity

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

| | |
|---|-----|
| Objective 2.1: Support the recruitment, training, and development of library and museum staff, boards, and volunteers, helping to grow a skilled, professional workforce. | MET |
| Objective 2.2: Encourage library and museum professionals and institutions to share and adopt best practices and innovations. | MET |
| Objective 2.3: Identify trends in the museum and library fields to help organizations make informed decisions. | MET |
| Objective 2.4: Promote the ability of museums and libraries to serve as trusted spaces for community engagement and dialogue. | MET |

Evidence of Progress for Objective 2.1: Support the recruitment, training, and development of library and museum staff, boards, and volunteers, helping to grow a skilled, professional workforce.

- **Museums:** Through National Leadership Grants and Museums Empowered, IMLS encourages museums to invest in the professional development of museum staff, volunteers, and interns. Funded projects will enhance

staff skills to better serve community needs and to ensure the highest standards in all aspects of museum operations. Museums Empowered offers museums the opportunity to apply for funding in four project categories: Digital Technology, Evaluation, Diversity and Inclusion, and Organizational Management.

- » Multiple grant awards to museums assist with efforts to diversify staff and volunteer corps and improve cultural competencies. The University of Missouri will partner with nine other organizations to prototype a collaborative model that will result in a curriculum and guide for internships that attract diverse students into the heritage museum workforce. The Chicago History Museum will provide customized training for staff to improve cultural competencies, and work with a diversity and inclusion consulting firm to operationalize its commitment to anti-bias work. The National Civil Rights Museum in Memphis, Tennessee, will offer learning experiences for its staff and build skills of young African American students to address the lack of minorities in the museum field.
- » IMLS invests in building the capacity of museums to strengthen organizational capacity. Grants to the McWane Science Center in Birmingham, Alabama, will evaluate the impact of its museum exhibits and programs by training staff and volunteers in evaluation methodologies and data collection and documentation. The Stepping Stones Museum for Children in Norwalk, Connecticut, will support the launch of a cross-functional training program to help staff continuously improve upon priority initiatives while building skills in assessment and evaluation and data collection, analysis and reporting methodologies.

- **Libraries:** Through the Laura Bush 21st Century Librarian grant program, IMLS supports the recruitment, training, and development of library staff, helping to grow a skilled, professional workforce capable of serving the diverse needs of our nation's communities.
 - » The Association of Moving Image Archivists, will develop regionally-based Community Archiving Workshops, to address the problem of format and technology obsolescence (deteriorating collections and loss of machines that can play them) in audiovisual collections, as technology is changing faster than ever. Regional archivists and librarians will receive training by established audiovisual archivists in the essentials of care and preservation for AV collections, as well as hands-on collection processing and identification workshops. The workshop training curriculum and toolkit will be made freely available, enabling participating archivists and librarians to pass on their training within their community.
 - » Young Adult Library Services Association will partner with the Chief Officers of State Library Agencies to train 11,000 library staff across all 50 states and the five U.S. territories to facilitate computer science and computational thinking through the lens of connected learning. Computational thinking is increasingly recognized as an essential skill to prepare teens for personal and professional success in the increasingly the digital and global economy.
 - » University of Southern California Libraries, in partnership with Gerth Archives and Special Collections at California State University, Dominguez Hills, and Oviatt Library at California State University, Northridge, will provide training and mentoring in digital collections management to 150 staff and volunteers at 30 community archives in the L.A. as Subject research alliance.

Evidence of Progress for Objective 2.2: Encourage library and museum professionals and institutions to share and adopt best practices and innovations.

- Museum funding programs support the dissemination of best practices and innovations to assist museum professionals throughout the nation to achieve professional standards and improve programs for the audiences they serve.
 - » The University of Denver Museum of Anthropology will develop a virtual community of practice to support museum professionals in implementing the requirements of the Native American Graves Protection and Repatriation Act.
 - » Seattle’s Woodland Park Zoo will create an inclusive volunteer program to remove access barriers for individuals with disabilities that will serve as a model for other cultural organizations. Disabilities may include physical, mental, intellectual, or sensory impairments which, in interaction with various barriers, may hinder people’s full and effective participation in society on an equal basis with others.
 - » Through the Museum Assessment Program (MAP) administered by the American Alliance of Museums, IMLS helps museums assess their strengths and weaknesses and plan for the future. In FY 2018, 43 museums in 28 states participated in the MAP program.
- Library funding programs support the creation, sharing, and adoption of best practices and drive new innovations through collaborative work.
 - » The State Library of North Carolina, in partnership with the North Carolina Broadband Infrastructure Office and the Department of Public Instruction, will design and implement a model to enable North Carolina’s public libraries to demonstrate the role they play in promoting and providing broadband access to address the K-12 homework gap in their communities.
 - » Providence Public Library will partner with Chicago Public Library, Los Angeles Public Library, and World Education, Inc., to develop and test innovative adult education and workforce development library practices. The project will build upon and expand programs and best practices already in place at the three partner libraries (Learning Lounges, mobile learning, and Learning Circles). The three partners and six selected pilot libraries will implement one or two new approaches.
 - » The New Mexico State Library, in partnership with Creative Startups, will test a project model to transform rural and tribal libraries into creative economy development hubs. Project activities will include creating a statewide cohort of thirty rural and tribal entrepreneurs; professional training for library staff and local educators; and implementation of library services that target needs of creative entrepreneurs. Through this project, rural and tribal libraries will strengthen their ability to be change catalysts, driving economic opportunity, wealth creation, and inclusion in their communities.
 - » Through its Community Catalyst AmericaServes project, the Syracuse University’s Institute for Veterans and Military Families and its partners are supporting libraries by training them to play a more central role in helping military-connected individuals navigate benefits and services provided for them in civilian life.
 - » The Penobscot Nation will support and train members of sixteen Native American tribes around intellectual property law to build understanding about tribal governance law. The Penobscot Nation has developed a strategy to support cultural heritage, including identifying and inventorying collections in museums and archives; drafting and negotiating memorandums of understanding about conditions for future access; legal research on the collections ownership; and establishing processes for

assessing future research on tribal lands. This training will enhance tribes' capacity to manage and preserve Native American collections.

Evidence of Progress for Objective 2.3: Identify trends in the museum and library fields to help organizations make informed decisions.

- IMLS continues to fund library projects that help libraries and museums make informed decisions.
 - » The University of Texas at Austin research project will investigate how small and often rural libraries contribute to community viability by focusing on the factors important to library resiliency in the face of disasters and crises. The research will contribute to improved planning and management tools, as well as an understanding of resilience features appropriate to stressed environments. The team will focus research and conduct case studies on up to fifteen small public libraries along the Texas and Florida coasts, where libraries were repurposed as disaster relief centers during the record-breaking 2017 hurricane season.
 - » SUNY Albany will explore the effects of school libraries on student achievement in all public schools in New York State. Building on prior IMLS-funded research, the team will analyze eight years of data, making this the first longitudinal study using empirical analyses and replication on the effects of school libraries.
 - » The Enoch Pratt Free Library of Baltimore, Maryland, and the University of Maryland School of Social Work's project will provide much-needed services to low-income Baltimoreans to help them cope with poverty, food insecurity, homelessness, and addiction. The Social Worker in the Library initiative will prepare library staff to better handle crisis situations and help them learn to make informed decision about referrals and support for their most needy visitors.
- » The Colorado Library Consortium will expand the work of the Research Institute for Public Libraries begun in 2015 to train more than 200 librarians in a variety of public library evaluation topics, including community needs assessment, outcome-based evaluation, and data use for planning, management, and demonstrating impact. Regional workshops will be offered around the U.S. to help all librarians better understand how to use data and evaluation to help libraries make more informed decisions.
- » To report on the impact of IMLS's largest grant program, staff synthesized the State Library Administrative Agencies' five-year evaluations for 2013-2017 and five-year plans for 2018-2022 and shared national-level findings with state library stakeholders and the general public. For example, Libraries for the Blind continues to be a strong area of focus for states, with 64 percent highlighting them in their plans. IMLS may use this information to shape future stakeholder meetings.
- » To improve libraries' capacity to collect meaningful and actionable data at a national level by prioritizing process enhancements to the Public Libraries Survey, IMLS funded a second phase of implementation work for the Measures that Matter cooperative agreement with the Chief Officers of State Library Agencies. This work will result in field-wide improvements that ultimately support library decision-making and policy at all levels.
- National Leadership Grants for Museums supported several research projects to build on lessons learned and previous studies:
 - » An award to Chicago's Lincoln Park Zoo will enhance a software program widely used by zoos and aquariums to create sustainable populations. The project will result in better recommendations for animal breeding and transfers among nearly 500 species across 230 zoos and aquariums and, ultimately, more sustainable zoo populations.

- » The Lawrence Hall of Science at the University of California will conduct research on design elements that best facilitate conversations among groups of visitors encountering Augmented Reality (AR) experiences in museums. Since more museums include AR activities, IMLS has responded by funding work like this to help museums understand how best to design these new, innovative experiences within their exhibits. The research will focus on an understanding of the learning associated with current AR activities, and the museum community will gain insights on design principles for supporting collaborative learning using AR.
- » San Francisco's Exploratorium will increase the museum community's understanding of the impact of a single science museum visit on young adults aged 18-29 in order to address the challenges of achieving gender equity in STEM education and the workforce. In particular, the study will build on prior IMLS-funded research to understand how museum visits help young women build crucially important science self-confidence.

Evidence of Progress for Objective 2.4: Promote the ability of museums and libraries to serve as trusted spaces for community engagement and dialogue.

- Museums are trusted organizations that increasingly serve as safe spaces for individuals and groups to explore and discuss issues of concern to their communities.
 - » A grant to the Columbus Museum of Art will enhance its role as a place for discourse on social issues by launching a Center for Art and Social Engagement. Project activities will include creating a designated gallery for the thematic organization of the museum's collections that address social issues; establishing artist fellowships to co-create relevant, participatory installations and experiences on selected themes; offering teacher professional development workshops to foster the habits of critical thinking and civil discourse; launching a community advisory committee for art and social engagement; building new and strengthened partnerships with organizations engaged in social issues; and engaging visitors in public programming through discussion-based specialty tours.
- » The Mississippi Children's Museum will invite a wide variety of community members, organizations, and businesses to participate in forums and roundtables to define an approach and specific topics to be addressed to support the development of programming designed to improve health outcomes for children in Jackson.
- » San Francisco's Yerba Buena Center for the Arts will develop an adaptable model for museums to address community challenges facing their surrounding neighborhoods. The project will bring community members together with creative change-makers through a convening and fellowship activities, allowing them to engage in shared exploration and learning to foster innovative ideas and solutions.
- » In 2019, the Mutter Museum of The College of Physicians of Philadelphia will present the exhibition "Spit Spreads Death" about the influenza pandemic of 1918-19 in Philadelphia. Built with data from 20,000 death certificates of individuals who died of flu during the historic outbreak, the exhibit will use personal stories to contextualize the historical and public health aspects of this outbreak. The exhibition will feature a film about the Liberty Loan parade, which served as a catalyst for the swift spread of the disease, and will include interactive elements such as a digital map to illuminate stories that help visitors visualize and understand the extent and impact of the flu.
- Libraries continue to establish themselves as trusted organizations that increasingly serve as trusted spaces for individuals and groups to explore and discuss issues of concern to their communities.

- » Wisconsin’s Columbus Public Library will explore strategies for rural libraries to lead and facilitate community-led municipal design processes. Civic engagement tools like asset mapping and dialogue facilitation will be used to build and train a representative, citizen-made Community Engagement Team. The team members will serve as community organizers, receive training in these strategies, and use a customized set of tools to connect with their individual networks and ensure full community representation in the municipal design process.
- » Enoch Pratt Free Library, in partnership with Associated Black Charities, will develop and implement an evaluation tool that will measure programming through an equity lens. The tool will be tested by measuring the effectiveness of programming in the following areas: literacy, STEM, arts and culture, health and wellness, peace and community building, and workforce development. This tool will be published and shared nationally to ensure libraries continue to be trusted and productive spaces for all, and working at the forefront of social justice.

3. ASSESSING PROGRESS IN MEETING GOAL 3 OBJECTIVES

Strategic Goal 3: Increase Public Access

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

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| Objective 3.1: Support the stewardship of museum and library collections at institutions of all types and sizes. | MET |
| Objective 3.2: Invest in tools, technology, and training that enable people of all backgrounds and abilities to discover and use museum and library collections and resources. | MET |
| Objective 3.3: Invest in policies and partnerships that address barriers to accessing museum and library collections, programs, and information. | MET |
| Objective 3.4: Increase access to IMLS, museum, library, and community knowledge through effective communications. | MET |

Evidence of Progress for Objective 3.1: Support the stewardship of museum and library collections at institutions of all types and sizes.

- In FY 2018, IMLS continued to fund the development of a national digital infrastructure to support the access to, use of, and long-term management of the increasing digital, data, and research data collections held by the nation’s libraries and universities.
 - » The University of Notre Dame will develop open source tools for data and software preservation in partnership with a variety of academic institutions and other stakeholders. The open source tools and software-based services developed in this project will provide for improved reuse of preserved data and software in library repository systems. Through this project, research data will become more discoverable and interoperable with science data repositories, removing barriers to access and promoting new knowledge through reuse.
 - » Lewis & Clark College, Reed College, University of Puget Sound, Whitman College, and Willamette University will develop a network to empower libraries at small colleges to provide their faculty and students with data management and data information literacy support. Faculty, students, and staff will increase understanding of research data management practices in particular disciplines and develop undergraduate curricula in data information literacy specific to those areas. By piloting and enhancing best practices developed by very large research universities, the project will expand knowledge and practice, test previous work in a new domain, and develop new skills for smaller colleges students and faculty. The workshops will pool together library expertise in data management, foster collaboration between researchers and librarians, and improve practice in research laboratories.

- » A grant to Grand Valley State University Libraries will build a collaborative network to provide statewide digital preservation services for libraries, archives, and museums in Michigan, and share their findings for use in other regions. The project will develop practical resources to help institutions sustainably collaborate on digital preservation activities.
 - To encourage small library applicants, IMLS developed and submitted to OMB a Notice of Funding Opportunity for a new FY 2019 library grant initiative, Accelerating Promising Practices for Small Libraries. The agency recognizes the opportunity to reach deeper into those smaller institutions who serve as critical information and wellbeing resources across the nation.
 - IMLS is the primary source of federal support for the management and care of the collections entrusted by the public to museums throughout the nation. Multiple grant awards to a variety of institutions supported this work in FY 2018.
 - » The Arizona State Museum at the University of Arizona in Tucson will carry out conservation treatments for 150 cradleboards and 50 basketry hats associated with tribes of the America Southwest and Northern Mexico as part of its comprehensive effort to stabilize and preserve its 35,000-item basketry collection. The project will provide on-the-job experience for a recent conservation graduate as well as a tribal pre-program intern working with the museum's professional staff.
 - » The Lindner Center for Conservation and Research of Endangered Wildlife at the Cincinnati Zoo and Botanical Gardens will conserve genetic material and enhance reproduction strategies for the captive population of polar bears in the nation's zoos. As a primary predator at the top of the food web, the polar bear can signal that there are problems in the Arctic marine ecosystem. By addressing the factors contributing to a low reproductive rate, the project will improve animal welfare and increase chances for survival for this endangered species.
 - » The Conservation Center for Art and Historic Artifacts will develop a free online Collections Management Policy Tool to help museums and other collecting institutions create customized collections management policies aligned with professional practices. The project will target small museums to provide them with the legally and ethically sound guidance they need to manage and care for the collections entrusted to them by the public.
 - Through the Collections Assessment for Preservation (CAP) program administered by Foundation of the American Institute for Conservation of Historic and Artistic Works, IMLS provides small and mid-sized museums with an assessment of the institution's collections, buildings, and building systems, as well as policies and procedures relating to collections care. In FY 2018, eighty-one museums in forty-four states and territories participated in the program.
- Evidence of Progress for Objective 3.2:** Invest in tools, technology, and training that enable people of all backgrounds and abilities to discover and use museum and library collections and resources.
- IMLS invests in tools, technology, and training that enable people of all backgrounds and abilities to discover and use library collections and resources.
 - » The Blackfeet Tribal College Library, in partnership with the University of North Carolina at Greensboro Department of Library, will design a study of how children, youth, and families of the Blackfeet Nation currently use library services. The Reading Nation project will take input from an advisory committee of experts and conduct an environmental scan to understand the current state and potential factors impacting tribal member use of library services. It will later design and pilot a community

assessment process to identify needs and challenges tribal members face in using public and community college libraries with a specific focus on children and youth services.

- » San Jose State University’s School of Information, the Tribal Libraries Program of the New Mexico State Library, the New Mexico State Department of Information Technology Office of Broadband & Geospatial Initiatives, the Gigabit Libraries Network, and the University of California, Santa Barbara’s Department of Computer Science will collaborate with tribal libraries across New Mexico to explore how to improve tribal internet connectivity, equity, and inclusion through the design and implementation of several statewide TV Whitespace networks. TV Whitespace offers an opportunity to close the broadband gap in rural and tribal communities that remain without broadband, despite efforts by the government and service providers to extend access. The proposal will address challenges associated with Native American digital access and inclusion.
- » The IMLS Grants to States program provides funding to the 59 State Library Administrative Agencies (SLAAs) to fund vital library services in the 50 states and territories. On average, more than 10 percent of the funding each year supports state Talking Book Services and other services provided by Libraries for the Blind and Physically Handicapped. In their 2018-2022 five-year plans, 36 SLAAs (64 percent) noted Libraries for the Blind as a funding priority.
- IMLS awarded multiple grants for museums to invest in tools, technology, and training that enable people of all backgrounds and abilities to discover and use museum collections and resources.
 - » IMLS awarded over 30 grants to museums, federally recognized tribes, and organizations serving Native Hawaiians in 20 states and the District of Columbia to support digitization activities to improve preservation and broaden access for the benefit of students,

teachers, researchers, and the public at large. This helps people of all backgrounds, abilities, and locations to discover and use museum and library collections and resources.

- » The University and Jepson Herbaria at the University of California, Berkeley, will produce a set of short-format videos to help the public identify 500 common and characteristic plants of California. Community members will also contribute videos to the project, all of which will be freely accessible on YouTube—expanding the public’s access to native plant knowledge resources and helping educate the local community.
- » The Harvard Museums of Science and Culture will improve the ability of middle school teachers to use digital collections and resources from museums to support classroom instruction. They will then partner with area teachers to create classroom activities based on these materials, as well as new associated teacher professional development programs.

Evidence of Progress for Objective 3.3: Invest in policies and partnerships that address barriers to accessing museum and library collections, programs, and information.

- IMLS provides grants and other funding opportunities through cooperative agreements for museums and libraries that are experimenting with innovations to address barriers to accessing collections and programs.
 - » The Museum of the Moving Image in Astoria, New York, will reimagine its core exhibition through a planning process that will produce a fully accessible design. The design will reflect best practices and innovations in the field; be more culturally and physically inclusive; and provide greater access to the museum’s permanent collection. By partnering with scholars, community liaisons, and an accessibility consultant, the design will incorporate the perspectives and needs of diverse learners.

- » The Brooklyn Botanic Garden will establish new institution-wide standards for inclusive practices that welcome and serve visitors with special needs. The organization will train staff and instill best practices in welcoming and serving visitors and learners, as well as create a website fully accessible to a range of assistive technologies, new pre-visit tools, interpretive and wayfinding materials, and new signage.
 - » Museums for All, a national initiative focused on increasing accessibility for low-income families, has attracted over 1.4 million visitors to participating institutions in 43 states and the District of Columbia. Museums for All grew by over 100 participating museums in FY 2018.
 - » The Maker/STEM Education Support for 21st Century Community Learning Centers (21st CCLC) project, implemented in FY 2018 with the U.S. Department of Education and the New York Hall of Science, produced a six-week STEM/Making curriculum and other resources to support programming that was offered at thirty sites across six states. Museum educators from six partner museums and science centers in Pennsylvania, Texas, Florida, Oregon, Arkansas, and Wisconsin trained the staff of afterschool centers to engage over 450 underserved upper elementary and middle school students. Museums and science centers and 21st CCLC educators helped students explore science, technology, engineering, and math concepts within the framework of making, which also built up the capacity of educators to present STEM learning activities with greater confidence.
 - » The University of Washington's Information School, in partnership with the Washington State Library, King County Library System, and Echo Glen Children's Center for Juvenile Rehabilitation in Snoqualmie, will develop a digital arts education program for youth in juvenile rehabilitation. The team will co-design and present a workshop for youth to create concept art and stories for virtual reality and co-curate an exhibition of the art for display in Echo Glen and in the nearby public library, enabling community dialogue.
 - » The Sheridan Libraries and Museums at Johns Hopkins University will bring together librarians and other stakeholders from across the nation to plan a government data preservation toolkit and to build a network of support for preservation activities. The project team will coordinate distributed data preservation efforts with libraries providing the central organizing structure, and enabling streamlined entry for new participants.
 - » A project from the Syracuse University and Indiana University, in collaboration with their university libraries and the Coulter Library of Onondaga Community College in Syracuse, will make digital media collections in academic libraries more accessible to the deaf and hearing-impaired and produce and share software nationwide. The partners will design, implement, and evaluate an open source software platform to enhance the accessibility of digital media. The collaboration will address the accessibility of audiovisual content by creating tools that provide cost-efficient captioning through Automatic Speech Recognition and crowdsourcing strategies and promote sharing and discovery of library resources by linking captioned videos with library collection catalogs.
- Evidence of Progress for Objective 3.4:** Increase access to IMLS, museum, library, and community knowledge through effective communications.
- IMLS uses its website and social media platforms to promote and share project outcomes. Through its blog, feature stories on successful grantees, and Twitter and Facebook accounts, IMLS engages thousands of museums and library professionals and other publics. The agency has nearly 20,000 Facebook fans, over 21,000 Twitter followers, over 1,600 subscribers to IMLS blog updates, and over 3,700 subscribers to the Primary Source monthly email newsletter.

- IMLS fostered ongoing access to agency information by:
 - » Offering a series of webinars educating potential applicants about open grant programs;
 - » Holding focused discussions with panelists to glean perspectives about museum and library field themes;
 - » Forging discussions with cross-sector partners, such as foundations and community organizations, to gain learnings about emerging or proven approaches to enhance wellbeing;
 - » Engaging constituents at national, regional, and state professional conferences;
 - » Presenting at national, regional and state professional conferences to highlight learnings from IMLS grantees and cross-sector partners.
- IMLS increased community knowledge through a number of FY 2018 grants. For example:
 - » Successful National Leadership Grants for Museums proposals require grantees to generate results such as models, new tools, research findings, services, practices, or alliances that can be widely used, adapted, scaled, or replicated to extend and leverage the benefits of federal investment. For example, the Population Management Center at Lincoln Park Zoo will update a software tool to provide better recommendations for animal breeding and transfers among the nearly 500 species across 230 zoos and aquariums, enhancing efficiency and access to shared information across the field.
 - » Maryland's Sandy Spring Museum will expand, improve, and create a replicable model of presenting community-generated content in a museum setting. The project will increase opportunities for the community to create and host events, performances, activities, and exhibits, many of which present a community perspective on local history. The project will engage the public more effectively by capturing personal stories that will deepen a shared understanding of the community's history and places.
 - » The 18th Street Arts Complex will expand its cultural asset mapping project to document the diverse cultural contributors to the Pico neighborhood of Santa Monica, California. Project participants will gain skills in basic ArcGIS mapping, cultural sensitivity training, video recording, and interviewing techniques, which contribute to the stabilization of a neighborhood undergoing change through gentrification.
 - » The State Library Administrative Agency (SLAA) for Michigan used IMLS Grants to States funds to provide 98 public libraries in small communities with a website template and hosting solution. This ensures that Michigan residents, particularly those served by small and rural libraries, have equitable access to library materials and resources online. IMLS funds pay for a majority of the service, but also leverage local funds as cost share. In many cases, this federal support means the difference between providing a state-of-the-art library website or nothing at all.
 - » Using IMLS Grants to States funds, Pima County Public Library in Arizona assessed the needs of Latina/o and Spanish-speaking communities in order to better focus or modify services and develop programs that address the specific needs of this diverse community. The assessment included focus groups and community forums, spanned intergenerational populations, and focused on the education, health, and family needs. The project provided data-driven validation for needs that had earlier surfaced through anecdotal channels.
 - » The SLAA for Connecticut used IMLS Grants to States funds to train teams from seven public libraries to work with their communities and create innovative programs in response to their needs. Each team that

completed the training received a sub-award of \$2,000 or less, also using IMLS funds to implement their program. Individual projects captured community stories, provided outlets for volunteerism, engaged citizens in a collaborative art project, and addressed isolation through a series of local outings. Based on these successes, the SLAA for Connecticut sought and received additional IMLS discretionary funding through the Laura Bush 21st Century Librarian Program to expand the program.

4. ASSESSING PROGRESS IN MEETING GOAL 4 OBJECTIVES

Strategic Goal 4: Achieve Excellence

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

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| Objective 4.1: Attract, develop, and engage an effective and dedicated workforce, fostering innovation, collaboration, and learning. | MET |
| Objective 4.2: Adapt to the changing needs of the museum and library fields by incorporating proven approaches and new ideas into IMLS programs and services. | MET |
| Objective 4.3: Design IMLS grants and awards to encourage communities to invest resources, funding, and other support for museums and libraries. | MET |
| Objective 4.4: Seek effective partnerships with federal leadership and nonprofit and private organizations to promote the public value of museums and libraries. | MET |

Evidence of Progress for Objective 4.1: Attract, develop, and engage an effective and dedicated workforce, fostering innovation, collaboration, and learning.

- The agency continued its efforts to build the skills and abilities of current staff members by implementing Individual Development Plans (IDPs) for each employee. The IDP allows individual employees to identify training and professional development to improve performance and advance their careers.

- In 2018, IMLS continued to offer numerous on-site training opportunities in a variety of areas, including strategic planning, diversity and inclusion, HR performance management, Equal Employment Opportunity and the No FEAR Act, ethics and the Hatch Act, enhancing accessibility through technology, records management, plain language, and appropriations law, among others.
- IMLS staff were encouraged to attend local, regional, state, and national conferences and workshops within budget limitations to build their knowledge of changing needs and trends in the cultural fields.

Evidence of Progress of Objective 4.2: Adapt to the changing needs of the museum and library fields by incorporating proven approaches and new ideas into IMLS programs and services.

- The agency incorporated a new concept for reviewing library grant proposals. By considering stages of work found in grant proposals (exploration, piloting, scaling, and mainstreaming), IMLS ensures it is funding a diverse portfolio of projects that mix scaling proven approaches and driving innovation.
- IMLS implemented several strategies aimed at incorporating feedback and learnings from the field. The agency aligned museum grant programs to IMLS’s new strategic plan, and introduced new initiatives, such as Inspire! Grants for Small Museums.
- IMLS continued to respond to documented needs in the museum field by continuing the Museums Empowered initiative, providing grant awards to support professional development and training programs in individual museums. Additionally, IMLS issued a new notice of funding opportunity for Inspire! Grants for Small Museums, which will help small museums address priorities in their strategic plans.
 - » The agency developed new categories for the FY 2019 National Leadership Grants for Museums to solicit comprehensive proposals that address major needs of the field—

Collections Care and Public Access; Data, Analysis, and Assessment; Digital Platforms and Applications; Diversity and Inclusion; and Professional Development.

- » The Office of Museum Services developed six internal portfolio thematic areas (Museum Professional Development, Collections, Community, Learning, Digital Technology and Diversity and Inclusion), and started conducting multi-year internal scans to get insights on best practices, gaps and opportunities in order to make informed decisions on future investments.
- » The agency also collaborated with colleagues from the American Alliance of Museums, the Foundation of the American Institute for Conservation of Historic and Artistic Works, and the Association of Children's Museums to strategically review, evaluate, and update programs with wide reach, such as the Museum Assessment Program, the Collections Assessment for Preservation program, and Museums for All.
- » IMLS collaborated with ORS Impact for a cohort evaluation of the agency's Community Catalyst Initiative to assess grantees' experience of the initiative's capacity-building strategies and the contribution of the initiative's approach to outcomes among museums, libraries, partners and communities.

Evidence of Progress for Objective 4.3:

Design IMLS grants and awards to encourage communities to invest resources, funding, and other support for museums and libraries.

- The agency's largest program, Grants to States, requires state libraries to provide a 34 percent match, which totaled \$82,508,448 in 2018. With approximately \$160 million in federal funds, this program leverages additional state investment of approximately \$510 million through the Maintenance of Effort provision.
- Congress appropriated funding for the Save America's Treasures grants from the Historic Preservation Fund, which uses revenue from federal oil leases to provide a range of preservation assistance without expending tax dollars. The program requires applicants to match the grant money dollar-for-dollar with funds from non-federal sources. IMLS expects the awards of \$4.8 million will leverage more than \$10 million in private and public investment.
- Through the agency's largest competitive grant program, Museums for America, as well as through Museums Empowered, a total of 160 projects were selected from 582 applications requesting \$82,464,729. Institutions receiving awards are matching them with \$31,180,215 in non-federal funds.
- IMLS selected thirteen projects for the highly competitive National Leadership Grants for Museums program, which addresses evolving needs and trends in the museum field and contributes best practices, tested tools, and innovative partnership models for the entire field. The projects will receive funds totaling \$5,187,402, and the organizations receiving the awards are matching them with \$2,304,700 in non-federal funds.
- IMLS selected twelve organizations to receive \$1,567,362 through the Community Catalyst Initiative, and those institutions are matching the funds with \$1,811,822 in non-federal funds.
- The Community Catalyst Initiative, now in its second year, supports ways for libraries, archives, museums, and other partner organizations to actively co-create, deepen, and sustain collaborative efforts to improve local communities. Applicants were expected to identify with their community stakeholders areas where they could contribute their institutional expertise to a broader community vision and momentum. Each grantee will also benefit from IMLS-funded capacity building and training in Asset Based Community Development, a methodology for sustainable, self-directed development of communities

based on identifying the knowledge, skills, and resources of individuals, associations, neighborhoods, and organizations.

Evidence of Progress for Objective 4.4: Seek effective partnerships with federal leadership and nonprofit and private organizations to promote the public value of museums and libraries.

- To better understand the role of museums and libraries in communities, IMLS began a new study, *Understanding the Social Wellbeing Impacts of the Nation's Libraries and Museums*.
 - » The goal of the year-long project is to assess how museums and libraries contribute to quality of life and wellbeing in the communities they serve. The study will consider not only economic outputs, but also other factors including cultural engagement, economic and ethnic diversity, political voice, and social connections.
 - » The results of this study will help demonstrate that museums and libraries play a vital role in boosting the U.S. economy, education, health, and wellbeing.
 - » IMLS will conduct the research in partnership with the Policy Solutions Group at Reinvestment Fund, an organization that works in financing, analysis, and design of neighborhood and economic revitalization efforts; Social Impact of the Arts Project, a research group at the University of Pennsylvania, School of Social Policy & Practice; and HR&A Advisors, a consulting firm that develops market-tested models to measure the impact of development projects and policies in terms of job creation, wages, tax revenues, and overall economic activity.
- In FY 2018, IMLS partnered with the National Park Service, the National Endowment for the Humanities, and the National Endowment for the Arts in collectively managing *Save America's Treasures*, a grant program designed to preserve and protect nationally significant historic properties and collections throughout the country. IMLS will manage seven of the sixteen awards that support collections preservation totaling \$1,612,217. The sixteen grants totaled \$4.8 million overall, were awarded in twelve states, and leveraged more than \$7.5 million in private and public investment.
- Museums for Digital Learning is a cooperative agreement with the Indianapolis Museum of Arts' Newfields Lab to work with the Field Museum and History Colorado. Together, they will develop a pilot digital platform that would provide access to a suite of standardized collections-based digital educational products.
- IMLS staff continued to engage with the Department of Education aimed at potentially continuing and scaling the *Maker/STEM Education Support for 21st Century Community Learning Centers* project so that more underserved youth can benefit from the program. The project positions museum educators as subject matter experts who act as mentors for 21st Century Community Learning Centers teachers in building their capacity to deliver STEM learning in new and innovative ways.
- Working with the Department of Homeland Services Citizen and Immigration Services, IMLS engaged museum and library practitioners in learning about resources to support citizenship. The agencies worked together to present two webinars and attended national and regional conferences to distribute information and conduct educational presentations to help libraries and museums provide information resources to prospective citizens and new Americans.

B. ADDITIONAL MANAGEMENT HIGHLIGHTS

AGENCY FINANCIAL, PROCUREMENT, INFORMATION TECHNOLOGY, AND GRANTS

Financial

In FY 2018, IMLS continued to use the Federal Aviation Administration–Enterprise Services Center for accounting and financial reporting requirements. Using a Financial Management Line of Business Center of Excellence has significant benefits, including a reduction in the need for additional full-time employees and reduced overhead costs.

In addition, IMLS uses these other federal government shared service providers for major administrative services:

- Department of Transportation for E-travel services, where IMLS is fully operational in the new E2 solutions travel system.
- General Services Administration (GSA) for agency purchase and travel credit cards;
- Department of Interior–National Business Center for payroll services and the negotiation of indirect cost grant proposals.

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

Grants Management

IMLS continued substantive improvements in its grants management functions to ensure agency compliance with the DATA Act and the GONE Act. These included changes in business practice, training of staff, and programming of the agency's grants management system.

In FY 2018, IMLS made substantial progress to transition from its legacy (1998) Application and Award Management System (AAMS) to the Electronic Grants Management System (eGMS) developed by the National Endowment for the

Humanities. The expected transition will take place in FY 2019 and continue into FY 2020. IMLS's Implementation Team is working closely with NEH to prepare for the transition. eGMS will provide IMLS with greater transparency and efficiency for the lifecycle of its grants and cooperative agreements across all agency programs.

Procurement

The annual amount of procurement obligations decreased in FY 2018, by 15 percent from \$2.94 million in FY 2017 to \$2.50 million. Further, the number of contract actions decreased by 10 percent from 119 in FY 2017 to 107 in FY 2018. The agency implemented Class Deviation (FAR Case 2018-004) on February 22, 2018, increasing the micro-purchase threshold from \$3,500 to \$10,000, resulting in a significant reduction in the number of FY 2018 reportable actions and dollars. IMLS commits to fiscal stewardship, dedication to its small business partners, and achieving cost savings where practicable.

IMLS continued to minimize high-risk contract types (i.e., non-competitive awards of contract types other than firm-fixed price). We used fixed-price contracts for 100 percent of actions, unchanged from FY 2017. The number of competitive actions decreased slightly, from 95 percent to 93 percent, and those non-competitive actions were authorized by law (e.g., mandatory sources, Section 8(a) of the Small Business Act).

Through consolidation, federal strategic sourcing, and negotiation, IMLS achieved a cost savings of 7 percent. IMLS achieved these costs savings while significantly exceeding the agency's small business goals. IMLS awarded contracts to small businesses 46 percent of the time, exceeding the Small Business Administration's goal of 23 percent.

As part of IMLS's new Strategic Goal 4, Achieve Excellence, the agency has continued its commitment in improving our efficiencies in systems and processes while maintaining

compliance in our Grants Policy and Management, Risk Management, and Records Management programs, among other areas.

In FY 2018, IMLS created a Risk Management Council (RMC) comprised of key management officials who have a significant interest and/or responsibility for managing and mitigating risk. The RMC's purpose is to coordinate an IMLS-wide Enterprise Risk Management (ERM) program and act in an advisory role to the director and senior leadership on ongoing opportunities for improvement in strategic, operational, compliance and reporting activities. In particular, the ERM program will assist agency leaders in identifying, assessing, quantifying, managing, and mitigating IMLS's risks.

IMLS also created a Records Management Task Force to further drive our progress in complying with the National Archives and Records Administration's (NARA) 2019 requirement of managing records electronically. IMLS has consulted with NARA on several occasions, and continues to work closely with records liaison officers on office file plans, retention and disposition schedules, and overall electronic records management, including email.

INFORMATION TECHNOLOGY

Modern information technology enables IMLS to achieve its mission objectives and better serve the public through effective, secure, and responsive services.

The IMLS Office of Digital and Information Strategy strengthened the tools used behind the scenes to manage customer data and staff digital tools. In compliance with the Federal Information Security Management Act (FISMA), IMLS has reduced costs and improved agility by adopting an interagency shared service for conducting its annual independent assessment of the IMLS information security program.

- The IMLS privacy program was strengthened by the expansion of new IMLS secure external file upload tools to program offices.
- During FY 2018, IMLS has expanded the enterprise-wide data inventory linking data assets to information systems and records management practices, improving security, strengthening records management, and enabling IMLS to explore data strategy projects as a part of the Presidents Management Agenda. More information can be found here: https://www.performance.gov/CAP/CAP_goal_2.html.
- IT hardware modernization in FY 2018 focused on upgrading staff mobile devices, including new security and enterprise device management features.
- Additionally, IMLS has improved its digital and customer services. The agency has rolled out new improvements to digital services helping the agency better deliver customer services. IMLS has begun to deliver items planned under the agency data strategy in alignment with the Federal Data Strategy launched by the President's Management Agenda.
- During FY 2018, IMLS launched the Library Search and Compare tool as a part of IMLS Labs, the digital services testing area available at <http://www.imls.gov/labs>. Library Search & Compare provides an easy way to query and view data on public library systems across the United States. All data comes from the FY 2016 Public Libraries Survey. IMLS used agile development to continuously incorporate new ideas and feedback from members of the public library, state government, and research communities throughout the tool's development.
- A second similar effort identified other data and navigation improvements to the IMLS website that were also delivered in FY 2018, in particular the ability to download results from the Awarded Grants Search in quick, easily-used formats such as spreadsheets and reports, not search results. These improvements help members of the museum and library communities make more direct use of IMLS data, learn from previous grant awards, and understand the role of IMLS in their communities.

SECTION 3

Financial Information

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

On behalf of the Institute of Museum and Library Services, it is my pleasure to join with Director Matthew in presenting the Institute's FY 2018 Performance and Accountability Report. This report is an integrated presentation of our programmatic, financial, and operational achievements during the past year.

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

In FY 2018, 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 to partner with one of the Centers of Excellence designated by OMB affords us the opportunity to receive the numerous benefits a shared service provider can offer, at affordable costs. IMLS, in coordination with the ESC, continues to update our Data Act reporting architecture to implement new reporting requirements. Once again in FY 2018, the agency was in full compliance with GONE Act requirements, and is well-positioned to meet future reporting requirements.

The agency continued to focus on creating automated, system-driven solutions to gain efficiencies and increase transparency. These changes will improve operational efficiencies, imbed additional controls in our automated processes, and optimize the use of improved technology. The agency continues to leverage the core competencies of our federal partners, including engaging with the National Endowment for the Humanities in the implementation of the eGMS grants management system. In FY 2019, the agency plans to receive our first round of applications through this new system with the expectation of gaining efficiencies in all phases of the grant life cycle from application submission to award close out.

We are confident that our financial systems and operations will continue to support the Institute's mission to effectively and efficiently reach our intended outcomes. 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.

Sincerely,



Christopher A. Catignani, Chief Financial Officer,
November 8, 2018

Institute of Museum and Library Services

Audit of Financial Statements

**As of and for the Years Ended
September 30, 2018 and 2017**

Submitted By

Leon Snead & Company, P.C.

Certified Public Accountants & Management Consultants



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Independent Auditor's Report

Dr. Kathryn K. Matthew, 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, 2018 and 2017, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended. The objective of our audit was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the IMLS' internal control over financial reporting and tested the IMLS' compliance with certain provisions of applicable laws, regulations, contracts and grant agreements that could have a direct and material effect on its financial statements.

SUMMARY

As stated in our opinion on the financial statements, we found that the IMLS' financial statements as of and for the years ended September 30, 2018 and 2017, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

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

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, 2018 and 2017, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

Opinion on Financial Statement

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMLS as of September 30, 2018 and 2017, and the related net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and pertinent provisions of OMB Bulletin 19-01, *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.

REQUIRED SUPPLEMENTARY INFORMATION AND REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and information about stewardship investments in research and development be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information and required supplementary stewardship information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER 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, Summary of Financial Statement Audit and Management Assurances, and reporting details related to the Improper Payments Improvement Act, as amended by the Improper Payments Elimination and Recovery Act, are presented for the purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER AUDITOR REPORTING REQUIREMENTS

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of IMLS as of and for the years ended September 30, 2018 and 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the IMLS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IMLS' internal control. Accordingly, we do not express an opinion on the effectiveness of the IMLS' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

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

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

In connection with our audit, nothing came to our attention that caused us to believe that IMLS failed to comply with applicable laws, regulations, or significant provisions of 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.

Leon Snead & Company, P.C.

November 14, 2018



November 14, 2018

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

Dear Ms. Chen,

Thank you for managing the audit of the Institute of Museum and Library Services' fiscal year 2018 financial statements.

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

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

Yours truly,

Dr. Kathryn K. Matthew
Director

Cc: Chris Catignani, Chief Financial Officer

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
BALANCE SHEET
As of September 30, 2018 and 2017
(in dollars)

| Assets: | <u>2018</u> | <u>2017</u> |
|--|------------------------------|------------------------------|
| Intragovernmental: | | |
| Fund Balance with Treasury (Note 2) | \$ 298,217,412 | \$ 283,160,604 |
| Accounts Receivable | - | - |
| Other - Advances (Note 4) | 4,194 | 133,342 |
| Total intragovernmental | <u>298,221,606</u> | <u>283,293,946</u> |
| | | |
| General property, plant and equipment, net (Note 3) | 1,109,985 | 1,446,002 |
| Other - Grant Advances (Note 4) | 2,988,568 | 8,751,740 |
| Total assets | <u>\$ 302,320,159</u> | <u>\$ 293,491,688</u> |
| | | |
| Liabilities: | | |
| Intragovernmental: | | |
| Accounts Payable | \$ 2,172 | \$ - |
| Other (Note 6) | 2,777,096 | 1,650,972 |
| Total intragovernmental | <u>2,779,268</u> | <u>1,650,972</u> |
| | | |
| Accounts payable | 220,039 | 105,921 |
| Other (Note 6) | 850,891 | 883,633 |
| Other - Grant Accrual (Note 6) | 28,052,477 | 31,361,051 |
| Total liabilities | <u>31,902,675</u> | <u>34,001,577</u> |
| | | |
| Commitments and contingencies | - | - |
| | | |
| Net position: | | |
| Unexpended appropriations - All Other Funds | \$ 270,814,839 | \$ 258,809,676 |
| Cumulative results of operations - Funds from Dedicated Collections (Note 8) | 88,694 | 75,307 |
| Cumulative results of operations - All Other Funds | (486,049) | 605,128 |
| Total Net Position - Funds from Dedicated Collections (Note 8) | <u>88,694</u> | <u>75,307</u> |
| Total Net Position - All Other Funds | 270,328,790 | 259,414,804 |
| Total Net Position | <u>270,417,484</u> | <u>259,490,111</u> |
| Total liabilities and net position | <u>\$ 302,320,159</u> | <u>\$ 293,491,688</u> |

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, 2018 and 2017
(in dollars)

| | 2018 | | | 2017 | | |
|--|--|-----------------------|-----------------------|--|-----------------------|-----------------------|
| | Funds from Dedicated Collections (Combined (note 8)) | All Other Funds | Consolidated Total | Funds from Dedicated Collections (Combined (note 8)) | All Other Funds | Consolidated Total |
| Unexpended Appropriations: | | | | | | |
| Beginning Balance | \$ - | \$ 258,809,676 | \$ 258,809,676 | \$ - | \$ 248,367,884 | \$ 248,367,884 |
| Adjustments: | | | | | | |
| Changes in accounting principles | - | - | - | - | - | - |
| Corrections of errors | - | - | - | - | - | - |
| Beginning Balance, as adjusted | - | 258,809,676 | 258,809,676 | - | 248,367,884 | 248,367,884 |
| Budgetary Financing Sources: | | | | | | |
| Appropriations Received | - | 240,000,000 | 240,000,000 | - | 231,000,000 | 231,000,000 |
| Appropriations Transferred in/out | - | - | - | - | - | - |
| Other Adjustments | - | (1,833,316) | (1,833,316) | - | (2,125,466) | (2,125,466) |
| Appropriations Used | - | (226,161,521) | (226,161,521) | - | (218,432,741) | (218,432,741) |
| Total Budgetary Financing Sources | - | 12,005,163 | 12,005,163 | - | 10,441,793 | 10,441,793 |
| Total Unexpended Appropriations | - | 270,814,839 | 270,814,839 | - | 258,809,676 | 258,809,676 |
| Cumulative Results From Operations: | | | | | | |
| Beginning Balances | 75,307 | 605,128 | 680,435 | 146,272 | 1,513,610 | 1,659,882 |
| Adjustments: | | | | | | |
| Changes in Accounting Principles | - | - | - | - | - | - |
| Corrections of Errors | - | - | - | - | - | - |
| Beginning Balance, As Adjusted | 75,307 | 605,128 | 680,435 | 146,272 | 1,513,610 | 1,659,882 |
| Budgetary Financing Sources: | | | | | | |
| Other Adjustments | - | - | - | - | - | - |
| Appropriations Used | - | 226,161,521 | 226,161,521 | - | 218,432,741 | 218,432,741 |
| Nonexchange Revenue | - | - | - | - | - | - |
| Donations and Forfeitures of Cash and Cash Equivalents | 15,161 | - | 15,161 | 5,744 | - | 5,744 |
| Transfers In/Out Without Reimbursement | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Other Financing Sources (Nonexchange): | | | | | | |
| Donations and Forfeitures of Property | - | - | - | - | - | - |
| Transfers In/Out Without Reimbursement | - | - | - | - | - | - |
| Imputed Financing | - | 507,468 | 507,468 | - | 299,459 | 299,459 |
| Other | - | - | - | - | - | - |
| Total Financing Sources | 15,161 | 226,668,989 | 226,684,150 | 5,744 | 218,732,200 | 218,737,944 |
| Net Cost of Operations | 1,774 | 227,760,167 | 227,761,941 | 76,709 | 219,640,682 | 219,717,391 |
| Net Change | 13,387 | (1,091,178) | (1,077,791) | (70,965) | (908,482) | (979,447) |
| Cumulative Results of Operations | 88,694 | (486,049) | (397,355) | 75,307 | 605,128 | 680,435 |
| Net Position | \$ 88,694 | \$ 270,328,790 | \$ 270,417,484 | \$ 75,307 | \$ 259,414,804 | \$ 259,490,111 |

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, 2018 and 2017
(in dollars)

In FY18, IMLS published its new 5-year Strategic Plan (2018-2022), Transforming Communities, to enhance its ability to accomplish its mission to advance, support, and empower America's museums, libraries, and related organizations through grantmaking, research, and policy development. Based on the new Strategic Plan, IMLS revised the agency's goals using a detailed mapping by the objectives in each new goal. IMLS has reflected those revised goals, and the related costs by goal, in the 2018 Statement of Net Cost and related notes. In accordance with FASAB accounting standards, IMLS has reflected the change in accounting principles prospectively and has not restated its 2017 Statement of Net Cost.

| Program costs: | <u>2018</u> |
|---|------------------------------|
| Goal 1: Promote Lifelong Learning | |
| Gross costs | \$ 70,549,130 |
| Less: Earned revenue (Note 9) | <u>346,039</u> |
| Net Program Costs | <u>70,203,091</u> |
| Goal 2: Build Capacity | |
| Gross costs | \$ 68,583,935 |
| Less: Earned revenue | <u>-</u> |
| Net Program Costs | <u>68,583,935</u> |
| Goal 3: Increase Public Access | |
| Gross costs | \$ 73,716,865 |
| Less: Earned revenue | <u>-</u> |
| Net Program Costs | <u>73,716,865</u> |
| Goal 4: Achieve Excellence | |
| Gross costs | \$ 15,283,194 |
| Less: Earned revenue | <u>25,144</u> |
| Net Program Costs | <u>15,258,050</u> |
| Net Cost of Operations (Note 9) | <u><u>\$ 227,761,941</u></u> |
| | |
| Program costs: | <u>2017</u> |
| Goal 1: Supporting lifelong learning | |
| Gross costs | \$ 83,615,157 |
| Less: Earned revenue (Note 9) | <u>518,961</u> |
| Net Program Costs | <u>83,096,196</u> |
| Goal 2: Promoting museums and libraries as strong community anchors | |
| Gross costs | \$ 61,567,624 |
| Less: Earned revenue | <u>-</u> |
| Net Program Costs | <u>61,567,624</u> |
| Goal 3: Supporting exemplary stewardship of museum and library collections | |
| Gross costs | \$ 73,675,552 |
| Less: Earned revenue | <u>-</u> |
| Net Program Costs | <u>73,675,552</u> |
| Goal 4: Sustaining and increasing public access to information and ideas | |
| Gross costs | \$ 1,378,019 |
| Less: Earned revenue | <u>-</u> |
| Net Program Costs | <u>1,378,019</u> |
| Net Cost of Operations (Note 9) | <u><u>\$ 219,717,391</u></u> |

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, 2018 and 2017

(in dollars)

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|
| | <u>Budgetary</u> | <u>Budgetary</u> |
| Budgetary Resources: | | |
| Unobligated balance from prior year budget authority, net (discretionary and mandatory) | \$ 6,752,408 | \$ 6,639,151 |
| Appropriations (discretionary and mandatory) | 240,015,161 | 231,005,744 |
| Borrowing authority (discretionary and mandatory) | - | - |
| Contract authority (discretionary and mandatory) | - | - |
| Spending authority from offsetting collections (discretionary and mandatory) | 1,660,217 | 865,000 |
| Total Budgetary Resources | <u>\$ 248,427,786</u> | <u>\$ 238,509,895</u> |
| Memorandum (non-add) Entries: | | |
| Net adjustments to unobligated balance brought forward, Oct 1* | 924,685 | 1,116,265 |
| Status of Budgetary Resources: | | |
| New obligations and upward adjustments (total) (Note 11) | \$ 242,665,810 | \$ 232,682,171 |
| Unobligated balance, end of year: | | |
| Apportioned unexpired accounts | 855,061 | 1,842,693 |
| Exempt from apportionment unexpired accounts | 70,894 | 70,307 |
| Unapportioned unexpired accounts | 560,668 | 277,870 |
| Unexpired unobligated balance, end of year | 1,486,623 | 2,190,870 |
| Expired unobligated balance, end of year | 4,275,353 | 3,636,854 |
| Unobligated balance, end of year (total) | 5,761,976 | 5,827,724 |
| Total Budgetary Resources | <u>\$ 248,427,786</u> | <u>\$ 238,509,895</u> |
| Outlays, net: | | |
| Outlays, net (total) (discretionary and mandatory) | \$ 223,125,036 | \$ 227,212,148 |
| Distributed offsetting receipts (-) | (15,161) | (5,744) |
| Agency outlays, net (discretionary and mandatory) | <u>\$ 223,109,875</u> | <u>\$ 227,206,404</u> |

*These amounts are being reported per TFM Bulletin No. 2018-08. They are comprised of prior year recoveries and balances withdrawn to Treasury.

The accompanying notes are an integral part of these statements

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
As of September 30, 2018 and 2017
(in Dollars)
Audited

Note 1 Significant Accounting Policies

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

A. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the Institute of Museum and Library Services (IMLS) as required by the Accountability of Tax Dollars Act of 2002 (ATDA), Public Law No. 107-289. The statements have been prepared from the books and records of IMLS in accordance with the form and content for entity financial statements, as specified by OMB Circular A-136, Financial Reporting Requirements, and IMLS accounting policies, which are summarized in this note. 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

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

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

C. Budgets and Budgetary Accounting

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

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2018 and 2017

(in Dollars)

Audited

D. Basis of Accounting

Transactions are recorded on an accrual accounting basis and budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds.

E. Fund Balance with Treasury and Cash

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

F. Accounts Receivable

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

G. Advances and Prepayments

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

H. 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.

I. Non-Entity Assets and Liabilities

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

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2018 and 2017

(in Dollars)

Audited

J. General Property, Plant and Equipment

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

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

K. Liabilities

Liabilities represent transactions or events that have already occurred for which IMLS will likely pay. 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.

L. Accounts Payable

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

M. Annual, Sick, and Other Leave

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

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2018 and 2017

(in Dollars)

Audited

N. Retirement Plans

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

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

O. Imputed Benefit Costs

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

P. Use of Estimates

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

The grant accrual amount is computed using the straight line method. The average monthly expenditure is calculated by dividing the available grant balance by the remaining months based on the grant end date, except for the Library Services Technology Act Grants to States program. The Grants to States (GTS) accrual estimate is based on IMLS performing a data call to each State Library Agency to obtain their accrual estimates for the reporting period for all open grants. The Grants to States program alone represents over 71% 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. This accrual also includes amounts for expenses related to reimbursable agreements which results in a small accounts receivable balance.

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Q. Federal employee and veteran benefits

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

R. Commitments and Contingencies

There are no commitments or contingencies that require disclosure.

S. Stewardship Investments

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

T. Change in Accounting Principle

In the fourth quarter of FY 2018, OMB Circular A-136 was revised and included the following changes:

- The Statement of Budgetary Resources (SBR) was revised by deleting the Change in Obligated Balance section, the budget authority lines were removed from the Budget Authority and Outlays, Net section, and the Outlays, gross and the Actual offsetting collections lines were deleted.
- The Statement of Changes in Net Position was reformatted to show unexpended appropriations before cumulative results of operations.
- The Intragovernmental Costs and Exchange Revenue by Program/Goal note was deleted.
- The Undelivered Orders note was revised to include federal and nonfederal, paid and unpaid balances.
- The Fund Balance with Treasury note was revised to present only the Status of Fund Balance with Treasury section.

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Note 2 Fund Balance with Treasury

Status of Fund Balance with Treasury:

| | <u>2018</u> |
|-------------------------------------|-----------------------|
| Unobligated Balance | |
| Available | \$ 925,955 |
| Unavailable- No Year / Admin | 110,783 |
| Unavailable- No Year / Program | 449,885 |
| Unavailable- Annual Funds | 4,275,353 |
| Unavailable- Miscellaneous Receipts | - |
| Obligated Balance Not Yet Disbursed | <u>292,455,436</u> |
| Total | <u>\$ 298,217,412</u> |

Status of Fund Balance with Treasury:

| | <u>2017</u> |
|-------------------------------------|-----------------------|
| Unobligated Balance | |
| Available | \$ 1,912,999 |
| Unavailable- No Year / Admin | - |
| Unavailable- No Year / Program | 277,870 |
| Unavailable- Annual Funds | 3,636,854 |
| Unavailable- Miscellaneous Receipts | - |
| Obligated Balance Not Yet Disbursed | <u>277,332,881</u> |
| Total | <u>\$ 283,160,604</u> |

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Note 3 General Property, Plant & Equipment

| Major Class | 2018 | | |
|--------------------------------|--------------------------|---------------------------------|-----------------------|
| | Acquisition Value | Accumulated Amortization | Net Book Value |
| Leasehold Improvements | \$ 888,936 | \$ 229,642 | \$ 659,294 |
| IT Equipment | 425,347 | 366,174 | 59,173 |
| Office Furniture and Equipment | 620,902 | 229,384 | 391,518 |
| Total PP&E | <u>\$ 1,935,185</u> | <u>\$ 825,200</u> | <u>\$ 1,109,985</u> |

| Major Class | 2017 | | |
|--------------------------------|--------------------------|---------------------------------|-----------------------|
| | Acquisition Value | Accumulated Amortization | Net Book Value |
| Leasehold Improvements | \$ 888,936 | \$ 140,748 | \$ 748,188 |
| IT Equipment | 425,347 | 224,392 | 200,955 |
| Office Furniture and Equipment | 640,902 | 144,043 | 496,859 |
| Total PP&E | <u>\$ 1,955,185</u> | <u>\$ 509,183</u> | <u>\$ 1,446,002</u> |

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

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Note 4 Other Assets

| | <u>2018</u> | <u>2017</u> |
|----------------------------|---------------------|---------------------|
| Intragovernmental Advances | \$ 4,194 | \$ 133,342 |
| Grant Advances | <u>2,988,568</u> | <u>8,751,740</u> |
| Total Other Assets | <u>\$ 2,992,762</u> | <u>\$ 8,885,082</u> |

The intragovernmental advances balance consists of an agreement between the Environmental Protection Agency and IMLS to support the Community Catalyst Initiative.

The grant advances with the public consist 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 notice or 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 ended September 30, 2018. Significant differences in year to year comparisons can occur depending on fluctuations in the amount of advance requests by grantees in the GTS program at the end of a period.

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Note 5 Liabilities Not Covered by Budgetary Resources

| | 2018 |
|--|---------------|
| Intragovernmental: | |
| Deferred rent expense | \$ 1,028,259 |
| Other unfunded employment | 29,273 |
| Total intragovernmental | 1,057,532 |
| Accounts payable | - |
| Accrued unfunded leave | 538,502 |
| Misc. Receipts Payable to Treasury | - |
| Total liabilities not covered by budgetary resources | 1,596,034 |
| Total liabilities covered by budgetary resources | 30,306,641 |
| Total liabilities not requiring budgetary resources | - |
| Total liabilities | \$ 31,902,675 |
| | |
| | 2017 |
| Intragovernmental: | |
| Deferred rent expense | \$ 1,165,361 |
| Other unfunded employment | 34,769 |
| Total intragovernmental | 1,200,130 |
| Accounts payable | - |
| Accrued unfunded leave | 591,593 |
| Misc. Receipts Payable to Treasury | - |
| Total liabilities not covered by budgetary resources | 1,791,723 |
| Total liabilities covered by budgetary resources | 32,209,854 |
| Total liabilities not requiring budgetary resources | - |
| Total liabilities | \$ 34,001,577 |

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.

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Note 6 Other Liabilities

| | 2018 | | |
|-------------------------------|---------------------|----------------------|----------------------|
| | Non-Current | Current | Total |
| Intragovernmental: | | | |
| Deferred Rent Expense | \$ 891,158 | \$ 137,101 | \$ 1,028,259 |
| Liability for Prepayments | - | 1,635,073 | 1,635,073 |
| Employer Contrib. & PR Tax | - | 103,991 | 103,991 |
| Unbilled Assets | - | 9,773 | 9,773 |
| Misc Receipts Due to Treasury | - | - | - |
| Total Intragovernmental | <u>\$ 891,158</u> | <u>\$ 1,885,938</u> | <u>\$ 2,777,096</u> |
| Public: | | | |
| Accrued Pay and Benefits | \$ - | \$ 838,663 | \$ 838,663 |
| Employer Contrib. & PR Tax | - | 12,228 | 12,228 |
| Unbilled Assets | - | - | - |
| Grant Accrual | - | 28,052,477 | 28,052,477 |
| Total Public | <u>\$ -</u> | <u>\$ 28,903,368</u> | <u>\$ 28,903,368</u> |
| Total Other Liabilities | <u>\$ 891,158</u> | <u>\$ 30,789,306</u> | <u>\$ 31,680,464</u> |
| | | | |
| | 2017 | | |
| | Non-Current | Current | Total |
| Intragovernmental: | | | |
| Deferred Rent Expense | \$ 1,028,260 | \$ 137,101 | \$ 1,165,361 |
| Liability for Prepayments | - | 346,039 | 346,039 |
| Employer Contrib. & PR Tax | - | 109,799 | 109,799 |
| Unbilled Assets | - | 29,773 | 29,773 |
| Misc Receipts Due to Treasury | - | - | - |
| Total Intragovernmental | <u>\$ 1,028,260</u> | <u>\$ 622,712</u> | <u>\$ 1,650,972</u> |
| Public: | | | |
| Accrued Pay and Benefits | \$ - | \$ 871,195 | \$ 871,195 |
| Employer Contrib. & PR Tax | - | 12,438 | 12,438 |
| Unbilled Assets | - | - | - |
| Grant Accrual | - | 31,361,051 | 31,361,051 |
| Total Public | <u>-</u> | <u>32,244,684</u> | <u>32,244,684</u> |
| Total Other Liabilities | <u>\$ 1,028,260</u> | <u>\$ 32,867,396</u> | <u>\$ 33,895,656</u> |

The deferred rent expense represents the unamortized portion of the liability the agency accrued as part of a rent abatement period included in the occupancy agreement (OA) signed with GSA in March of 2016. The liability is being amortized on a straight-line basis over the life of the OA. The increase in the liability for prepayments from FY 2017 to FY 2018 was primarily driven by a reimbursable agreement that was entered into with the National Park Service during the fourth quarter of FY 2018. Lower remaining balances in the GTS program decreased the Grant Accrual.

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Note 7 Lease

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

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Note 8 Funds from Dedicated Collections

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

| | 2018 | 2017 |
|---|-------------|-------------|
| Balance Sheet as of September 30 | | |
| ASSETS | | |
| Fund balance with Treasury | \$ 88,694 | \$ 75,307 |
| Investment | - | - |
| Other Assets | - | - |
| Total Assets | \$ 88,694 | \$ 75,307 |
| LIABILITIES and NET POSITION | | |
| Other Liabilities | \$ - | \$ - |
| Cumulative Results of Operations | 88,694 | 75,307 |
| Total Liabilities and Net Position | \$ 88,694 | \$ 75,307 |
| Statement of Net Cost for the Period Ended September 30 | | |
| Program Costs | \$ (1,774) | \$ (76,709) |
| Less: Resources | 15,161 | 5,744 |
| Excess of Donations Received Over Cost Incurred | \$ 13,387 | \$ (70,965) |
| Statement of Changes in Net Position for the Period Ended September 30 | | |
| Net Position Beginning of Period | \$ 75,307 | \$ 146,272 |
| Change in Net Position | 13,387 | (70,965) |
| Net Position End of Period | \$ 88,694 | \$ 75,307 |

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Note 9 Suborganization Program Costs/Program Costs by Segment

| | 2018 | | | | |
|--|-------------------------|-------------------------|----------------------|----------------------|-----------------------|
| Program Costs: | Library State Grants | Library Other Grants | Museum Grants | Administrative | Total |
| Goal 1: Promote Lifelong Learning | | | | | |
| Gross Costs | \$ 52,221,271 | \$ 8,338,092 | \$ 9,289,087 | \$ 700,680 | \$ 70,549,130 |
| Less: Earned Revenue | <u>-</u> | <u>105,417</u> | <u>240,622</u> | <u>-</u> | <u>346,039</u> |
| Net Program Costs | <u>\$ 52,221,271</u> | <u>\$ 8,232,675</u> | <u>\$ 9,048,465</u> | <u>\$ 700,680</u> | <u>\$ 70,203,091</u> |
| Goal 2: Build Capacity | | | | | |
| Gross Costs | \$ 52,221,271 | \$ 8,376,721 | \$ 7,219,363 | \$ 766,580 | \$ 68,583,935 |
| Less: Earned Revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Program Costs | <u>\$ 52,221,271</u> | <u>\$ 8,376,721</u> | <u>\$ 7,219,363</u> | <u>\$ 766,580</u> | <u>\$ 68,583,935</u> |
| Goal 3: Increase Public Access | | | | | |
| Gross Costs | \$ 53,803,733 | \$ 7,804,133 | \$ 11,346,556 | \$ 762,443 | \$ 73,716,865 |
| Less: Earned Revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Program Costs | <u>\$ 53,803,733</u> | <u>\$ 7,804,133</u> | <u>\$ 11,346,556</u> | <u>\$ 762,443</u> | <u>\$ 73,716,865</u> |
| Goal 4: Achieve Excellence | | | | | |
| Gross Costs | \$ - | \$ - | \$ - | \$ 15,283,194 | \$ 15,283,194 |
| Less: Earned Revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,144</u> | <u>25,144</u> |
| Net Program Costs | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,258,050</u> | <u>\$ 15,258,050</u> |
| Net Cost of Operations | <u>\$ 158,246,275</u> | <u>\$ 24,413,529</u> | <u>\$ 27,614,384</u> | <u>\$ 17,487,753</u> | <u>\$ 227,761,941</u> |

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| | Library State Grants | Library Other Grants | Museum Grants | Administrative | Total |
|---|-------------------------|-------------------------|----------------------|----------------------|-----------------------|
| Goal 1: Supporting lifelong learning | | | | | |
| Gross Costs | \$ 48,481,104 | \$ 14,039,103 | \$ 15,148,442 | \$ 5,946,508 | \$ 83,615,157 |
| Less: Earned Revenue | - | 9,583 | 509,378 | - | 518,961 |
| Net Program Costs | <u>\$ 48,481,104</u> | <u>\$ 14,029,520</u> | <u>\$ 14,639,064</u> | <u>\$ 5,946,508</u> | <u>\$ 83,096,196</u> |
| Goal 2: Promoting museums and libraries as strong community anchors | | | | | |
| Gross Costs | \$ 48,481,104 | \$ 4,626,122 | \$ 4,123,110 | \$ 4,337,288 | \$ 61,567,624 |
| Less: Earned Revenue | - | - | - | - | - |
| Net Program Costs | <u>\$ 48,481,104</u> | <u>\$ 4,626,122</u> | <u>\$ 4,123,110</u> | <u>\$ 4,337,288</u> | <u>\$ 61,567,624</u> |
| Goal 3: Supporting exemplary stewardship of museum and library collections | | | | | |
| Gross Costs | \$ 49,950,229 | \$ 7,420,156 | \$ 11,154,469 | \$ 5,150,698 | \$ 73,675,552 |
| Less: Earned Revenue | - | - | - | - | - |
| Net Program Costs | <u>\$ 49,950,229</u> | <u>\$ 7,420,156</u> | <u>\$ 11,154,469</u> | <u>\$ 5,150,698</u> | <u>\$ 73,675,552</u> |
| Goal 4: Sustaining and increasing public access to information and ideas | | | | | |
| Gross Costs | \$ - | \$ - | \$ - | \$ 1,378,019 | \$ 1,378,019 |
| Less: Earned Revenue | - | - | - | - | - |
| Net Program Costs | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,378,019</u> | <u>\$ 1,378,019</u> |
| Net Cost of Operations | <u>\$ 146,912,437</u> | <u>\$ 26,075,798</u> | <u>\$ 29,916,643</u> | <u>\$ 16,812,513</u> | <u>\$ 219,717,391</u> |

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Note 10 Exchange Revenues

Exchange Revenue in the amount of \$371,183 and \$518,961 was recorded in FY 2018 and FY 2017, respectively. The amount of exchange revenue in FY18 is primarily related to interagency agreements with the Department of Education and the Environmental Protection Agency. The Department of Education interagency agreement has been developed to provide STEM-rich making activities for students participating in after-school programming at 21st Century Community Learning Centers. The EPA interagency agreement has been established to provide expertise technical assistance to grantees as part of IMLS's Community Catalyst Initiative through EPA's Building Blocks for Sustainable Communities program.

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

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Note 11 - Apportionment Categories of New Obligations and Upward Adjustments

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

| | 2018 | | |
|---------------------------------------|---------------------|-----------------------|-----------------------|
| | No Year | Annual | Total |
| New Obligations & Upward Adjustments: | | | |
| Category A, Direct Obligations | \$ 827,184 | \$ 16,059,070 | \$ 16,886,254 |
| Category B, Direct Obligations | 126,975 | 224,000,646 | 224,127,621 |
| Category B, Reimbursable | - | 1,637,361 | 1,637,361 |
| Exempt from Apportionment | <u>14,574</u> | <u>-</u> | <u>14,574</u> |
| Total | <u>\$ 968,733</u> | <u>\$ 241,697,077</u> | <u>\$ 242,665,810</u> |
| | | | |
| | 2017 | | |
| | No Year | Annual | Total |
| New Obligations & Upward Adjustments: | | | |
| Category A, Direct Obligations | \$ 332,536 | \$ 15,431,044 | \$ 15,763,580 |
| Category B, Direct Obligations | 761,548 | 215,287,000 | 216,048,548 |
| Category B, Reimbursable | - | 865,000 | 865,000 |
| Exempt from Apportionment | <u>5,043</u> | <u>-</u> | <u>5,043</u> |
| Total | <u>\$ 1,099,127</u> | <u>\$ 231,583,044</u> | <u>\$ 232,682,171</u> |

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Note 12 Undelivered orders at the end of the period

| | 2018 | | |
|-----------------------------|--------------|----------------|----------------|
| | Federal | Non-Federal | Total |
| Undelivered Orders - Paid | \$ 4,194 | \$ 2,988,568 | \$ 2,992,762 |
| Undelivered Orders - Unpaid | 662,225 | 263,121,642 | 263,783,867 |
| Total undelivered orders | \$ 666,419 | \$ 266,110,210 | \$ 266,776,629 |
| | 2017 | | |
| | Federal | Non-Federal | Total |
| Undelivered Orders - Paid | \$ 133,342 | \$ 8,751,740 | \$ 8,885,082 |
| Undelivered Orders - Unpaid | 994,249 | 244,474,817 | 245,469,065 |
| Total undelivered orders | \$ 1,127,590 | \$ 253,226,557 | \$ 254,354,148 |

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Note 13 Explanation of Differences between the Statement of Budgetary Resources and the Budget of the U.S. Government

The President's Budget for fiscal year 2019, published in February of 2018, included IMLS actual budget amounts for fiscal year 2017 in the "Detailed Budget Estimates by Agency" located in the Appendix of the Budget, which can be found at <https://www.whitehouse.gov/wp-content/uploads/2018/02/oia-fy2019.pdf>. Actual numbers for fiscal year 2018 will be included in the President's Budget for fiscal year 2020, scheduled to be released in February 2019. The budget can be found at <https://www.whitehouse.gov/omb/budget/> when it becomes available.

Differences exist between the amounts reported in the FY 2017 Statement of Budgetary Resources and the 2017 enacted amounts reported in the 2019 Budget of the U.S. Government. The difference in the Budgetary Resources Available for Obligation amounts is due to a combination of rounding, no year fund balances, and the expired unobligated balances from prior year annual funds that are reported in the Statement of Budgetary Resources and the SF 133 but not in the Budget of the U.S. Government. The difference in the New Obligations & Upward Adjustments (Total) balances is due to a combination of no year fund obligations and rounding. The Distributed Offsetting Receipts difference is due to rounding.

| FY 2017 (in Millions of Dollars) | Budgetary Resources | New Obligations & Upward Adjustments (Total) | Distributed Offsetting Receipts | Net Outlays |
|--|---------------------|--|---------------------------------------|-------------|
| Budget of the U.S. Government | \$235 | \$231 | (\$1) | \$227 |
| IMLS Statement of Budgetary Resources | \$238 | \$233 | \$0 | \$227 |
| Differences | \$3 | \$2 | (\$1) | \$0 |

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Note 14 Incidental Custodial Collections

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

| | 2018 | 2017 |
|---|-----------------|------------------|
| Collections for IMLS projects funded in prior years | \$ 4,286 | \$ 27,755 |
| Total Cash Collections | <u>\$ 4,286</u> | <u>\$ 27,755</u> |
| Disposition of collections: | | |
| Transferred to Treasury (general fund) | \$ 4,286 | \$ 27,755 |
| Retained by the Reporting Entity | <u>-</u> | <u>-</u> |
| Net custodial revenue activity | <u>\$ -</u> | <u>\$ -</u> |

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Note 15 Reconciliation of Net Cost of Operations to Budget

| | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|
| Resources Used to Finance Activities: | | |
| Budgetary Resources Obligated | | |
| Obligations incurred | \$ 242,665,810 | \$ 232,682,171 |
| Less: Spending authority from offsetting collections and recoveries | (4,764,257) | (4,106,732) |
| Less: Offsetting receipts | <u>(15,161)</u> | <u>(5,744)</u> |
| Obligations net of offsetting collections and recoveries | \$ 237,886,392 | \$ 228,569,695 |
| Other Resources | | |
| Imputed financing from costs absorbed by others | <u>507,468</u> | <u>299,459</u> |
| Total resources used to finance activities | \$ 238,393,860 | \$ 228,869,154 |
| 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 (+/-) | \$ (10,787,409) | \$ (10,065,990) |
| Resources that fund expenses recognized in prior periods | - | - |
| Budgetary offsetting collections and receipts that do not affect net cost of operations: | | |
| Other | - | - |
| Resources that finance the acquisition of assets | 20,000 | (9,174) |
| Adjustments to net obligations resources that do not affect net cost | <u>15,161</u> | <u>5,744</u> |
| Total resources used to finance items not part of the Net Cost of Operations | (10,752,248) | (10,069,420) |
| Total Resources Used to Finance the Net Cost of Operations | <u>\$ 227,641,612</u> | <u>\$ 218,799,734</u> |
| 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 | \$ (53,091) | \$ 4,010 |
| Increase in Exchange Revenue | - | - |
| Other (+/-) | <u>(142,597)</u> | <u>590,611</u> |
| Total Components of Net Cost of Operations Requiring or Generating Resources in Future Periods | (195,688) | 594,621 |
| Components not Requiring or Generating Resources: | | |
| Depreciation and amortization | 316,017 | 323,036 |
| Gain/Loss on Disposal of Assets | - | - |
| Other (+/-) | <u>-</u> | <u>-</u> |
| Total components of Net Cost of Operations that will not require or generate resources | 316,017 | 323,036 |
| Total components of Net Cost of Operations that will not require or generate resources in the current period | 120,329 | 917,657 |
| Other Adjustments (unreconciled difference to SNC) | <u>-</u> | <u>-</u> |
| Net Cost of Operations | <u>\$ 227,761,941</u> | <u>\$ 219,717,391</u> |

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Note 16 Contributed Capital

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

In FY 2018, IMLS has received \$15,161 in total contributions. In FY 2017, IMLS received \$5,744 in total contributions.

SECTION 4

Required Supplementary Stewardship Information

RSSI – INVESTMENT IN RESEARCH AND DEVELOPMENT (UNAUDITED)

The Institute of Museum and Library Services through the Museum and Library Services Act of 2010 has unique federal responsibilities for the “development and implementation of policy to ensure the availability of museum, library and information services adequate to meet the essential information, education, research, economic, cultural and civic needs of the people of the United States.” The law charges IMLS with advising the President and Congress on library, museum, and information services and with supporting a wide range of programming that impacts the lives of millions of Americans. The Grants to States program was appropriated funds in the amount of \$160,803,000 in FY 2018 for library funding to all fifty states, the District of Columbia, the U.S. territories and the Freely Associated States.

In fulfillment of those responsibilities, IMLS has invested research funding in the development of a redesign of the Grants to States Program Reporting (SPR) system to be used by the State Library Administrative Agencies (SLAAs). The SPR system will include technological and informational upgrades to the original reporting system. These upgrades will allow SLAAs to report directly into the SPR system to better categorize and share information. The benefits of improved capture and classification of data from the Grants to States program not only advances program-level evaluation, but offers the states a benchmarking tool for similar projects.

The original reporting system for the Grants to States program was developed by IMLS in 2002. This legacy reporting system has outlasted all estimates of determinable life. The new SPR system completed the Phase III pilot stage for outcomes in FY 2017. In FY 2018, an enhancement was completed adding search capability of spending at the local level. This resulted in greater data transparency. One of the expected benefits for the public is the development of new or improved projects from recipients of IMLS funding.

The SPR enhances efforts to quantify non-financial and financial data, offers the states increased reporting capabilities, and allows comparisons of more standardized data from the states. Future investment is planned in FY 2019 to further increase data transparency by more broadly sharing the information with the research community and the public. The development expenses incurred to date for the upgraded SPR are included in the schedule below.

| Fiscal Year | Expenses Incurred |
|-------------|-------------------|
| 2018 | \$8K |
| 2017 | \$34K |
| 2016 | \$165K |
| 2015 | \$146K |
| 2014 | \$217K |
| Total | \$570K |

SECTION 5

Other Information

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

TABLE 1: SUMMARY OF FINANCIAL STATEMENT AUDIT

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

TABLE 2: SUMMARY OF MANAGEMENT ASSURANCES

| Effectiveness of Internal Control over Financial Reporting (FMFIA § 2) | | | | | | |
|--|-------------------|-----|----------|--------------|------------|----------------|
| STATEMENT OF ASSURANCE | UNMODIFIED | | | | | |
| MATERIAL WEAKNESSES | BEGINNING BALANCE | NEW | RESOLVED | CONSOLIDATED | REASSESSED | ENDING BALANCE |
| None | | | | | | |
| Total Material Weaknesses | 0 | 0 | 0 | 0 | 0 | 0 |

| Effectiveness of Internal Control over Operations (FMFIA § 2) | | | | | | |
|---|-------------------|-----|----------|--------------|------------|----------------|
| STATEMENT OF ASSURANCE | UNMODIFIED | | | | | |
| MATERIAL WEAKNESSES | BEGINNING BALANCE | NEW | RESOLVED | CONSOLIDATED | REASSESSED | ENDING BALANCE |
| None | | | | | | |
| Total Material Weaknesses | 0 | 0 | 0 | 0 | 0 | 0 |

| Conformance with financial management system requirements (FMFIA § 4) | | | | | | |
|---|---|-----|----------|--------------|------------|----------------|
| STATEMENT OF ASSURANCE | FEDERAL SYSTEMS CONFORM TO FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS | | | | | |
| NON-COMPLIANCE | BEGINNING BALANCE | NEW | RESOLVED | CONSOLIDATED | REASSESSED | ENDING BALANCE |
| None | | | | | | |
| Total non-compliances | 0 | 0 | 0 | 0 | 0 | 0 |

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)

| | AGENCY | AUDITOR |
|---|-----------------|-----------------|
| Overall Substantial Compliance | Not applicable* | Not applicable* |
| 1. Federal Financial Management System Requirements | Not applicable* | |
| 2. Applicable Federal Accounting Standards | Not applicable* | |
| 3. USSGL at Transaction Level | Not applicable* | |

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

PAYMENT INTEGRITY

Risk Assessment and Systematic Sampling Method

There are only four grant programs 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 included in the review of these programs were:

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

None of these grant programs is considered susceptible to significant erroneous payments or qualifies as "risk susceptible" based on OMB guidance thresholds. The Grants to States program grants are awarded yearly to each of the 50 states, the District of Columbia, the U.S. territories and the Freely Associated States. The recipient is the State Library Agency of each state or territory, and does not change from year to year. The other three programs follow the IMLS discretionary grant process and each institution is pre-determined for eligibility (as are applicants to all our grant programs).

To identify payments that were erroneously paid, a review of all FY 2018 grant payments was performed. In FY 2018, there were overpayments totaling approximately \$185,489 or .09 percent of the agency outlays of \$208.78 million for grant programs. As of September 30, 2018, IMLS has recovered 73 percent of these payments. In FY 2017, there were overpayments totaling approximately \$988,291 or .46 percent of \$212.67 million for grant programs. As of September 30, 2017, IMLS had recovered 100 percent of these payments. There were no underpayments in the review of the FY 2018 and FY 2017 payments.

In accordance with the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), the FY 2018 administrative expense review included vendor payments and employee travel costs, but did not include payroll costs because the actual disbursement of payroll costs to employees is fully the responsibility of our shared service provider. Interagency agreement payments are also not included. The total administrative improper payments as of

September 30, 2018 was \$4,253. This amount included improper payments of \$3,391 for vendor invoices and \$862 in improper travel reimbursement payments. As of September 30, 2018, IMLS has recovered 32 percent of these payments. Interest charges in the amount of \$107 have been included in the administrative expense review. These funds are not subject to recapture and will not be recovered. The total administrative improper payments as of September 30, 2017 was \$3,678. This amount included improper payments of \$2,466 for vendor invoices and \$1,212 in improper travel reimbursement payments. As of September 30, 2018, IMLS has recovered 31.5 percent of these payments. The majority of this amount is for vendor improper payments that were incurred due to discounts not taken on invoices. These funds are not subject to recapture and will not be recovered. There were no underpayments in the review of the FY 2018 and FY 2017 administrative activity outlays.

Corrective Actions

While IMLS has determined that no programs are susceptible to significant erroneous payments, it has continued to strengthen its preventative controls prior to disbursement of grant and administrative payments. In FY 2018, IMLS, along with its financial management shared-service provider continued the use of the Batch Processing function of OMB's Do Not Pay Solution. If a payment is paid in error and deemed improper, IMLS can immediately collect those funds. IMLS reviews 100 percent of reimbursement or advance grant payment requests before a disbursement is made.

Improper Payment Reporting Tables

| PROGRAM OR ACTIVITY | PY OUTLAYS | PY IP% | PY IP\$ | CY OUTLAYS | CY IP% | CY IP\$ |
|---------------------|------------|--------|---------|------------|--------|---------|
| Grants | \$212.67M | 0.46% | \$.988M | \$208.78M | 0.089% | \$.185M |
| Administrative | \$ 5.73M | 0.07% | \$.004M | \$ 5.86M | 0.006% | \$.004M |
| Total | \$218.40M | | \$.992M | \$214.63M | | \$.189M |

| 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 | \$212.00M | 0.01% | \$.021M | \$212.00M | 0.005% | \$.011M | \$212.00M | 0.000% | \$.000M |
| Administrative | \$ 6.00M | 0.00% | \$.000M | \$ 6.00M | 0.000% | \$.000M | \$ 6.00M | 0.000% | \$.000M |
| Total | \$218.00M | | \$.021M | \$218.00M | | \$.011M | \$218.00M | | \$.000M |

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

Table 2: Overpayments Recaptured Outside of Payment Recapture Audits

| AGENCY SOURCE: (POST-PAYMENT REVIEWS) | AMOUNT IDENTIFIED (CY) | AMOUNT RECAPTURED (CY) | AMOUNT IDENTIFIED (PY) | AMOUNT RECAPTURED PY | CUMULATIVE AMOUNT IDENTIFIED (CY+PYS) | CUMULATIVE AMOUNT RECAPTURED (CY+PYS) |
|---------------------------------------|------------------------|------------------------|------------------------|----------------------|---------------------------------------|---------------------------------------|
| Grants | \$.185M | \$.135M | \$.988M | \$.988M | \$1.173M | \$1.123M |
| Administration | \$.004M | \$.001M | \$.004M | \$.001M | \$.008M | \$.002M |
| Total | \$.189M | \$.136M | \$.992M | \$.989M | \$1.181M | \$1.125M |

AGENCY REDUCTION OF IMPROPER PAYMENTS WITH THE DO NOT PAY INITIATIVE

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

IMLS follows established pre-enrollment, pre-award, and pre-payment processes for all acquisition and financial assistance awards. Pre-enrollment procedures include cross-referencing applicants against General Services Administration's (GSA) System for Award Management (SAM) exclusion records. We also review federal and commercial databases to

verify past performance, federal government debt, integrity, and business ethics. As part of our pre-award process and prior to entering into an agreement, we require recipients of financial assistance to verify the entities they transact with are not excluded from receiving federal funds. For pre-payment processes, ESC verifies an entity against both SAM and the Internal Revenue Service's Taxpayer Identification Number (TIN) Match Program before establishing them as a vendor in our core financial accounting system.

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

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

The upgrade by the DNP Business Center to improve its capabilities by automating the

adjudication process through the DNP portal and providing better matching against SAM in the prior year has resulted in efficiencies. ESC is up to date on reviews based on DNP’s automated adjudication process.

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

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

| | NUMBER (#) OF PAYMENTS REVIEWED FOR IMPROPER PAYMENTS | DOLLARS (\$) OF PAYMENTS REVIEWED FOR IMPROPER PAYMENTS | NUMBER (#) OF PAYMENTS STOPPED | DOLLARS (\$) OF PAYMENTS STOPPED | NUMBER (#) OF IMPROPER PAYMENTS REVIEWED AND NOT STOPPED | DOLLARS (\$) OF IMPROPER PAYMENTS REVIEWED AND NOT STOPPED |
|------------------------------|---|---|--------------------------------|----------------------------------|--|--|
| Reviews with the DMF and SAM | 4,451 | \$208.78M | 0 | \$0 | 0 | \$0 |

FRAUD REDUCTION REPORT

IMLS conducts an annual survey of all office heads to review and respond on all core agency and office specific functions for reported or suspected fraud, waste, or abuse. Both the FY 2018 and FY 2017 surveys resulted in no responses that would indicate any fraud. The agency established a Risk Management Committee in FY 2018, which proposes top priorities for a risk management review to the Leadership Team. A pilot review was successfully completed this year. In FY 2019 assessment tools and templates will be rolled out in phases across the agency.

GRANTS OVERSIGHT & NEW EFFICIENCY (GONE) ACT REQUIREMENTS

IMLS successfully implemented the requirements of the GONE Act. The agency has approximately 1,922 open grants as of September 30, 2018, none of the awards have a period of performance that has elapsed more than two years. All closeouts are reviewed and authorized by the program office as well as the grants administration and finance office. The agency is continuing to review approaches to further streamline our approach for routing closeout packages.