INSTITUTE of Museum and Library SERVICES

Performance and Accountability Report

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Message from the Director

I am pleased to present the 2017 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." The agency has carried on that charge, serving the needs of museums and libraries across the United States and its territories. IMLS designs grants and programs for libraries of all types: public, research, academic and tribal; and museums of all disciplines: history, botanic gardens, aquariums, science and technology centers, children's museums, and zoos.

As a federal grant making agency, IMLS continues to serve as the primary source of federal support for the nation's approximately 120,000 libraries and 35,000 museums and related organizations. These institutions strengthen our communities across the states, the District of Columbia, and the U.S. territories. Each day, museums and libraries throughout the nation provide critical resources and services that contribute significantly to Americans' economic development, education, health, and well-being. IMLS programs help address critical needs, such as facilitating family learning, sustaining cultural heritage, and stimulating economic development through job training and skill development.

In addition, as you will read in the 2017 Performance and Accountability Report, we've deepened our focus on community engagement. We've started the Community Catalyst initiative, exploring the readiness of museums and libraries to adopt adaptive, collaborative models. In the past year, we offered a special funding opportunity, Activating Community Opportunities Using Museums/Libraries as Assets, to enable museums and libraries to test new approaches to working with their communities to bring about positive change around a shared vision or goal. Community Catalyst calls upon libraries and museums—anchor institutions within their communities—to engage in proactive, creative and adaptive collaborations in support of community development and revitalization. This process seeks to encourage libraries and museums to look broadly for partners to achieve greater impact and reach in to their communities, partners such as local governments and service providers, educational institutions, local businesses, and philanthropic investors.

Community Salute is a separate but related part of Community Catalyst. It is designed to augment the capabilities of libraries and museums to meet the unique and critical needs of the nation's more than 22 million veterans and their military families. Community-based libraries and museums can play an important role to help service members who struggle with a rough re-entry. They can offer programs tailored for veterans, such as building skills, offering healing resources for military families, or providing safe, accessible spaces to access educational, employment, or training opportunities. In FY 2017, IMLS produced five resource guides providing qualitative and quantitative approaches to help museums and libraries bring people together and better serve veterans. IMLS staff began to take these resulting approaches to individual communities to enhance understanding at the local level how museums and/or libraries, veterans' service organizations and support groups, local governments' efforts, and local funders can work together.

IMLS also supported community learning by fully implementing our signature STEMeX grant

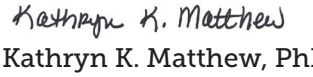
program. The STEMeX grants are design-based research projects that enhance public programs delivered by STEM (science, technology, engineering, and math) experts to children, ages 6-10, and their families in museum and library settings. This program leverages STEM experts, who are invaluable community resources for conveying the processes of scientific inquiry in everyday life and serving as inspiration for STEM careers.

IMLS has invested in rural and small communities by supporting basic infrastructure to enhance wellbeing, including access to library and museum-provided broadband connectivity, helping residents to best utilize their digital access to employment information and gain critical job-related skills. Rural libraries often serve as their communities' sole resource for internet access, particularly where there are economic barriers to home-based connections and otherwise chronic problems with poor-quality Wi-Fi connections. Moreover, many K-12 students, both rural and urban, who otherwise lack adequate access to needed learning resources can access the necessary resources via their local libraries, whether virtually or in person.

Other key areas we've identified include innovative programs supporting capacity building within the museum and library professions. This year we established the Museums Empowered grant initiative to provide professional development and internal capacity building opportunities for eligible museums.

IMLS continues to be an outstanding steward of federal funds. This year, we completed the implementation of the Measuring Success Initiative for IMLS's Grants to States' State Program Report, with all 54 State Library Administrative Agencies reporting on approximately 1,500 projects. We are also working on a new grants management system to enable us to better manage and track progress of our grants. We will continue to look for ways to achieve even greater impact on library and museum services throughout the United States. I look forward to our continued efforts, partnerships, and strong connections with the museum and library fields.

Respectfully submitted,



Kathryn K. Matthew, PhD

Director, Institute of Museum and Library Services

SECTION 1.

Management's Discussion and Analysis (MD&A)

A. IMLS OVERVIEW AND MISSION

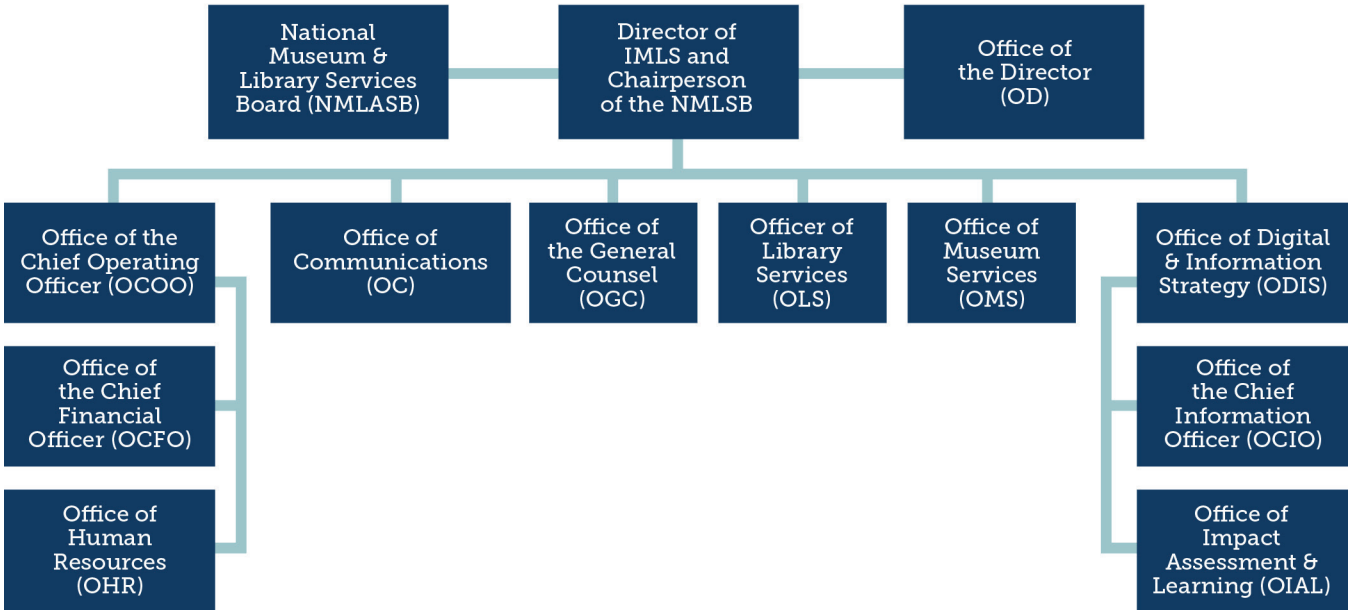
The Institute of Museum and Library Services (IMLS) is an independent grant making agency and the primary source of federal support for the nation's approximately 120,000 libraries and 35,000 museums and related organizations. IMLS helps ensure that all Americans have access to museum, library, and information services. The agency supports innovation, lifelong learning, and cultural and civic engagement, enabling museums and libraries from geographically and economically diverse areas to deliver essential services that make it possible for individuals and communities to thrive. The agency's mission is to inspire libraries and museums to advance innovation, learning, and civic engagement and to provide leadership through research, policy development, and grant making.

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 the federal museum programs dating to 1976. Today it 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 highly respected and 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 twenty-three-member advisory body that includes the IMLS director, the deputy director for libraries, the deputy director for museums, and twenty presidentially appointed individuals with expertise in, or commitment to, library or museum services. 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 2017



B. STRATEGIC GOALS

IMLS's five-year strategic plan, published in January 2012, closely aligns with the Museum and Library Services Act, as revised in December 2010. The agency is currently in the process of developing a new strategic framework.

The complete IMLS Strategic Plan is available on the IMLS website. To increase accountability and ensure continued focus and progress, the agency has established cross-agency teams to assess and streamline administrative and programmatic investments and develop work plans to implement the strategic plan.

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

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

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

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

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

(Please see Section 2. Measuring Performance: Key Results for 2017 for more details on how IMLS met its goals.)

C. IMLS MODEL FOR EVIDENCE-BASED PROGRAM DESIGN

STEP 1: BUILD EVIDENCE

IMLS has improved its capacity to monitor grant program investments and measure impact. The agency has reconfigured its policy and operational leadership structure, reorganized work units, and altered staffing allocations to build this capacity.

The agency's five-year strategic plan incorporates trends from grant making, national initiatives, and policy research to inform future investments, share best practices, and build capacity across the library and museum sectors. In several cooperative agreements executed in the past year, IMLS added a key component, evaluation by an experienced third party evaluator; the goal is to more thoroughly document the innovative processes undertaken by grantees as they develop their funded projects. These cooperative agreements support the work of museums and libraries in community engagement and digital literacy, as well as other issue areas.

STEP 2: ACT ON EVIDENCE

IMLS's staff possess significant experience in museum and library services and the research and evaluation of informal learning organizations. IMLS regularly reviews its grant and project portfolios to increase administrative efficiency, monitor program performance, and develop more targeted grant guidelines. At the earliest stage of the grant process, library, museum, and education sector professionals perform a two-tiered peer review of applications to assure that project proposals follow best practices. All grantees report on their projects annually and on project outcomes at the conclusion of the grant period.

In addition to strengthening the quality of administrative data associated with IMLS grant making, the agency values longitudinal survey data to track conditions of libraries and museums across American communities. This evidence base includes over two decades of high quality national library surveys as part of the federal statistical system with historic response rates in excess of 95 percent.

Staff work closely with state library agencies to use the State Program Report, a reporting system that collects consistent, structured measures and narratives describing outputs and outcomes across all Grants to States projects for all states.

IMLS is funding innovations in practice through small challenge Sparks grants to libraries as part of the National Leadership Grants for Libraries program. These grants fund rapid prototyping and evaluating of specific innovations in the ways libraries operate and the services librarians provide resulting in new tools, products, services, or organizational practices. For example, with IMLS support, the Art Center College of Design is developing and testing best practices for archivists and librarians working with designers to develop digital tools and interfaces for archives and special collections.

STEP 3: EVALUATE EFFECTIVENESS

IMLS emphasizes program-level performance assessment, and is monitoring efficiency and performance in its museum and library service grant programs. In addition to funding periodic third-party program evaluations, IMLS is exploring how to better combine and compare data from its statistical surveys and information gathered through its grant making activities. The agency plays a leading role in advocating for the use of evidence-building approaches by libraries and museums across the country. By working with an array of stakeholders, IMLS facilitates development of detailed plans and assessment protocols that align with local, regional and state needs related to museums and libraries.

STEP 4: SUPPORT KNOWLEDGE DIFFUSION

IMLS requires all grantees to share findings through publicly accessible channels such as publications, conference presentations, journal articles, and websites. IMLS grantee performance reports contain standardized data on project practices and outcomes so the agency can use common vocabulary and analytical practices across grant programs. IMLS requires all research grantees to include data access plans.

IMLS strives to improve public access and utilization of its multiple statistical and administrative data collections. National data on libraries dating to 1988 are available for download in multiple formats from IMLS.gov. The State Program Report Public View launched in the past year allows for public queries of approximately 1,500 projects funded each year through the Grants to States Library Program.

STEP 5: REVISE AGENCY PROGRAMS AND SERVICES TO INCORPORATE BEST PRACTICE

IMLS incorporates the lessons, evidence, and learning cataloged through the above processes iteratively back into its program and service design processes. As new program announcements, requirements, and priorities are crafted during each cycle, the agency explores opportunities to better align its activities with the overall strategic objectives, strategic indicators, and stakeholder priorities that have been identified over the previous cycles. For example, IMLS is funding the Center for Research on Learning and Technology at Indiana University to conduct a pilot study to investigate the circulation of STEM kits in school libraries. The investigators seek to better understand how engaging children and their parents/caregivers in engineering design practices in home environments may impact students' interest in engineering. The project is informed by perspectives from university researchers, school libraries, and a children's museum. IMLS will ensure that the results of this assessment will be shared broadly with library and museum professionals to inform STEM-oriented family learning experiences nationwide.

D. SCOPE OF RESPONSIBILITIES

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

LIBRARY SERVICES

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

- 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

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). The formula consists of a minimum amount set by law plus a supplemental amount based on population (dependent on annual appropriations). Population data are based on the information available from the U.S. Census Bureau website. The 2010 Act sets base allotments of $680,000 for states and $60,000 for Pacific Territories. The Act limits administrative costs at the state level to 4 percent and requires a 34 percent match from non-federal state or local funds. Programs and services delivered by each SLAA support the purposes and priorities set forth in the Library Services and Technology Act (LSTA). SLAAs set goals and objectives for their states regarding the use of Grants to States funds within the statutorily required five-year plan approved by IMLS. These goals and objectives are determined through a planning process that includes statewide needs assessments. States take special precautions to ensure that federal funds do not supplant state investments.

Use of Funds

SLAAs 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 PU). The territories (GU, AS, CNMI, VI) receive allotments through the Grants to States program and, in addition, may apply for funds under the competitive program. Up to five percent of this program's funding is set aside for Mid-Continent Research for Education and Learning (McREL) 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: **National Leadership Grants, Native American Library Services Basic Grants, Native American Library Services Enhancement Grants, Native Hawaiian Library Services,** and the **Laura Bush 21st Century Librarian Program.**

National Leadership Grants (20 U.S.C. § 9162) support activities such as:

- building workforce and institutional capacity for managing the national information infrastructure and serving the information and education needs of the public;
- enhancing the quality of library services nationwide, which includes supporting the innovation and expertise development libraries need for digitizing, archiving, and maintaining necessary information infrastructure;

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

The Native American Library Services Basic Grant funds are distributed equally among eligible applicants and may support existing library operations and maintain core library services. The Native American Library Services Enhancement Grant program is competitive and can be used to enhance existing library services or to implement new services. 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.

The Laura Bush 21st Century Librarian Program is also a competitive grant program. The statutory purposes (20 U.S.C. § 9165) of the program are:

- recruiting and educating the next generation of librarians, including by encouraging middle or high school students and postsecondary students to pursue careers in library and information science;
- developing faculty and library leaders, including by increasing the institutional capacity of graduate schools of library and information science; and
- enhancing the training and professional development of librarians and the library workforce to meet the needs of their communities including those needs relating to literacy and education, workforce development, lifelong learning, and digital literacy.

IMLS Library Grant Programs in Budget FY 2017

Grants to States*			
	NUMBER OF AWARDS	FUNDS AWARDS	AWARDEE MATCH
Grants to States	56	$155,859,270	$80,272,075
Grants to States for Pacific Territories, Freely Associated States and the Virgin Islands	6	$243,730	$85,069

**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
656	329	$96,909,691	$27,469,000	$8,605,824

By Program

Laura Bush 21st Century Librarian Program					
NUMBER OF PRELIMINARY PROPOSALS	NUMBER OF INVITED APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
122	59	36	$37,304,385	$10,000,000	$4,342,729

National Leadership Grants for Libraries**					
NUMBER OF PRELIMINARY PROPOSALS	NUMBER OF INVITED APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
302	185	78	$53,803,104	$13,406,000	$3,890,838

***The NLG grant program has common interests and is reflected in both the OLS and OMS charts.*

Native American and Native Hawaiian Library Service Programs*					
	NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
Basic Grants (non-competitive)	200	195	$1,486,000	$1,454,000	$25,690
Enhancement Grants	26	16	$3,447,636	$2,050,633	$252,808
Native Hawaiian	6	4	$868,566	$558,367	$93,759
Total	232	215	$5,802,202	$4,063,000	$372,257

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

MUSEUM SERVICES

The Museum and Library Services Act (20 U.S.C. § 9171 et seq.) authorizes IMLS 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.

Discretionary Grants

IMLS offered four discretionary museum grant programs and a special initiative in FY 2017:

The **Museums for America** program 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.

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 that museums can improve services for the American public. Related organizations such as museum associations, universities, foundations and non-profits can apply for grants in this category. This grant category in FY 2017 also welcomed rapid prototyping grants.

The **Native American/Native Hawaiian Museum Services** program supports the capacity of federally recognized Native American tribes and 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.

The **National Museum of African American History and Culture Act** directs the IMLS Director to consult with the Council and Director of the National Museum of African American History and Culture to establish grant opportunities to strengthen African American museums by improving care of collections, developing professional management, or providing internship and fellowship programs.

In FY 2017, IMLS introduced the **Museums Empowered** funding opportunity as a special initiative of the Museums for America program. Museums Empowered grants support activities for professional development and capacity building in individual museums. The grant program focuses on four areas of relevant needs in the museum field: Digital Technology, Diversity and Inclusion, Evaluation and Organizational Management.

IMLS Museum Grant Programs in Budget FY 2017

Total				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
962	232	$164,937,582	$31,715,000	$39,408,640

By Program

Museums for America				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
558	132	$104,538,159	$19,150,516	$29,122,788

Museums Empowered*				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
147	28	$16,770,555	$1,998,484	$2,185,701

National Leadership Grants for Museums				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
185	34	$38,562,543	$8,113,000	$6,031,581

Native American/Native Hawaiian Museum Services Program**				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
40	22	$1,989,815	$972,000	$496,323

Museum Grants for African American History and Culture				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
32	16	$3,076,510	$1,481,000	$1,572,247

**Museums Empowered is a special initiative of the Museums for America program.*
*** Matching funds are not required for this program.*

MUSEUM AND LIBRARY COOPERATIVE AGREEMENTS: HIGHLIGHTS

IMLS has numerous cooperative and interagency agreements to support and enhance agency priorities and services to the library and museum community. Highlights include the following. For more examples, please see the next section, Summary of Strategic Priorities and Initiatives.

Community Catalyst Evaluation

In FY 2017, IMLS established a cooperative agreement with DePaul University for a two-and-a-half-year developmental evaluation to identify lessons learned by twelve Community Catalyst grant awardees. DePaul is partnering with the Asset Based Community Development Institute on this effort to produce frameworks, best practices, and methodologies that the library and museum fields can use to collaborate with communities. The evaluation process and the resources it produces will support program development, refinement, and reflective learning for the museum and library fields, educators, potential funders, and the public, focusing on the supportive role museums and libraries can play as partners in community problem-solving.

STEMeX Evaluation

As part of a FY 2017 cooperative agreement with IMLS, the Maine Mathematics and Science Alliance will evaluate four projects funded through the IMLS STEMeX grant initiative. Led by a scientist with expertise in research and evaluation in informal learning settings such as museums and libraries, the two-year effort will help build understanding of each awardee's project development processes and research findings as their work unfolds and will lead to the development of a summary document of lessons learned.

Measures That Matter

This project, awarded in FY 2017, will examine, evaluate, and map the landscape of public library data collection in the United States. The project will develop a Library Data and Outcomes Action Plan with key library stakeholder groups for a more coordinated approach to the collection of public library data nationally. The project's ultimate goal is to effect a framework within which outcomes, outputs, and indicators can be drawn upon to consistently and effectively demonstrate the role, value, and impact of public libraries.

Inclusive Internship Initiative: Mentored Internships for Diversity

American Library Association's Public Library Association will sponsor a paid, mentored public library internship program for fifty high school juniors and seniors from diverse backgrounds. Through a summer-long mentored learning project, library mentors and interns will engage with multiple facets of library life, from administration to programming to user services. Interns will have opportunities to connect with one another, and learn from mentors across the country at a library "master class" in Washington, D.C., before returning to their host institutions to develop and execute their summer projects alongside their mentors. Grant funds will enable ALA to test the student cohort model and examine approaches for broadening and accelerating awareness of the library profession that may be adopted for future internship programs.

Sustaining and Advancing Indigenous Cultures

The Association of Tribal Archives, Libraries, and Museums is providing three annual conferences with continuing education programs targeted to the needs of tribal archivists, librarians, and museum staff; and is conducting a survey of tribal archives, libraries, and museums, followed by a report documenting activities, challenges, and needs. Funded activities will contribute to improving the informational, educational, and cultural programs and services available to the nation's 4.5 million indigenous peoples, and $150,000 of award funds will be used to support conference scholarships.

Museums for All

The Association of Children's Museums is working with IMLS on a nationwide museum access program for low-income families. Following a successful pilot with children's museums, the signature program is now being expanded to include all types of museums. Museums for All invites electronic benefit transfer cardholders to visit participating museums for free or greatly reduced admission fees year round. By promoting affordable museum experiences, ACM and IMLS are encouraging families of all backgrounds to visit museums regularly, building lifelong museum habits that bolster the role of museums as community anchors. In FY 2017, the initiative picked up great momentum, garnering participation from a greater number of museums. To date, over 200 museums in 40 states have provided access to nearly 800,000 visitors.

StoryCorps

This cooperative agreement highlights the contributions that IMLS National Medal for Museum and Library Services award winners have made to their communities. A team from StoryCorps visits each award winner and conducts interviews with community members about how the library or museum 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.

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

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

U.S. Citizenship and Immigration Services

IMLS has a memorandum of understanding with the U.S. Citizenship and Immigration Services to provide information and outreach to local libraries and museums to help newly arrived individuals understand the benefits of citizenship and learn how to undertake the citizenship process.

National Arts and Humanities Youth Program Awards

The National Arts and Humanities Youth Program Award is the nation's highest honor for out-of-school arts and humanities programs in museums, libraries and other youth-serving organizations. The awards recognize and support excellence in programs that open new pathways to learning, self-discovery, and achievement for young people. It represented a collaborative effort among three cultural agency partners around this common agenda: IMLS, the National Endowment for the Arts, and the National Endowment for the Humanities. In FY 2017, two

museums and one library received this national recognition for exemplary youth programs.

National Book Festival

IMLS supported the Library of Congress National Book Festival's "Pavilion of the States." Representatives from state libraries and centers for the book across the country interact with festival attendees (adults and children) and provide information on their state's literary heritage and its local libraries, book festivals, activities dedicated to promoting local authors and reading, and careers and opportunities in library and information science. The Pavilion 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.

National Digital Stewardship Residency Program

The program, administered by the Library of Congress and supported by IMLS, allows recent master's program graduates in relevant fields to complete a yearlong residency at various institutions in the Washington, D.C. area. Accepted residents attend an intensive digital stewardship workshop at the Library of Congress. Thereafter, residents move to host institutions to work on significant digital stewardship projects while also participating in professional development activities as a cohort.

Following a successful pilot cohort of ten residents, IMLS and the Library renewed the project in 2014 for two more cohorts of five participants each, the second of which concluded in FY 2017. Participants in the program have had strong employment outcomes, and report that the program greatly increased their professional skillsets. The IMLS-Library of Congress partnership created a successful model that has been replicated several times with host institutions across the country, through Laura Bush 21st Century Librarian Program grants. These efforts will increase the capacity of the library and archives professions to manage, preserve and provide access to the nation's cultural heritage in digital formats.

National Student Poets Program

The National Student Poets Program—a collaboration of the President's Committee on the Arts and the Humanities, the Institute of Museum and Library Services, and the Alliance for Young Artists & Writers—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 and libraries, and other community-anchor institutions and builds upon the Alliance for Young Artists & Writers' long-standing work with educators and creative teens through the prestigious Scholastic Art & Writing Awards. The Poets' appointment events are hosted in cooperation with the Library of Congress in Washington, D.C., and held in conjunction with the National Book Festival. The National Student Poets Program is the nation's highest honor for youth poets presenting original work.

POLICY RESEARCH, ANALYSIS, DATA COLLECTION, AND DISSEMINATION

The director of IMLS is authorized (20 U.S.C. § 9108) to conduct policy research, analyses, and data collections annually with (1) SLAAs; (2) national, state, and regional library and museum organizations; (3) other relevant agencies and organizations.

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 provides reliable and objective data and analysis to inform policy decisions. It is a source of information about library and museum service trends. The primary data products maintained by IMLS are the Public Libraries Survey and the State Library Administrative Agency Survey.

IMLS conducted several internal scans of its investment to continue to stay current with museum needs, identify best practices, and inform future focal areas of its grant programs. Staff also stayed abreast of evolving trends in the museum sector by hosting grantee "convenings" (listening sessions) and a Museum Studies convening with twenty-two universities as well as holding dialogues with sector stakeholders at various conferences.

Over the past year, IMLS has improved the data resources available to the public. The agency released IMLS Funding Report by State packets for every U.S. state—bringing together for the first time statistics about IMLS activities in every state.

E. SUMMARY OF STRATEGIC PRIORITIES AND INITIATIVES

IMLS initiatives and special programs are designed to help libraries and museums address critical needs, such as stimulating economic development through job training and skill development, facilitating family learning, and sustaining our heritage and community cohesion. Special emphasis is given to community engagement; literacy and early learning; reaching rural residents, veterans, underserved, and other special populations; STEM (Science, Technology, Engineering, and Math) programs; and access to collections, both physical and digital. Pending availability of funding, these efforts will continue in FY 2018.

COMMUNITY CATALYST INITIATIVE

Many museums and libraries carry out their missions in ways that extend beyond traditional formats and objectives, often serving their cities and towns as enablers of community vitality and co-creators of positive community change. IMLS is helping to identify and support conceptual frameworks and successful approaches that support this type of work through its **Community Catalyst Initiative**. This initiative calls upon libraries and museums to engage in collaborative arrangements that facilitate and support local community development and economic revitalization. Libraries and museums are encouraged to identify and leverage local assets, along with their own resources and competencies, to achieve greater impact and reach in their communities.

IMLS partnered with the William Penn Foundation and Reinvestment Fund to launch the initiative to help libraries and museums further strengthen and develop their roles as enablers of community vitality and co-creators of positive community change. With insight from subject matter experts and practitioners from the field, IMLS published *Strengthening Networks, Sparking Change: Museums and Libraries as Community Catalysts*, a guidebook for libraries and museums to help position their institutions as critical nodes within the broader social and institutional networks that support community wellbeing. As place-based institutions with broad reach into communities, museums and libraries complement the learning in school and at home through their informal learning environments and access to essential information.

In February 2017, IMLS announced a National Leadership Grants Special Funding Opportunity: **Activating Community Opportunities Using Museums/Libraries as Assets**. This grant initiative seeks to explore the readiness of libraries, archives, museums, and other community organizations to develop models for co-creating, deepening, and sustaining broad-based efforts to engage and serve local communities. IMLS received fifty-seven submissions from zoos, children's museums, historical archives,

botanical gardens, public libraries, historical societies, academic libraries, and community foundations requesting $6.6 million. In August, IMLS announced $1,637,271 in awards to twelve organizations through this grant initiative.

VETERANS AND MILITARY FAMILIES

The **Community Salute Initiative** augments the capacity of libraries and museums to meet the unique and critical needs of the nation's more than twenty-two million veterans and their military families. Libraries and museums serve veterans by assisting them in building skills, offering healing resources, and by providing access to employment or training opportunities. The work to date has examined how libraries and museums are responding to the needs of veterans and their families and identified potential new approaches to provide better and more integrated community-based services for this important constituency. These approaches are grounded in community development/ engagement practices as well as insights from policy experts, funders, and service providers for veterans and their families. In FY 2017, IMLS worked with a cooperator, FSG, to produce five resource documents tailored for libraries and museums which provide qualitative and quantitative approaches to help museums and libraries better serve veterans and their families/caregivers. The agency is taking these approaches to local communities for use in informal convenings with veterans' service providers, museums, libraries, and local government representatives.

SCIENCE, TECHNOLOGY, ENGINEERING, AND MATH (STEM)

STEM and making-related programs offered through libraries and museums provide local communities with authentic and contextual learning experiences, tools, and spaces as well as training of formal and informal educators. IMLS continues to fund this area through its regular competitive grant making and also **Grants to States** funding (through the Library Services and Technology Act). Libraries and museums offer people of all ages and backgrounds mentor-led learning opportunities that spark curiosity and build interest in STEM subjects and career pathways. These opportunities introduce learners who are underrepresented in the STEM workforce to important STEM concepts, skills, and experiences including engaging in authentic scientific practices using new technologies and state-of-the-art equipment.

STEMeX is a program that funds scientists and engineers to deliver inquiry-based STEM programs to children aged 6-10 and their families in museums and libraries, using a variety of techniques such as storytelling, personal histories, and analogies. A key goal of STEMeX is to reach children and families from diverse economic, social, and cultural backgrounds. As part of a FY 2017 cooperative agreement with IMLS, the Maine Mathematics and Science Alliance will evaluate four projects funded through the IMLS STEMeX grant initiative. Led by a scientist with expertise in research and evaluation in informal learning settings such as museums and libraries, the two-year effort will help build understanding of each awardee's project development processes and research findings as their work unfolds and will lead to the development of a summary document of lessons learned.

IMLS investment in making includes support for a variety of learning spaces in libraries and museums that foster innovation and experimentation through design thinking and project-based learning for people of all ages. IMLS also funds work to advance research and promising practices for makerspaces and maker programming nationwide within networks of institutions. The *Making + Learning* project, funded by IMLS and led by the Children's Museum of Pittsburgh, developed an innovative and easily adaptable framework and related resources designed to enable museum and library practitioners to better support learning in and through their makerspaces and maker programming. Project leaders conducted interviews and site visits with fifty museums and libraries and held a national convening that

informed the design of the framework and tools. An information-rich downloadable publication, *Making + Learning in Museums & Libraries: A Practitioner's Guide & Framework*, along with a dedicated website and a MOOC (Massive Open Online Course), provide free tutorials that museum and library professionals can use at any time to facilitate use of the project's suite of tools.

In addition, in FY 2017 the U.S. Department of Education provided $750,000 to IMLS through an interagency agreement, enabling IMLS to work with the New York Hall of Science (NYSCI) to expand the **Maker/STEM Education Support for 21st Century Community Learning Centers** (CCLCs) project. The initiative, now in Phase 2 and building on a successful pilot project with the Exploratorium in 2015, is part of a nationwide enhancement of the Department of Education's 21st CCLCs program. NYSCI is coordinating the project, which involves the development of 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 inspire over 450 underserved youth to pursue STEM careers. This project has the potential of being scaled up beyond Phase 2 so that hundreds of science centers and children's museums can optimize the products and training created by this project to further impact thousands of underserved youth in rural and urban America.

RURAL/SMALL TOWNS

Through its various grant making authorities, IMLS reaches across the United States and territories into smaller and rural communities with more dispersed populations. IMLS programs support services for tribal entities and build the capacity of museums of African American history and culture. The need for support in these varied communities is expansive: supporting smaller historic houses or general museums in conserving and cataloging collections; helping tribal archives to collect oral histories and preserve language; enhancing digital literacy skills by training staff at museums and libraries on how to work with their patrons to facilitate job searches and other needs; and launching Open e-Books, which distributes free children's content—millions of current e-books—through eligible libraries, working with publishers and non-profit organizations.

IMLS sees the need to continue supporting and advancing rural museums and libraries as essential community assets that must be considered as part of community revitalization and cohesion-building efforts. The agency is building relationships with small and rural libraries and cultural institutions and those who work in rural and small communities (e.g., USDA, EPA, extension services) to raise awareness of the value of these institutions. IMLS will continue to explore how better to position these institutions within their local community networks and with local investors.

In addition, IMLS has invested in rural and small communities by supporting basic infrastructure, including access to library- and museum-provided broadband connectivity and helping residents gain digital access to employment information and critical job skills. The **Museums for America (MFA)**, **Museum Assessment Program (MAP)**, and **Collections Assessment for Preservation (CAP)** programs all offer valuable support to many small museums in rural areas and small towns. Rural public libraries often serve as their communities' sole resource for internet access, particularly where there are economic barriers to home connections and challenges to accessing high-quality Wi-Fi connections. Public libraries, supported by the **Grants to States** program (LSTA funding), provide internet access to Americans who use their public libraries to perform life-changing and life-enhancing tasks in the areas of education, health and wellness, and job training.

The Nebraska Library Commission and the University of Nebraska-Lincoln will advance economic development in thirty rural communities by developing rotating

Innovation Studios and by supporting libraries with instructional materials, programming, marketing, and planning for sustainability. The project will demonstrate the critical role of public libraries as catalysts for economic and community development in rural communities, empowering residents with tools and guidance to explore, collaborate, create, learn, and invent. The model will be evaluated and disseminated nationally to inform other statewide efforts to foster entrepreneurship and innovation in rural communities.

A **Museums Empowered** grant awarded in FY 2017 will enable the Feiro Marine Life Center to work collaboratively with six other organizations in rural Washington state to form a learning circle focused on both increasing the capacity of individual organizations and organizations working collectively to conduct evaluations. Participating individuals will build their skills in evaluation planning, data collection, and results analysis, and organizations will build skills in using results to communicate their effectiveness in the community.

CAPACITY BUILDING FOR THE MUSEUM AND LIBRARY FIELDS

The **Museum Assessment Program (MAP)**, offered to the museum community through a cooperative agreement with the American Alliance of Museums, has been a legacy program which helps museums assess their strengths and weaknesses and plan for the future. A MAP assessment requires the museum staff and governing authority to complete a self-study. Following the study, a site visit is conducted by one or more museum professionals, who tour the museum and meet with staff, governing officials, and volunteers and produce a report evaluating the museum's operations, making recommendations, and suggesting resources. Three types of MAP assessments are offered: Organizational, Collections Stewardship, and Community Engagement. In FY 2017, 123 peer reviewers conducted MAP assessments for 79 museums in 31 states.

IMLS works with the Foundation of the American Institute for Conservation of Historic and Artistic Works (FAIC), selected in 2016 as a cooperator, to implement a newly re-conceptualized **Collections Assessment for Preservation (CAP)** program to help improve the care of the nation's collections. The program provides small and mid-sized museums with partial funding toward a general conservation assessment to study all of an institution's collections, buildings, and building systems, as well as its policies and procedures relating to collections care. Participants who complete the program receive an assessment report with prioritized recommendations to improve collections care. Demand for the program was high in FY 2017, with 83 applications and 76 museums funded in 29 states.

Aligning with agency priorities around community engagement and impact, the Free Library Foundation of Philadelphia will create a practical, comprehensive curriculum guide and webinar series for public libraries to build their community engagement capacity. The curriculum will be organized around three modules (Outreach, Program Development, and Leadership) and provide training on nine interconnected skills that are essential for library staff to foster and sustain impactful programming in partnership with the communities they serve. Partners include the American Library Association, OCLC WebJunction, and an advisory board of library professionals from American Library Association, Cleveland Public Library, Columbus Public Library, Halifax Public Libraries, Hartford Public Library, Multnomah County Library, San Francisco Public Library, Shippensburg Public Library, and University of South Carolina. The Free Library of Philadelphia and its partners will shape, test, and refine the curriculum with an initial group of 250-300 library staff in two library systems before sharing with the broader library field.

Ensuring capacity building is also available to rural areas in the U.S., the University of West Georgia will collaborate with the University at Buffalo to deliver comprehensive professional development experiences for eighty rural school librarians in their regions, informed by STEM educators, school library leaders, and digital resource experts. Participants will be recruited from rural areas in the states of Georgia, Alabama, Mississippi, Louisiana, New York, Pennsylvania, Michigan, Ohio, and Indiana. The program will increase the knowledge, skills, and abilities of participants for facilitating STEM learning within their respective school libraries. The modules developed through this project will be widely disseminated and will provide a model for teaching school librarians how to support STEM teaching and learning.

PROFESSIONAL DEVELOPMENT

A major focal area for IMLS is empowering library and museum staff members to provide users with opportunities to develop the digital skills they need for better success in such areas as education, workforce development, and civic engagement. Funded projects offer open source curricula, training, tools, and credentials for a library audience to learn web literacy skills and develop digital competencies. Additionally, online courses with in-person group study sessions facilitated by librarians can cover a range of academic, professional, and personal development subjects. Examples include:

Through a joint cooperative agreement, IMLS is working with the PAST Foundation's National Digital Inclusion Alliance (NDIA) on a pilot project that aims to increase digital inclusion by deploying local digital literacy trainers in five tribal and rural communities. The project is part of a broader effort between IMLS and NDIA-PAST to create more equitable access to online information, as well as digital literacy support and training for all residents and communities, particularly the most disadvantaged. The pilot project, with three state library agencies in Arizona, Oklahoma, and Minnesota, and two museum organizations in Alaska and New Mexico, deploys local digital literacy trainers (members of the Digital Inclusion Corps) in five tribal and rural communities. An evaluation will discern the effectiveness of this model to widely train the public in digital literacy, connectivity, and accessibility.

Recognizing the need for professional development in the museum community, in early 2017, IMLS initiated **Museums Empowered: Professional Development and Capacity-building Opportunities for Museums**. Museums Empowered is a special initiative within the Museums for America funding program designed to provide professional development and capacity-building opportunities for eligible museums in four areas that enable a museum to address relevant needs of their local communities: Digital Technology, Diversity and Inclusion, Evaluation, or Organizational Management. The strong response to this new funding opportunity, with more than 145 applications in the inaugural year, has demonstrated the tremendous need for professional development in the field. IMLS plans to continue to offer this critical funding opportunity for museums of all sizes and types.

IMLS LIBRARY SURVEYS

IMLS also manages a federal statistical program, which identifies national trends and the public use and effectiveness of museum, library, and information services. The statistical survey programs provide reliable and objective data in a wide variety of formats used by policy makers and practitioners to inform policy decisions. For example, these data are used by policymakers at the state and local levels to compare conditions in libraries of comparable sizes, by researchers to analyze and improve the state-of-the-art public librarianship, and by private companies seeking reliable national, state, and local statistics for developing business plans and marketing strategies within the library sector of the economy. These statistical survey programs include:

- The **Public Libraries Survey**, which provides information on key metrics of library health and services across the United States and the outlying territories, and tracks trends in libraries. In addition to the longstanding library data collections efforts, IMLS uses other federal data to analyze how public libraries serve their communities, and produces a report of overall findings, research briefs highlighting topics of general interest, and a public use data file.
- The **State Library Administrative Agency Survey**, conducted every two years, which describes information the current state and health of state library administrative agencies. IMLS produces a summary report of the overall survey findings and a public use data file, which are used by the Chief Officers of State Library Agencies, federal policy makers, government and library administrators at federal, state, and local levels, researchers, and the American Library Association.

SAFETY AND DISASTER PREPAREDNESS

During natural disasters, museums and libraries often serve as community resources, gathering places, and as providers of information, and if their facilities are intact, they can play crucial roles in recovery efforts. This includes:

- Serving as places of physical refuge and sources of Wi-Fi, internet access, phone access, and electricity;
- Providing help, advice, and information about recovery assistance such as registering with FEMA and hosting financial planning seminar;
- Serving as safe gathering places during times of crisis, using arts and cultural assets to help with recovery, healing, and building resilience;
- Serving as gathering places for FEMA workers, Red Cross workers, and others who needed physical headquarters for their relief work;
- Serving as sources of volunteer networks that are familiar with community needs; and
- Serving as important partners in creating community plans for emergency preparedness and disaster response.

IMLS has made significant investments in strengthening institutional capacity to prepare for and respond to disasters among the nation's museums and libraries. As holders of cultural and natural heritage, these institutions can experience catastrophic losses in times of floods, hurricanes, tornadoes, fires, and human-made disasters, but they can also be integral to community efforts to recover and build resiliency. Grant-supported activities have ranged from developing emergency preparedness plans and recovery strategies at institutional or community levels to carrying out conservation surveys, treatment, and environmental improvements relating to affected natural and cultural collections.

Additionally, IMLS is a support organization of the Natural and Cultural Resources Recovery Support Function coordinated by the Department of the Interior and collaborates with other federal agencies to strengthen the role of museums and libraries as integral to disaster recovery in their communities. IMLS also provides staff to serve as liaisons to federal and non-governmental committees, task forces, and work groups addressing issues and policy development for emergency preparedness and disaster response, such as the Heritage Emergency Network Task Force, Alliance for Response, and Advisory Council on Historic Preservation.

F. BRIEF ANALYSIS OF FINANCIAL STATEMENTS

Underlying the agency's many programmatic achievements is its commitment to organizational excellence and sound financial management. IMLS has a fiduciary and stewardship responsibility to manage its federal funds effectively and efficiently and comply with federal financial management guidance. As part of this responsibility, the agency prepares annual financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The principal financial statements have been prepared to report the financial position and results of operations for IMLS. The FY 2017 financial statements and accompanying notes are presented in accordance with OMB Circular A-136, Financial Reporting Requirements, and are shown in comparative formats.

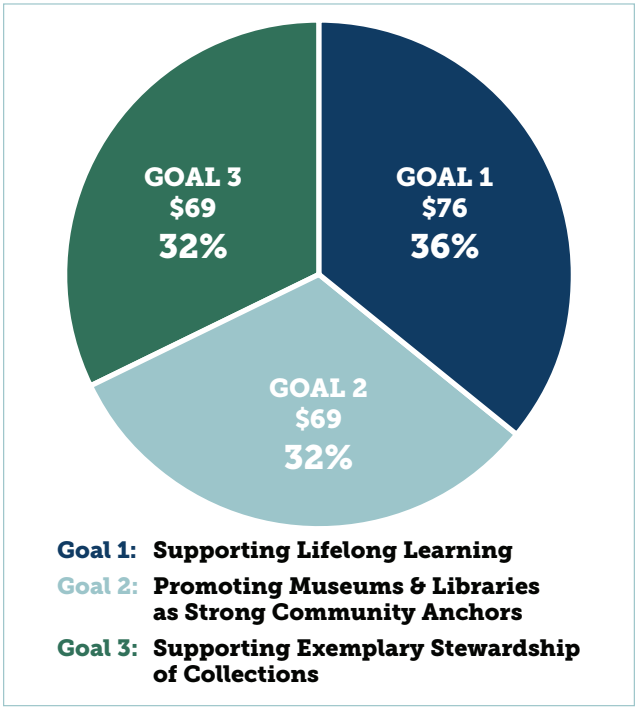
To ensure the integrity and reliability of the annual financial statements, IMLS subjects them to an annual independent audit.

Figure 1 below summarizes the IMLS financial position in FY 2017. Figure 2 summarizes the FY 2017 grant award obligations by Strategic Goal.

Figure 1: IMLS FY 2017 Financial Position
The significant percent change in the liabilities below is primarily attributable to the grant accrual amount decreasing due to the cumulative impact of slightly lower annual funding levels from prior years. The increase in the net position is primarily due to an approximately $10M increase in unexpended appropriations.

STEWARDSHIP INVESTMENTS

Figure 2: FY 2017 Grant Obligations
FY 2017 Grant Awards issued by Strategic Goal
($ in millions)



IMLS investments in research and development yield long-term benefits to the public. Over the past four years, IMLS has invested $562K to redesign its State Program Reporting (SPR) system for the Grants to States program. In fiscal years 2017 and 2016, these costs amounted to $34K and $165K, respectively.

NET FINANCIAL CONDITION	FY 2017	FY 2016	INCREASE/ DECREASE	CHANGE (%)
Assets	$293.5M	$288.3M	$5.2M	1.8%
Liabilities	$34M	$38.2M	($4.2M)	(10.9%)
Net Position	$259M	$250M	$9M	3.6%
Net Cost	$219.7M	$222.8M	($3.1M)	(1.4%)

G. LIMITATIONS OF FINANCIAL STATEMENTS

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

H. 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 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 (FMFIA), the Chief Financial Officer requested 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 2017 Performance and Accountability Report, consistent with the provisions of the Reports Consolidation Act of 2000. Based on the review process described above, IMLS provides the following assurances:

IMLS management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). IMLS conducted its assessment of the effectiveness and efficiency of operations and its compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management's Responsibility for Internal Control and Enterprise Risk Management. Based on the results of this evaluation, IMLS can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2017 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

INTERNAL CONTROL OVER FINANCIAL REPORTING

IMLS conducted an assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with OMB Circulars A-123, Management's Responsibility for Internal Control and 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, 2017, was operating effectively and that no material weaknesses were found in the design or operation of the internal control over financial reporting.

Kathryn K. Matthew

Dr. Kathryn K. Matthew
Director, Institute of Museum and Library Services

SECTION 2

Measuring Performance: Key Results for 2017

A. PERFORMANCE GOALS, OBJECTIVES AND ASSESSMENTS

1. ASSESSING PROGRESS IN MEETING GOAL 1 OBJECTIVES

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

To succeed in our rapidly changing society and economy, individuals must understand relevant events and trends, develop perspective and judgment, remain current in their occupations, and update their skills. Everyone is welcome at the nation's libraries and museums. These institutions have the capacity to reach underserved audiences and to develop learning experiences in every discipline, including science, engineering, and business.

Through their collections, exhibits, programs (onsite, offsite, and online), and partnerships, these institutions provide opportunities for lifelong, "life-wide" learning from young children to adults.

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

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

IMLS has demonstrated its commitment to supporting accessible programs targeted at underserved communities and has developed tools to share best practices. IMLS supports professional development of the library and museum workforce by analyzing past efforts and developing new models for sharing the results.

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

Evidence of Progress for Objective 1.1:

- Multiple grant awards to museums will assist museums in creating more accessible and inclusive facilities and programming for all types of learners. The Cincinnati Zoo and Botanical Gardens will partner with a local medical center to train all 244 full-time staff as well as seventy-five seasonal employees and fifty volunteers to use visual and sensory supports to improve the visitor experience for individuals with developmental disabilities and their families. The Broad Museum in Los Angeles will create a diversity apprentice program, and the Nelson-Atkins Museum of Art will be working with the Deaf community and area schools in Kansas City to create a range of programming designed to build engagement and learning among Deaf visitors. In FY 2017, IMLS provided over fifteen grant awards to museums that focus on diversity and inclusion in communities throughout the nation. IMLS extended its cooperative agreement with the Association of Children's Museums to support the Museums for All program. Museums for All is a nationwide program encouraging museums of all kinds to expand access for lower-income families by providing free or reduced admissions for electronic benefit transfer cardholders. The STEM/Making program, an interagency collaboration with the Department of Education, also served over 450 underserved youth in six states. By creating a special focal area on diversity and inclusion within the Museums Empowered special initiative, IMLS encouraged museums to be more proactive about addressing this issue with actionable steps through their projects.
- Multiple IMLS grants to libraries are investing in inclusive and accessible learning opportunities for all members of the public. The Richland County Public Library (South Carolina) will support high school students in the design of a farmers' market/public library hybrid facility. The library will work with Lower Richland High School (LRHS) to develop multi-disciplinary in-school programming for the 2017-18 school year that is embedded in the culinary, art and design, engineering and architecture, STEM, and marketing and entrepreneurship courses offered at LRHS. Building on their existing partnership with the high school, the library will expose students to a variety of skills and disciplines including entrepreneurship, STEM, community development, and design thinking while addressing issues of poverty, a lack of access to fresh foods, and a lack of job opportunities present in Richland County. In Nebraska, the Nebraska Library Commission and the University of Nebraska-Lincoln will advance economic development in thirty rural communities by developing rotating Innovation Studios and by supporting libraries with instructional materials, programming, marketing, and planning for sustainability. The project will demonstrate the critical role of public libraries as catalysts for economic and community development in rural communities, empowering residents with tools and guidance to explore, collaborate, create, learn, and invent.

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

FY 2017 Evidence of Progress for Objective 1.2:

- IMLS concluded its work with the Children's Museum of Pittsburgh and the North Carolina State University Library, the Exploratorium, Chicago Public Library, and the Maker Education Initiative, to research, conduct focus groups and then develop and publish a framework for effective maker spaces for

learning in museums and libraries as well as a MOOC and other resources to support both existing and emerging makerspaces. *Making + Learning in Museums & Libraries: A Practitioner's Guide & Framework* is based on interviews, site visits, and a national convening that coalesced the experiences of over fifty museums and libraries with maker activities in their communities.

- IMLS continued its efforts to support museums in the challenging task of effectively evaluating the success and impact of programming and other services for their communities. A National Leadership Grants for Museums award to the Children's Discovery Museum of San Jose will enable it to partner with three national associations to expand the scope of the Cultural Competency Learning Institute (CCLI). This community of practice will develop, track, promote, and support the efforts of museums to become more engaged with issues of inclusion and cultural competence. The project team will develop benchmarks, metrics, and indicators to gauge progress and to document shifts in museums across discipline by conducting a field-wide national landscape survey. In response to rapidly shifting demographics in Minneapolis, the Walker Art Center will build on recent research and program evaluations to sustain and expand its "Teens Programs," a nationally-recognized model for actively engaging youth with contemporary art and artists. Boston Children's Museum will redesign and build a new PlaySpace that draws on evidence-based science and the current knowledge of early childhood development. The new PlaySpace will offer visitors creative, flexible environments that address a child's developmental needs coupled with numerous observation points for parents to learn about their child's interests and the importance of their attention to their child's learning experience. The museum's resident research scientists will gain a productive space for conducting new research and the opportunity to share their findings with parents.
- IMLS continued its support of projects that examine the role of libraries and early learning for young children. Through the University of Wisconsin project, Navigating Screens: Libraries as Community Hubs for Teaching Positive Screen Media Practices, staff research and develop screen media education training modules for public librarians working with parents and other caregivers of children ages five to eleven. Working in six different public libraries in three different geographic areas, the project will produce a set of locally-adaptable educational products, including a model of how caregivers make decisions related to their screen media practices; resources about screen media; an evaluation matrix caregivers and practitioners can use when selecting and evaluating information sources related to screen media practices; and replicable training modules for librarians and community organizations to use to strengthen their expertise when assisting parents.
- IMLS revised its instructions for applications for discretionary museum grants to request information that demonstrates how the proposed activities, technologies, and /or methodologies are informed by appropriate theory and practice.
- IMLS uses its website and social media platforms to promote and share project outcomes. Through its blog, feature stories on successful grantees and active Twitter and Facebook accounts, IMLS engages thousands of museums and library professionals. The agency has more than 18,000 Facebook fans, nearly 18,000 Twitter followers, over 900 subscribers to the UpNext blog, and over 3,000 subscribers to the Primary Source newsletter. The agency continues to expand the ways it engages audiences through digital channels, using Twitter chats and livestreaming meetings on its website, for example.

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

FY 2017 Evidence of Progress for Objective 1.3:

- IMLS encourages museums to join forces with libraries and other community organization to multiply the benefits to their shared audiences. Through a FY 2017 Museums for America award, Montana's Missoula Art Museum will engage museums, libraries, civic agencies, and educational partners in an assessment and design process to increase community access to collections and create shared preservation resources. Community-based vision statements will identify shared needs for storage, conservation, research, and education. Through a FY 2017 grant, the Museum of Indian Arts and Culture will launch a large-scale mobile museum outreach program that will travel to public schools, libraries, and tribal communities throughout rural New Mexico, engaging up to 10,000 K-8 students annually, in all the state's thirty-three counties.

- The agency's grant to the DC Public Library (DCPL) will enable the public library to work with seven other public libraries to provide training, mentoring, equipment, and financial support to create programs for community members to digitize and preserve their personal and family collections. Modeled after DCPL's successful Memory Lab, the resulting personal archiving stations will allow libraries to foster deeper community engagement, expand staff and patron expertise in personal archiving, and create documentation and training materials for implementation and use in other libraries.

- To address a vital community need in Brooklyn, NY, the Brooklyn Public Library was awarded a grant to build Growing Providers: Supporting Business Development, Early Literacy, and Child Care Access in Brooklyn Communities. BPL will partner with Committee for Hispanic Children and Families, New York Early Childhood Professional Development Institute, and Business Outreach Centers to develop the program designed to help aspiring childcare providers successfully apply for New York State registration as family childcare providers, while also providing them librarian-led training on early literacy and business resources. The program will pair librarian-led training in highly effective early childhood early literacy activities with access to valuable business information and guidance, affirming that libraries can serve as providers of job training and economic engines rather than simply as facilitators and points of access.

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

FY 2017 Evidence of Progress for Objective 1.4:

- With funding from IMLS, museums across the nation are engaging diverse audiences more effectively and improving equitable access to their facilities and exhibitions. Examples from FY 2017 grants include:

  - A grant to the Shedd Aquarium will offer a signature access program that encourages families of all backgrounds to visit museums regularly and build lifelong museum habits.

  - Ford's Theatre will develop protocols and resources for incorporating access training into new-hire orientation. The historic site in Washington, DC, will establish a communications strategy to identify community stakeholders and sustain audience engagement for visitors with a range of special needs.

  - Maine's Abbe Museum will invest in professional development and training for its staff, board, and volunteers to support its work with the Wabanaki Nations, where the museum will share authority for the documentation and interpretation of Native culture.

  - » With guidance from occupational therapists, WOW! Children's Museum will develop an inclusive exhibition to encourage play between young children of all abilities. The exhibition will transform a room in the museum into a dark and quiet forest. The exhibition will be welcoming and engaging for both neurotypical children and those with sensory processing disorders, and will educate parents and caregivers on the benefits of sensory rich environments for child development.

- IMLS continues to receive and fund increasing numbers of applications for library projects designed to address the needs of more diverse communities. In FY 2017, projects funded in this area include:

  - » The University of Tennessee received a planning grant for Assessment of Rural Library Professionals' Roles in Community Engagement in the Southern and Central Appalachian Region. The project will examine how to develop resources and share best practices for a systematic and strategic approach to support and mobilize rural librarians as community anchors.

  - » The University of Texas at Austin, through its Reaching Those Who Served project, is developing a curriculum and recruiting military veterans for careers and leadership in libraries.

  - » The University of Minnesota, through its Developing Open Education Leaders for 21st Century Libraries, will create the Open Educational Resources Librarian Bootcamp, a professional development program to prepare librarians who are, or are interested in becoming, stewards and advocates for open educational resources. Through the Bootcamp, thirty librarians will develop comprehensive knowledge in open education and open education programming.

  - » REFORMA received a Laura Bush 21st Century National Forum Grant for activities designed to examine and explore the recruitment and retention of individuals interested in Latinx topics to the library profession. Latinx is an inclusive word used as a gender-neutral or non-binary alternative to Latino and Latina.

- In collaboration with the Library of Congress, IMLS continued the National Digital Stewardship Residency (NDSR) to place recent library and information school graduates in host institutions in digital curation projects. In addition to the Library of Congress' residency program, over the past several years IMLS has awarded grants to institutions replicating the NDSR model through the Laura Bush 21st Century Librarian Program. One such IMLS-funded model is focused on the preservation of audiovisual materials. The NDSR program successfully prepares participants for leadership in the management of digital content at libraries, archives and museums.

- The Mozilla Foundation, in collaboration with The Technology and Social Change Group at the University of Washington Information School, has refined and launched an open source curriculum, training, tools, and credentials for a library audience to learn web literacy skills and develop digital competencies. The project intends to empower library staff to provide patrons with opportunities to develop the digital skills they need for better success in such areas as education, workforce development, and civic engagement. The project is identifying core digital literacy badges for library professionals that include technical and 21st century skills aligned with Mozilla's Web Literacy Map. Between June 2016 and March 2017, the Digital Skills for Digital Librarians project piloted web literacy skills training in eight public library systems and one graduate program in the United States. The project aims to equip library staff with core web literacy skills and competencies using curricular materials developed by the Mozilla Foundation. In doing so, the project seeks to support public library efforts to respond to

the growing digital needs and ambitions of library patrons, while positioning libraries as community leaders in web literacy skill development.

2. ASSESSING PROGRESS IN MEETING GOAL 2 OBJECTIVES

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

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

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

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

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

FY 2017 Evidence of Progress for Objective 2.1:

- Museums are playing an increasingly visible role in supporting community learning and service needs. In FY 2017, IMLS awarded grants to support this work to numerous museums, including:
  - » The Santa Cruz Museum of Art & History to actively manage a new town plaza in that will address the county's need for a creative space to host community-driven, public events.
  - » The Woodland Park Zoo, in response to a community-identified need to prevent conflicts between humans and carnivores, to establish a community-based science education and conservation model in partnership with the city and local school district to support a three-phase community engagement program designed to balance urban expansion with wildlife conservation.
  - » The San Diego Zoo Global to increase the number of zoos and aquariums throughout the United States that are benefiting hospitalized children and their parents by extending the reach of its San Diego Zoo Kids program, a 24-hour, commercial-free

broadcast channel that combines video from zoos and aquariums to create educational and entertaining animal stories that children and their parents can experience during their stay in a medical facility.

- Libraries continue to strengthen their role as community learning spaces, either through library programming and services, or in partnership with other community-based organizations. In FY 2017, IMLS funded the following innovative projects:
  - » The University of Pittsburgh Library System, in partnership with the Carnegie Library of Pittsburgh, the Western Pennsylvania Regional Data Center, and the Urban Institute and its National Neighborhood Indicators Partnership, will develop the capacity of public and academic libraries to serve as key partners in local open civic data ecosystems. The project's primary output will create a guide and toolkit to help public and academic libraries identify local needs and contexts around open civic data; consider roles, opportunities, practices, and governance in the civic data ecosystem; and learn from examples of successful civic data partnerships.
  - » Arizona State University's project, Libraries as Community Hubs for Citizen Science, will develop a field-tested, replicable, low-cost toolkit of citizen science resources for public libraries.
  - » The New York Library Association will develop further STEM-based learning tools through its project, The STEAM Engine: Growing STEAM Learning through Public Library and 4-H Partnerships. STEAM programs integrate art into programs focused on STEM.
  - » The Alaska Library Network will address culturally-sensitive learning through its project, Honoring Alaska Native Cultural Heritage: Continuing Education for Alaska's Community Libraries.

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

FY 2017 Evidence of Progress for Objective 2.2:

IMLS has continued working with other federal agencies in FY 2017, including maintaining several key partnerships previously developed. The agency now boasts a diverse portfolio of interagency working relationships, including aiding new Americans, providing financial information to citizens who need it, and collaborating with other agencies to promote STEM learning and making across the country.

- In partnership with the Department of Education and the New York Hall of Science, IMLS facilitated partnerships with six museums with educators and students in 21st Century Community Learning Centers in Oregon, Texas, Florida, Pennsylvania, Arkansas, and Wisconsin. Museum educators co-presented a six-week series of experiences in making to foster STEM-related skills and learning.
- IMLS has a memorandum of understanding with the U.S. Citizenship and Immigration Services (USCIS) pledging to provide information and outreach to local libraries to help newly arrived individuals understand the benefits of citizenship and learn how to undertake the citizenship process. In FY 2017, the partnership was renewed and expanded to provide outreach to museums. IMLS has worked with USCIS to continue the webinar series, which included a session on USCIS tools and resources targeted for museum and library professionals.
- IMLS participates in the Heritage Emergency National Task Force, a partnership of forty-two national service organizations and federal agencies created to protect cultural heritage from the damaging effects of natural disasters and other emergencies.

- Interagency Task Force on Making: Libraries and museums across the country have established and are implementing makerspaces and maker programming. These spaces serve as sites of learning. IMLS has actively participated in the Maker Interagency Working Group.

- Promise Zones are high poverty areas in urban, rural, and tribal settings. While IMLS has not formalized a competitive preference process for Promise Zones, it has developed an Agency Task Force to engage with leaders in these communities who often pursue outcomes that intersect with libraries, such as summer programming, adult literacy, immigrant integration, school readiness, workforce engagement, STEAM (Science, Technology, Engineering, Arts, and Math), and broadband access. The Task Force provides programmatic expertise to Promise Zones upon request by phone, and assesses the viability of targeted outreach or visits to Promise Zones as part of grant making activities. These activities complement the Community Catalyst initiative.

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

FY 2017 Evidence of Progress for Objective 2.3:

- Measuring Success profiled Grants to State program investments using a framework to describe library projects and associated activities. Projects were categorized by intended outcomes, such as supplementing formal learning and improving the discovery of information resources, by topical area (e.g., STEM), associated activities (e.g., instructional program), partner types (e.g., institutions of higher education), and target populations served (e.g., rural). Using common terms makes projects comparable across the states and allows the agency to highlight and monitor the impact of these investments.

- IMLS undertook a variety of information sharing activities in FY 2017 for grantees and grant applicants including webinars, Twitter chats, links to livestreamed meetings, and other efforts through digital channels. The UpNext blog features grantees and best practices throughout the field. Two town halls were held as well as accompanying focus groups around the Community Catalyst and Community Salute efforts. IMLS also convened experts in the Museum Services field to hear firsthand about issues related to the field. A separate convening was held with gaming experts to assess and gather information on field efforts and opportunities in that arena.

3. ASSESSING PROGRESS IN MEETING GOAL 3 OBJECTIVES

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

Too many U.S. library and museum collections are at risk and are in need of proper storage, emergency planning, and conservation treatment. IMLS helps these institutions to digitize and share their collections and develop new standards and protocols to preserve and provide access to "born digital" data and objects.

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

IMLS shares and promotes effective practices across states and other entities. IMLS programs supplement local dollars and support management, care, and access to collections. IMLS made significant investments over the last five years to foster best practices in collections management, preservation, and digitization. IMLS must now develop effective regional and national strategies for collections care and access to content. This chart summarizes progress.

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

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

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

FY 2017 Evidence of Progress for Objective 3.1:

- As one of a very limited number of federal agencies providing grant support for the care and conservation of the nation's cultural and natural heritage, IMLS made multiple awards to numerous museums to assist them in their efforts to protect the collections entrusted to them by the public. Museums such as the Portland Art Museum in Oregon, the Delaware Art Museum, Colonial Williamsburg, and the Rose Art Museum at Brandeis University are using Museums for America grants to digitize collections and make them accessible online for the benefit of scholarly research and instructional programming for students in public schools and colleges and universities. The City of Miami will promote the significance of its Historic Virginia Key Beach Park, by archiving, preserving, conserving, and digitally cataloging its collections holdings and placing them online to ensure their survival and availability. The Makah Indian Tribe of the Makah Indian Reservation will launch the Tribal Memories Project to enhance and increase knowledge about Makah culture and history by preserving at least 400 treasured community photographs and digitally restoring at least 200 of them, improving collection stewardship and increasing educational opportunities for museum visitors and community members.

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

FY 2017 Evidence of Progress for Objective 3.2:

- The National Leadership Grants for Museums program supports projects that impact multiple museums in their efforts to expand public access to the content found in their collections. The University of California at Santa Cruz will advance the stewardship of natural history collections by developing new tools and resources to support both museum curators and the community of researchers that use these collections. The Cincinnati Zoo and Botanical Gardens Center for Conservation and Research of Endangered Wildlife will partner with the Lyon Arboretum to conduct a three-year research study to address the challenges of the off-site conservation of endangered exceptional plants, plants that are not able to be conserved in seed banks.

- Through Libraries and Museums Advance the Digital Humanities, IMLS supported innovative collaborations between museum or library professionals and humanities professionals to advance the preservation of, access to, use of, and engagement with, digital collections and services. Through this partnership, IMLS and NEH will jointly fund Digital Humanities Advancement Grant projects that involve collaborations with museums and/or libraries in support of the National Digital Platform effort. These projects will advance the IMLS mission of improving broad public access

to knowledge, cultural heritage, and lifelong learning. Through this partnership, IMLS funds will support Level I and II projects that involve collaborations with museums and/or libraries. Level I projects (from $5,000 to $40,000) are small grants designed to fund exploratory sessions, workshops, early alpha-level prototypes, and initial planning. Level II projects (from $40,001 to $75,000) can be used for more fully-formed projects that are ready to begin implementation or demonstrate proofs of concept.

4. ASSESSING PROGRESS IN MEETING GOAL 4 OBJECTIVES

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

Libraries and museums play essential roles in ensuring equitable access to information for everyone, a cornerstone of economic growth and a strong democracy. Technology is changing the ways that people access and use library and museum. IMLS can help ensure that decision makers have the data and analysis they need to improve and modernize their services.

Progress toward objectives under this goal is summarized below.

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

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

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

FY 2017 Evidence of Progress for Objective 4.1:

- As a result of a scan of current practices and needs for this population and town hall convening from veterans service organizations, foundations, and veterans, IMLS and its cooperator FSG produced five resource documents. Tailored for museums and libraries, the documents provide qualitative and quantitative approaches to help museums and libraries bring people together and better serve veterans. The resources include a selection of topics, discussion-starters, data gathering, and facilitation tools that can be used to start or guide community development work in support of veterans and their families/caregivers.
- IMLS is one of twenty-five federal agencies comprising the president's new Broadband Interagency Working Group (BIWG). The BIWG continues the work of the prior Broadband Opportunity Council (BOC), charged with developing a framework of recommendations to support broadband deployment and adoption. The BOC was established in pursuant to a March 2015 Presidential Memorandum to develop a framework of recommendations to explore ways to remove unnecessary regulatory and policy barriers, incentivize investment, and align funding polices and decisions to support broadband access and adoption. IMLS completed a survey, the first deliverable of the BOC, identifying relevant IMLS programs and policies to support broadband access. In January 2017, the work of

the BOC was assessed. The assessment found that the BOC had completed more than a third of its objectives and had made great progress completing the remaining items. Under the new presidential administration, the group was renamed and the work continues.

- IMLS also engages through the interagency process on matters affecting access to and the use of published materials. The agency serves on the U.S. delegation to the Standing Committee on Copyright and Related Rights and has worked to expand access to accessible formatted materials both domestically and internationally through the negotiation and recommended implementation of the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled. This treaty, adopted on June 27, 2013, forms part of the body of international copyright treaties administered by the World Intellectual Property Organization.

- The IMLS Office of Library Services and Office of Museum Services continue to work in the area of openly-licensed educational resources. Work previously begun with the Department of Education has made strides forward and new work has begun through direct IMLS grant work in this area. This includes grants to the Institute for the Study of Knowledge Management (Exploring OER Curation and the Role of School Librarians), and to North Carolina State University (Open Textbook Toolkit).

- The IMLS Grants to States program provides funding to the fifty-nine State Library Administrative Agencies to fund vital library services in the fifty states and territories. On average, more than ten percent of the funding each year supports state "Talking Book Services" and other services provided by Libraries for the Blind and Physically Handicapped.

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

FY 2017 Evidence of Progress of Objective 4.2:

- Continuing a federal statistical collection begun in 1988, the Public Library Survey is conducted annually to over 9,000 libraries and provides information on key metrics of library health and services across the United States and outlying territories, and addresses a variety of key metrics, including visitation, circulation, collections, digital access, and revenue. The annual PLS report features performance indicators and examines differences in library service at different locality levels: city, suburb, town, rural and national. It also includes state-level analyses of key variables along with state profiles.

  Consistent with historic trends, the FY 2015 collection (completed in FY 2017) had a response rate in excess of 90 percent. This survey introduced four new elements and changed three others to improve the evidence base on the evolving supply and use of print and digital content in the nation's public libraries to inform policy making and administrative practice. The FY 2014 final report shared with federal and state administrators includes trend comparisons on thirteen key indicators over more than 9,000 public libraries nationally in assessing their finances, workforce, resources, and public utilization of services and programs.

- The State Library Administrative Agencies Survey is conducted every two years and provides descriptive information about state library agencies such as: state library agency identification, governance, public service hours, service outlets, collections, library service transactions, library development transactions, services to other libraries in the state, allied operations, staff, income,

expenditures, and electronic services and information. The biennial report provides a view of the condition of state library administrative agencies in the fifty states and the District of Columbia.

The final report for the FY 2014 collection introduced statistical cluster methodology to enhance historic comparisons across groups of states based on trends in revenues and expenditures across state library administrative agencies. Both this collection and that for FY 2016 (with surveying completed in March 2017) continued a history of a 100 percent response rate.

- The Chief Officers of State Library Agencies (COSLA) Measures That Matter Project is helping public libraries address the proliferation of surveys aiming to gather timely, reliable, comparable, and meaningful data on public libraries. The intent is not only to find opportunities to reduce respondent reporting burden in libraries but also to improve the coordination of the multiple data collection efforts to more fully reflect the needs and tell the story of public libraries in the 21st century. IMLS has been working with COSLA to create an action plan for the collection, storage, use, and dissemination of public library data and service outcomes that validates the purpose and value of public libraries. This effort included the creation of a report released in July 2017 that compared effort and indicators across eight major national data collections and entailed a two-day meeting of seventy-five leaders including federal and state policy makers to plan a comprehensive and cooperative approach to library data that addresses the importance of outcomes in addition to outputs.
- IMLS values evaluation and data collection as an integral and important aspect of all its initiatives.
  - » As part of the cooperative agreement with the American Alliance of Museums, a third party evaluation was conducted of the Museum Assessment Program. The report documents the responses from previous MAP participants in confirming the value of MAP as a way to grow and shape their organizations. Respondents noted that many of the recommendations set forth by in their peer reviewer reports made their way into strategic plans, serving as guides for what needed to be done to better their organizations. The report includes several recommendations for improving the MAP experience, expanding awareness of the program, and suggestions for supporting its longer term impact on the participating museums.
  - » In FY 2017, a National Needs Assessment report was also completed as part of a capacity-building grant to the Association of African American Museums (AAAM). This report was released and shared by the grantee at the AAAM conference that was held in Washington DC, and was attended by nearly 500 staff from African American museums throughout the nation. The findings of the assessment will guide the development of long-term strategies and services to support the African American museum community.
  - » A FY 2017 grant to the Association of Children's Museums will prototype a model for assessing the economic impact of children's museums and the field at large. The project will produce a report that details the economic impact of the children's museum sector which will be evaluated by children's museums for its utility and perceived value. The resulting model will be shared with other museum associations to guide and inform future efforts to understand the economic impact of museums at national, regional, state, and local levels.

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

FY 2017 Evidence of Progress for Objective 4.3:

- National Leadership Grants for Libraries continue to fund the development of standards, protocols, and open, community-sourced software to support expanded access to and preservation of our nation's diverse cultural content. Examples of funded projects in this area include:
  - » The next phase of Northwestern University's Avalon Media System, an open source software system which will allow libraries to integrate audiovisual collections with research, digital preservation, and a sustainable developer community.
  - » Through its Implementing ACCESS: Guiding the Creation, Preservation, and Use of Electronic Records, the Council of State Archivists will collaborate with the National Governors Association, the National Association of State Chief Information Officers, the National Association of Secretaries of State, and the Chief Officers of State Library Agencies, as well as content creators in state government and users of government data, to help improve preservation and use of permanent state government electronic records.
  - » The Virginia Polytechnic Institute and State University will develop a roadmap and white paper for library adoption of Three Dimensional (3D) and Virtual Reality (VR) services. There is an absence of standards and best practices for producing, managing, and preserving 3D and VR content and this project will host three national forums, each on a different 3D and VR theme: content creation and publishing, visualization and analysis, and repository practice and standards.
  - » Through the Laura Bush 21st Century Librarian program, IMLS also supports the professional development and continuing education of librarians and library staff so that they will be able to meet the public's growing information access needs. A few exemplar projects in FY 2017 include Washington State University's Tribal Digital Stewardship Cohort Training Program to work with Native American and Native Alaskan tribal library staff and George Mason University's project, Creating Local Linkages: Training Public Librarians to Facilitate Doing Digital Local History.
  - » IMLS made building the digital capacity of the sector a museum priority and incorporated Digital Technology as a new focus area in the newly launched Museums Empowered special Initiative which eventually funded a number of strong digital projects in museums. The National Leadership Grants for Museum program (NLG-M) was also refocused with an explicit focus on "Advancing Digital Assets and Capacity" which became a part of the FY 18 NLG-M guidelines. Staff engaged in critical dialogues with technology experts and practitioners at key national conferences such as Museums and the Web, Museum Computer Network, New Media Consortium, and the IMLS National Digital Platform convening. Lastly, a comprehensive four-year internal scan was conducted in FY 2017 of over 300 digital projects IMLS has funded. This internal scan allowed the office to assess gaps, needs and trends to optimize for the future. Examples of digital projects funded in FY 2017 include:
  - » The Mingei International Museum to build the capacity of its staff to understand and optimize the use of digital technology in order to more effectively share its content assets with a broader audience. The Digital Transformation Project will build staff capacity internally, followed by the development of structures and systems to effectively deploy digital tools and content.

» The Museum of the Shenandoah Valley to catalog and digitize its entire archival collection, providing access to materials never before seen by museum staff and the public. By fully digitizing the archives, the staff will gain physical and intellectual control of the collection, and a searchable online database of archival and collection materials in high demand by researchers and the public will be made available for the first time.

5. ASSESSING PROGRESS IN MEETING IMLS' GOAL 5 OBJECTIVES

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

IMLS continues its commitment to improve administrative efficiencies and focus on its high-quality stewardship of public funds and outstanding public service. As mentioned previously, IMLS extended its current strategic plan in FY 2017 in preparation for the Agency's new FY 2018–2022 Strategic Framework and Plan. In FY 2017, we continued to accomplish many activities under Goal 5 and will look to advance these and other activities under the new framework.

Progress is summarized below.

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

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

IMLS developed these specific benchmarks in FY 2011 for the IMLS FY 2012–2017 Strategic Plan. At that time, IMLS anticipated transitioning to an enhanced electronic grants management system in FY 2012 and 2013; however, this system is still under development and therefore these specific objectives have not all been met. IMLS has continued to increase communication and reporting to our grantees and establish timely closeouts, while also improving efficiencies in other areas of grants management, as noted below.

Evidence of Progress for Objective 5.1:

- IMLS continued work with its interdepartmental group to respond to new government-wide grant requirements as outlined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." (78 FR 78590–78691) ("Grant Reform"). The working group also created new formats and processes to support the issuance of Agency Notices of Funding Opportunities for all museum and library discretionary grant programs.
- IMLS implemented several substantive improvements in its application processing and grants management functions, resulting in greater efficiencies for program staff. These included changes to standard application forms for greater efficiency in the data entry process; full implementation of electronic award notices for all grant programs; and continuing the use of a comprehensive reviewer database for museum programs. IMLS also successfully completed and complied with the first year of DATA Act and GONE Act requirements.

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

Evidence of Progress for Objective 5.2:

By FY 2017, IMLS had completed Phase III of the implementation of its Measuring Success Initiative for the IMLS Grants to States State Program Report (SPR) with all State Library Administrative Agencies (SLAAs) reporting into it for approximately 1,500 projects annually. This new SPR: (1) applies an improved reporting structure using a branched, closed ended survey format for synthesizing data across individual projects; (2) integrates a former paper Financial Status Report (FSR) into the automated SPR; and (3) enables collection and analysis of project interrelationships to measure the lifecycles of new and existing initiatives. Using data from this new database, all SLAAs submitted five-year evaluations that were reviewed by IMLS in FY 2017. In addition, IMLS conducted and shared findings of national-level data for the first two years of reporting into the new SPR at the annual training meeting of its SLAA partners in April 2017.

Continuing what was started in FY 2016, IMLS implemented improved project reporting in all new discretionary grant program project awards in FY 2017. These grantee final project reports include performance measures that align individual grantee achievement with three agency strategic goals.

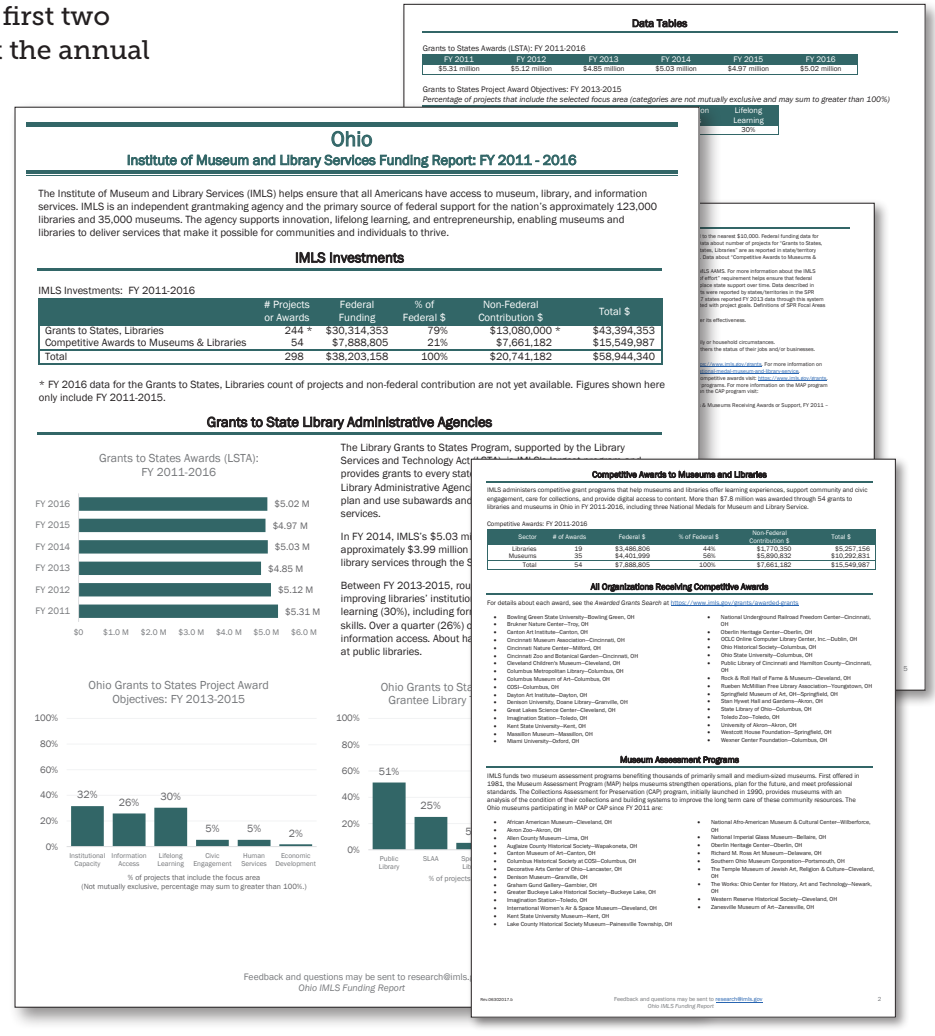
The Grants to States Program requires State Library Administrative Agencies to file comprehensive program evaluations every five years, as well as new state library five-year plans for the following five year cycles. In FY 2017, IMLS completed and submitted the five-year evaluations for program years 2013-2017 and filed new state plans for Fiscal Year 2018–2022.

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

Evidence of Progress for Objective 5.3:

IMLS has partially achieved these objectives. Final project grant reports describing the Library Grants to States program are now publicly available through the *State Public Reports (SPR) Public View* on the IMLS website. The agency is exploring the best ways to provide access to final grant reports for discretionary programs, such as on the IMLS.gov website or as a part of implementing the agency's future online grant management system, eGMS (electronic Grants Management System), being developed in partnership with NEH.

IMLS now provides detailed views of IMLS funding for the past six years (FY 2011–2016) in each state. Below are excerpts from the *IMLS Funding Report by State for Ohio*. The reports are available on the IMLS website.



Data Tables

Grants to States Awards (LSTA): FY 2011-2016

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
$5.31 million	$5.12 million	$4.85 million	$5.03 million	$4.97 million	$5.02 million

Grants to States Project Award Objectives: FY 2013-2015

Percentage of projects that include the selected focus area (categories are not mutually exclusive and may sum to greater than 100%)

Lifelong Learning 30%

Ohio

Institute of Museum and Library Services Funding Report: FY 2011 - 2016

The Institute of Museum and Library Services (IMLS) helps ensure that all Americans have access to museum, library, and information services. IMLS is an independent grantmaking agency and the primary source of federal support for the nation's approximately 123,000 libraries and 35,000 museums. The agency supports innovation, lifelong learning, and entrepreneurship, enabling museums and libraries to deliver services that make it possible for communities and individuals to thrive.

IMLS Investments

IMLS Investments: FY 2011-2016

	# Projects or Awards	Federal Funding	% of Federal $	Non-Federal Contribution $	Total $
Grants to States, Libraries	244 *	$30,314,353	79%	$13,080,000 *	$43,394,353
Competitive Awards to Museums & Libraries	54	$7,888,805	21%	$7,661,182	$15,549,987
Total	298	$38,203,158	100%	$20,741,182	$58,944,340

* FY 2016 data for the Grants to States, Libraries count of projects and non-federal contribution are not yet available. Figures shown here only include FY 2011-2015.

Grants to State Library Administrative Agencies

Grants to States Awards (LSTA): FY 2011-2016

FY 2016 $5.02 M
FY 2015 $4.97 M
FY 2014 $5.03 M
FY 2013 $4.85 M
FY 2012 $5.12 M
FY 2011 $5.31 M

$0 $1.0 M $2.0 M $3.0 M $4.0 M $5.0 M $6.0 M

The Library Grants to States Program, supported by the Library Services and Technology Act (LSTA), provides grants to every state Library Administrative Agency plan and use subawards and services.

In FY 2014, IMLS's $5.03 m approximately $3.99 million library services through the S

Between FY 2013-2015, rou improving libraries' institutio learning (30%), including for skills. Over a quarter (26%) o information access. About ha at public libraries.

Ohio Grants to States Project Award Objectives: FY 2013-2015

100% 80% 60% 40% 20% 0%

32% 26% 30% 5% 5% 2%

Institutional Capacity | Information Access | Lifelong Learning | Civic Engagement | Human Services | Economic Development

% of projects that include the focus area
(Not mutually exclusive, percentage may sum to greater than 100%.)

Ohio Grants to Sta Grantee Library

100% 80% 60% 40% 20% 0%

51% 25%

Public Library | SLAA

% of projects

Feedback and questions may be sent to research@imls.
Ohio IMLS Funding Report

Competitive Awards to Museums and Libraries

IMLS administers competitive grant programs that help museums and libraries offer learning experiences, support community and civic engagement, care for collections, and provide digital access to content. More than $7.8 million was awarded through 54 grants to libraries and museums in Ohio in FY 2011-2016, including three National Medals for Museum and Library Service.

Competitive Awards: FY 2011-2016

Sector	# of Awards	Federal $	% of Federal $	Non-Federal Contribution $	Total $
Libraries	19	$3,486,806	44%	$1,770,350	$5,257,156
Museums	35	$4,401,999	56%	$5,890,832	$10,292,831
Total	54	$7,888,805	100%	$7,661,182	$15,549,987

All Organizations Receiving Competitive Awards

For details about each award, see the *Awarded Grants Search* at https://www.imls.gov/grants/awarded-grants

- Bowling Green State University—Bowling Green, OH
- Brukner Nature Center—Troy, OH
- Canton Art Institute—Canton, OH
- Cincinnati Museum Association—Cincinnati, OH
- Cincinnati Nature Center—Milford, OH
- Cincinnati Zoo and Botanical Garden—Cincinnati, OH
- Cleveland Children's Museum—Cleveland, OH
- Columbus Metropolitan Library—Columbus, OH
- Columbus Museum of Art—Columbus, OH
- COSI—Columbus, OH
- Dayton Art Institute—Dayton, OH
- Denison University, Doane Library—Granville, OH
- Great Lakes Science Center—Cleveland, OH
- Imagination Station—Toledo, OH
- Kent State University—Kent, OH
- Massillon Museum—Massillon, OH
- Miami University—Oxford, OH
- National Underground Railroad Freedom Center—Cincinnati, OH
- Oberlin Heritage Center—Oberlin, OH
- OCLC Online Computer Library Center, Inc.—Dublin, OH
- Ohio Historical Society—Columbus, OH
- Ohio State University—Columbus, OH
- Public Library of Cincinnati and Hamilton County—Cincinnati, OH
- Rock & Roll Hall of Fame & Museum—Cleveland, OH
- Rueben McMillian Free Library Association—Youngstown, OH
- Springfield Museum of Art, OH—Springfield, OH
- Stan Hywet Hall and Gardens—Akron, OH
- State Library of Ohio—Columbus, OH
- Toledo Zoo—Toledo, OH
- University of Akron—Akron, OH
- Westcott House Foundation—Springfield, OH
- Wexner Center Foundation—Columbus, OH

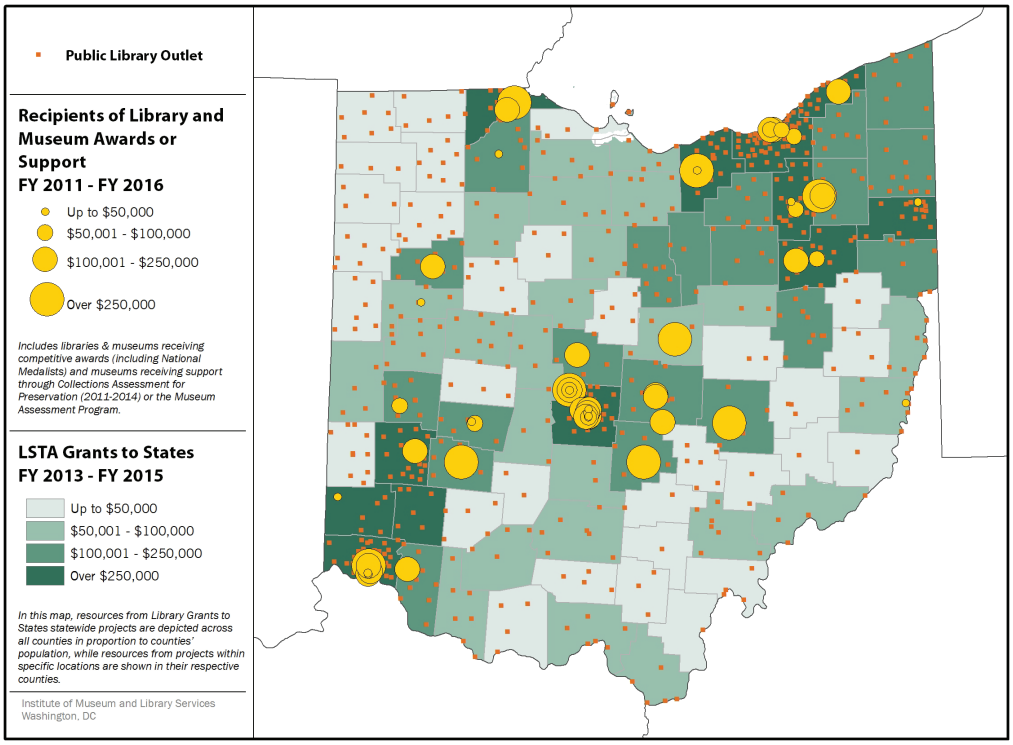
Museum Assessment Programs

IMLS funds two museum assessment programs benefiting thousands of primarily small and medium-sized museums. First offered in 1981, the Museum Assessment Program (MAP) helps museums strengthen operations, plan for the future, and meet professional standards. The Collections Assessment for Preservation (CAP) program, initially launched in 1990, provides museums with an analysis of the condition of their collections and building systems to improve the long term care of these community resources. The Ohio museums participating in MAP or CAP since FY 2011 are:

- African American Museum—Cleveland, OH
- Akron Zoo—Akron, OH
- Allen County Museum—Lima, OH
- Auglaize County Historical Society—Wapakoneta, OH
- Canton Museum of Art—Canton, OH
- Columbus Historical Society at COSI—Columbus, OH
- Decorative Arts Center of Ohio—Lancaster, OH
- Denison Museum—Granville, OH
- Graham Gund Gallery—Gambier, OH
- Greater Buckeye Lake Historical Society—Buckeye Lake, OH
- Imagination Station—Toledo, OH
- International Women's Air & Space Museum—Cleveland, OH
- Kent State University Museum—Kent, OH
- Lake County Historical Society Museum—Painesville Township, OH
- National Afro-American Museum & Cultural Center—Wilberforce, OH
- National Imperial Glass Museum—Bellaire, OH
- Oberlin Heritage Center—Oberlin, OH
- Richard M. Ross Art Museum—Delaware, OH
- Southern Ohio Museum Corporation—Portsmouth, OH
- The Temple Museum of Jewish Art, Religion & Culture—Cleveland, OH
- The Works: Ohio Center for History, Art and Technology—Newark, OH
- Western Reserve Historical Society—Cleveland, OH
- Zanesville Museum of Art—Zanesville, OH

Feedback and questions may be sent to research@imls.gov
Ohio IMLS Funding Report

Geographic Distribution of IMLS Funds in Ohio



Geographic Distribution of IMLS Funds in *Ohio* (see below heading "Data Tables" for underlying data)

These tools represent significant strides in making IMLS processes and information as transparent and accessible as possible.

Evidence of Progress for Objective 5.3:

- IMLS released *IMLS Funding Reports* for every state, summarizing graphically and quantitatively the history of IMLS awards for museums and libraries from 2011-2016. These are available on IMLS.gov and represent an additional step toward better integration of administrative data (history of grant awards) with statistical data (locations of public libraries from the Public Library Survey).
- IMLS also conducted a review of national-level reporting through the SPR for Fiscal Year 2014-2015, culminating in a presentation of preliminary findings and trends at the April 2017 annual meeting of the LSTA Coordinators from each State Library Administrative Agency.

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

Evidence of Progress for Objective 5.4:

- In FY 2017, 100 percent of staff used the Learning Management System, which links to the critical competencies measured and evaluated by OPM.
- The IMLS Leadership Team reemphasized the importance of Individual Development Plans for staff members to expand professional development. Training, both group and individual, was a top budget priority in FY 2017.
- The IMLS Workforce Engagement Team planned activities to raise money for the Combined Federal Campaign and coordinated events with Feds Feeds Families Campaign. The team also coordinated activities to benefit the Arlington Food Assistance Center and the Maryland Food Bank.

- In FY 2017, the IMLS Supervisory Training Forum was re-established for all supervisors and managers. In-house training session topics covered areas such as Prohibited Personnel Practices, Merit Systems Principles, Performance Management, Equal Employment Opportunity, and Diversity and Inclusion.
- IMLS continues to support educational opportunities among all staff, increasing subject matter expertise to further the agency's mission and goals. IMLS encourages staff to attend professional development conferences and agency-wide training opportunities.
- IMLS again achieved full compliance with its annual ethics training requirements. The agency has been recognized previously by the Office of Government Ethics for: (1) concrete actions to demonstrate commitment to ethics and promote an ethical culture; and (2) training content and delivery methods as model practices.

B. ADDITIONAL MANAGEMENT HIGHLIGHTS

AGENCY FINANCIAL, PROCUREMENT, INFORMATION TECHNOLOGY, AND GRANTS

Financial

In FY 2017, IMLS continued to use the Federal Aviation Administration–Enterprise Services Center (FAA-ESC) for accounting and financial reporting requirements. Using a Financial Management Line of Business (FMLOB) 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 developed and implemented several 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.

IMLS continues to move forward with efforts 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. 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 2017 after conclusion of the relocation to 955 L'Enfant Plaza in March 2016. The obligations decreased by 27 percent from $3.73 million to $2.94 million. However, the agency's number of contract actions rose by 18 percent from 101 in FY 2016 to 119 in FY 2017. 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). The use of firm-fixed price contracts increased by 2 percent, from 98 percent to 100 percent. The number of competitive actions increased sharply, from 86 percent to 95 percent, and over half of those non-competitive actions were required by law (for example, mandatory sources, Section 8(a) of Small Business Act, and the Museum and Library Services Act).

Through consolidation, federal strategic sourcing, and negotiation, IMLS achieved a cost savings of 6 percent. IMLS achieved these costs savings while significantly exceeding the agency's small business goals. IMLS awarded contracts to small businesses 56 percent of the time, which exceeds the Small Business Administration's goal of 23 percent.

Information Technology

IMLS manages a portfolio of cloud-based IT services and interagency shared services to enable its program offices and overall agency operations. In FY 2017, the Office of the Chief Information Officer (OCIO) focused on completing the IMLS move to the cloud for email, calendar, file sharing, document collaboration and other core office automation services. By using a FedRAMP-compliant cloud service provider, IMLS ensures that its users' data is protected by appropriate security, privacy, and other controls while benefiting from the modern technology infrastructure and benefits of scale delivered through cloud computing.

IMLS has shifted to a shared services model for the majority of its business services, utilizing interagency agreements and partnerships to provide financial management, travel request processing, employee training, time and attendance, payroll, and other services. Finally, the agency is in the process of adopting the NEH shared service eGMS to replace the only core mission system which IMLS administers locally and directly: the grants management system, Application and Award Management System (AAMS).

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 2017 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 twelfth 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 Fiscal Year 2017, 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, successfully implemented the DATA Act reporting architecture in FY 2017, was in full compliance with GONE Act requirements, and is well-positioned to meet future reporting requirements.

In 2017, 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 electronic processes, and optimize the use of improved technology. The agency continues to leverage the core competencies of our federal partners, including by engaging with the National Endowment for the Humanities in the implementation of the eGMS grants management system, which will bring 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.

Christopher A. Catignani
Chief Financial Officer, Institute of Museum and Library Services
November 15, 2017

Institute of Museum and Library Services

Audit of Financial Statements

As of and for the Years Ended September 30, 2017 and 2016

Submitted By

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

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& 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, 2017 and 2016, and the related statements of net cost, changes in net position, and budgetary resources (the financial statements) for the years then ended. The objective of our audit was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the IMLS' internal control over financial reporting and tested the IMLS' compliance with certain provisions of applicable laws, regulations, contracts and grant agreements that could have a direct and material effect on its financial statements.

SUMMARY

As stated in our opinion on the financial statements, we found that the IMLS' financial statements as of and for the years ended September 30, 2017 and 2016, 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 in financial reporting.

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

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of IMLS, which comprise the balance sheets as of September 30, 2017 and 2016, 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMLS as of September 30, 2017 and 2016, 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 17-03, *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

In planning and performing our audit of the financial statements of IMLS as of and for the years ended September 30, 2017 and 2016, 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

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.
November 9, 2017
Rockville, MD

November 9, 2017

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 2017 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,

Kathryn K. Matthew

Dr. Kathryn K. Matthew
Director

Cc: Chris Catignani, Chief Financial Officer

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
BALANCE SHEET
As of September 30, 2017 and 2016
(in dollars)

	2017	2016
Assets:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 283,160,604	$ 281,492,475
Accounts Receivable	-	32,493
Other - Advances (Note 4)	133,342	77,732
Total intragovernmental	283,293,946	281,602,700
General property, plant and equipment, net (Note 3)	1,446,002	1,759,863
Other - Grant Advances (Note 4)	8,751,740	4,889,986
Total assets	$ 293,491,688	$ 288,252,549
Liabilities (note 5):		
Intragovernmental:		
Other (Note 6)	$ 1,650,972	$ 688,730
Total intragovernmental	1,650,972	688,730
Accounts payable	105,921	1,593,480
Other (Note 6)	883,633	886,060
Other - Grant Accrual (Note 6)	31,361,051	35,056,513
Total liabilities	34,001,577	38,224,783
Commitments and contingencies	-	-
Net position:		
Unexpended appropriations - All Other Funds	$ 258,809,676	$ 248,367,884
Cumulative results of operations - Funds from Dedicated Collections (Note 8)	75,307	146,272
Cumulative results of operations - All Other Funds	605,128	1,513,610
Total Net Position - Funds from Dedicated Collections (Note 8)	75,307	146,272
Total Net Position - All Other Funds	259,414,804	249,881,494
Total Net Position	259,490,111	250,027,766
Total liabilities and net position	$ 293,491,688	$ 288,252,549

The accompanying notes are an integral part of these statements

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
STATEMENT OF CHANGES IN NET POSITION
As of September 30, 2017 and 2016
(in dollars)

	2017			2016		
	Funds from Dedicated Collections (Combined (note 8))	**All Other Funds**	**Consolidated Total**	**Funds from Dedicated Collections (Combined (note 8))**	**All Other Funds**	**Consolidated Total**
Cumulative Results Of Operations:						
Beginning Balances	$ 146,272	$ 1,513,610	$ 1,659,882	$ 141,182	$ 382,175	$ 523,357
Adjustments:						
Changes in accounting priciples	-	-	-	-	-	-
Corrections of errors	-	-	-	-	-	-
Beginning Balance, as adjusted	146,272	1,513,610	1,659,882	141,182	382,175	523,357
Budgetary Financing Sources:						
Appropriations Used	-	218,432,741	218,432,741	-	233,390,700	233,390,700
Nonexchange Revenue	-	-	-	-	-	-
Donations of Cash and Cash Equivalents (note 18)	5,744	-	5,744	176,000	-	176,000
Transfers in/out without reimbursement	-	-	-	-	-	-
Other	-	-	-	-		-
Other Financing Sources (Non-Exchange):						
Imputed financing	-	299,459	299,459	-	335,851	335,851
Total Financing Sources	5,744	218,732,200	218,737,944	176,000	223,725,551	223,901,551
Net Cost of Operations	76,709	219,640,682	219,717,391	170,910	222,594,115	222,765,025
Net Change	(70,965)	(908,482)	(979,447)	5,090	1,131,435	1,136,525
Cumulative Results Of Operations	**75,307**	**605,128**	**680,435**	**146,272**	**1,513,610**	**1,659,882**
Unexpended Appropriations:						-
Beginning Balance	-	248,367,884	248,367,884	-	244,197,861	244,197,861
Adjustments:						
Changes in accounting principles	-	-	-	-	-	-
Corrections of errors	-	-	-	-	-	-
Beginning Balance, as adjusted	-	248,367,884	248,367,884	-	244,197,861	244,197,861
Budgetary Financing Sources:						
Appropriations Received	-	231,000,000	231,000,000	-	230,000,000	230,000,000
Appropriations transferred in/out	-	-	-	-	-	-
Other Adjustments	-	(2,125,466)	(2,125,466)	-	(2,439,277)	(2,439,277)
Appropriations Used	-	(218,432,741)	(218,432,741)	-	(223,390,700)	(223,390,700)
Total Budgetary Financing Sources	-	10,441,793	10,441,793	-	4,170,023	4,170,023
Total Unexpended Appropriations		258,809,676	258,809,676		248,367,884	248,367,884
Net Position	**$ 75,307**	**$ 259,414,804**	**$ 259,490,111**	**$ 146,272**	**$ 249,881,494**	**$ 250,027,766**

The accompanying notes are an integral part of these statements

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

STATEMENT OF NET COST

As of September 30, 2017 and 2016

(in dollars)

Program costs: (Notes 9 & 10)	**2017**	**2016**
Goal 1: Supporting lifelong learning		
Gross costs	$ 83,615,157	$ 85,647,187
Less: Earned revenue (note 10)	518,961	(158,391)
Net Program Costs	83,096,196	85,488,796
Goal 2: Promoting museums and libraries as strong community anchors		
Gross costs	$ 61,567,624	$ 61,762,895
Less: Earned revenue	-	(199,892)
Net Program Costs	61,567,624	61,563,003
Goal 3: Supporting exemplary stewardship of museum and library collections		
Gross costs	$ 73,675,552	$ 74,123,003
Less: Earned revenue	-	(37,129)
Net Program Costs	73,675,552	74,085,874
Goal 4: Sustaining and increasing public access to information and ideas		
Gross costs	$ 1,378,019	$ 1,632,845
Less: Earned revenue	-	(5,493)
Net Program Costs	1,378,019	1,627,352
Net Cost of Operations	$ 219,717,391	$ 222,765,025

The accompanying notes are an integral part of these statements

INSTITUTE OF MUSEUM AND LIBRARY SERVICES

STATEMENT OF BUDGETARY RESOURCES

As of September 30, 2017 and 2016

(in dollars)

	2017	2016
	Budgetary	**Budgetary**
Budgetary Resources:		
Unobligated balance, brought forward, October 1	$ 5,522,886	$ 6,330,591
Adjustment to unobligated balance brought forward , October 1 (+ or -)	-	-
Unobligated balance brought forward, October 1, as adjusted	5,522,886	6,330,591
Recoveries of prior year unpaid obligations	3,209,401	2,309,396
Other changes in unobligated balance (+ or -)	(2,093,136)	(2,262,805)
Unobligated balance from prior year budget authority, net	6,639,151	6,377,182
Appropriations (discretionary and mandatory)	231,005,744	230,176,000
Spending authority from offsetting collections (discretionary and mandatory)	865,000	181,000
Total Budgetary Resources	$ 238,509,895	$ 236,734,182
Status of Budgetary Resources:		
New obligations and upward adjustments (total) (Note 12)	$ 232,682,171	$ 231,211,296
Unobligated balance, end of year:		
Apportioned unexpired accounts	1,842,693	2,560,420
Exempt from apportionment unexpired accounts	70,307	69,605
Unapportioned unexpired accounts	277,870	501,016
Unexpired unobligated balance, end of year	2,190,870	3,131,041
Expired unobligated balance, end of year	3,636,854	2,391,845
Total unobligated balance, end of year	5,827,724	5,522,886
Total Budgetary Resources	$ 238,509,895	$ 236,734,182
Change in Obligated Balance:		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	$ 276,002,082	$ 272,897,013
Adjustment to unpaid obligations, start of year (+ or -)	-	-
Obligations incurred (Note 12)	232,682,171	231,211,296
Outlays (gross) (-)	(228,141,971)	(225,796,831)
Actual transfers, unpaid obligations (net) (+ or -)	-	-
Recoveries of prior year unpaid obligations (-)	(3,209,401)	(2,309,396)
Unpaid obligations, end of year	277,332,881	276,002,082
Uncollected payments:		
Uncollected payments, Federal Source, brought forward Oct 1 (-)	(32,493)	(13,398)
Adjustment to uncollected payments, Federal Source, start of year (+ or -)	-	-
Change in uncollected payments, Federal Source (+ or -)	32,493	(19,095)
Actual transfers, uncollected payments, Federal Sources (net) (+ or -)	-	-
Uncollected payments from Federal sources, end of year (+ or -)	0	(32,493)
Memorandum (non-add) entries:		
Obligated balance, start of year (+ or -)	$ 275,969,589	$ 272,883,615
Obligated balance, end of year (+ or -)	$ 277,332,881	$ 275,969,589
Budget Authority and Outlays, Net:		
Budget authority, gross (discretionary and mandatory)	$ 231,870,744	$ 230,357,000
Actual offsetting collections (discretionary and mandatory) (-)	(929,823)	(338,378)
Change in uncollected customer payments from Federal sources (discretionary and mandatory) (+ or-)	32,493	(19,095)
Recoveries of prior year paid obligations (discretionary and mandatory)	32,329	176,473
Anticipated offsetting collections (discretionary and mandatory) (+ or -)	0	-
Budget authority, net (discretionary and mandatory)	$ 231,005,743	$ 230,176,000
Outlays, gross (discretionary and mandatory)	$ 228,141,971	$ 225,796,831
Actual offsetting collections (discretionary and mandatory) (-)	(929,823)	(338,378)
Outlays, net (discretionary and mandatory)	227,212,148	225,458,453
Distributed offsetting receipts (-)	(5,744)	(176,000)
Agency outlays, net (discretionary and mandatory)	$ 227,206,404	$ 225,282,453

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, 2017 and 2016
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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 123,000 libraries and 35,000 museums. The mission of IMLS is to inspire libraries and museums to advance innovation, lifelong learning, and cultural and civic engagement. We provide leadership through research, policy development, and grant making. 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.

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.

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 year-end as advances. As advances are liquidated in subsequent fiscal years, 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.

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:

Asset Class	Useful Life
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.

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 LSTA Grants to States. The Grants to States accrual estimate is based on IMLS performing a data call to each State Library Agency to obtain their accrual estimates for the reporting period for all open grants. The Grants to States program alone represents over 72% 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.

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.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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Note 2 Fund Balance with Treasury

	2017		
Intragovernmental:	**Entity**	**Non-Entity**	**Total**
Trust Fund	$ 75,307	$ -	$ 75,307
Annual Appropriated Fund	280,062,704	-	280,062,704
No Year Appropriated Funds	3,022,593	-	3,022,593
Treasury Misc. Receipts	-	-	-
Total	$ 283,160,604	$ -	$ 283,160,604

	2016		
Intragovernmental:	**Entity**	**Non-Entity**	**Total**
Trust Fund	$ 149,605	$ -	$ 149,605
Annual Appropriated Fund	277,815,994	-	277,815,994
No Year Appropriated Funds	3,526,876	-	3,526,876
Treasury Misc. Receipts	-	-	-
Total	$ 281,492,475	$ -	$ 281,492,475

Status of Fund Balance with Treasury:	**2017**
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	-
Unfilled Customer Orders Without Advance	-
Obligated Balance Not Yet Disbursed	277,332,881
Total	$ 283,160,604

Status of Fund Balance with Treasury:	**2016**
Unobligated Balance	
Available	$ 2,630,026
Unavailable- No Year / Admin	27,625
Unavailable- No Year / Program	473,390
Unavailable- Annual Funds	2,391,845
Unavailable- Miscellaneous Receipts	-
Unfilled Customer Orders Without Advance	(32,493)
Obligated Balance Not Yet Disbursed	276,002,082
Total	$ 281,492,475

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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Note 3 General Property, Plant & Equipment

	2017		
Major Class	**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	$ 1,955,185	$ 509,183	$ 1,446,002

	2016		
Major Class	**Acquisition Value**	**Accumulated Amortization**	**Net Book Value**
Leasehold Improvements	$ 888,936	$ 51,855	$ 837,081
IT Equipment	425,347	82,609	342,738
Equipment	631,727	51,683	580,044
Total PP&E	$ 1,946,010	$ 186,147	$ 1,759,863

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.

Note 4 Other Assets

	2017	2016
Intragovernmental Advances	$ 133,342	$ 77,732
Grant Advances	8,751,740	4,889,986
Total Other Assets	$ 8,885,082	$ 4,967,718

The intragovernmental advances balance consists of an agreement between the Library of Congress and IMLS for the Residency Program in Digital Curation and an agreement between the Department of Education and IMLS to provide 21st Century Community Learning Centers.

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, 2017.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
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Note 5 Liabilities Not Covered by Budgetary Resources

	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	$ 34,001,577

	2016
Intragovernmental:	
Deferred rent expense	$ 575,233
Other unfunded employment	34,286
Total intragovernmental	609,519
Accounts payable	-
Accrued unfunded leave	587,583
Misc. Receipts Payable to Treasury	-
Total liabilities not covered by budgetary resources	1,197,102
Total liabilities covered by budgetary resources	37,027,681
Total liabilities	$ 38,224,783

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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Note 6 Other Liabilities

	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	$ 1,028,260	$ 622,712	$ 1,650,972
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	$ -	$ 32,244,684	$ 32,244,684
Total Other Liabilities	$ 1,028,260	$ 32,867,396	$ 33,895,656

	2016		
	Non-Current	Current	Total
Intragovernmental:			
Deferred Rent Expense	$ 511,318	$ 63,915	$ 575,233
Liability for Prepayments	-	-	-
Employer Contrib. & PR Tax	-	103,724	103,724
Unbilled Assets	-	9,773	9,773
Total Intragovernmental	$ 511,318	$ 177,412	$ 688,730
Public:			
Accrued Pay and Benefits	$ -	$ 854,497	$ 854,497
Employer Contrib. & PR Tax	-	11,563	11,563
Unbilled Assets	-	20,000	20,000
Grant Accrual	-	35,056,513	35,056,513
Total Public	$ -	$ 35,942,573	$ 35,942,573
Total Other Liabilities	$ 511,318	$ 36,119,985	$ 36,631,303

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 2016 to FY 2017 was primarily driven by a reimbursable agreement that was entered into with the Department of Education during the second quarter of FY 2017.

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 rent abatement period ended in April 2017, and the billing of the rental rate of approximately $103,000 is recorded monthly along with any necessary inflationary adjustments.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
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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.

Balance Sheet for the Year Ended September 30	2017	2016
ASSETS		
Fund balance with Treasury	$ 75,307	$ 149,605
Investment	-	-
Other Assets	-	-
Total Assets	$ 75,307	$ 149,605
LIABILITIES and NET POSITION		
Other Liabilities	$ -	$ 3,333
Cumulative Results of Operations	75,307	146,272
Total Liabilities and Net Position	$ 75,307	$ 149,605

Statement of Net Cost for the Year Ended September 30		
Program Costs	$ (76,709)	$ (170,910)
Less: Resources	5,744	176,000
Excess of Donations Received Over Cost Incurred	$ (70,965)	$ 5,090

Statement of Changes in Net Position for the Year Ended September 30		
Net Position Beginning of Period	$ 146,272	$ 141,182
Change in Net Position	(70,965)	5,090
Net Position End of Period	$ 75,307	$ 146,272

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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Note 9 Intragovernmental Costs and Exchange Revenue by Program/Goal

	2017	2016
Goal 1: Supporting lifelong learning		
Intragovernmental costs	$ 1,879,493	$ 2,181,973
Public Costs	81,735,664	83,465,214
Less: Intragovernmental earned revenue	518,961	152,897
Less: Public earned revenue	-	5,494
Net Program Cost	$ 83,096,196	$ 85,488,796
Goal 2: Promoting museums and libraries as strong community anchors		
Intragovernmental costs	$ 1,383,471	$ 1,617,322
Public Costs	60,184,153	60,145,573
Less: Intragovernmental earned revenue	-	194,398
Less: Public earned revenue	-	5,494
Net Program Cost	$ 61,567,624	$ 61,563,003
Goal 3: Supporting exemplary stewardship of museum and library collections		
Intragovernmental costs	$ 1,632,402	$ 1,897,712
Public Costs	72,043,150	72,225,291
Less: Intragovernmental earned revenue	-	31,635
Less: Public earned revenue	-	5,494
Net Program Cost	$ 73,675,552	$ 74,085,874
Goal 4: Sustaining and increasing public access to information and ideas		
Intragovernmental costs	$ 46,523	$ 198,417
Public Costs	1,331,496	1,434,428
Less: Intragovernmental earned revenue	-	-
Less: Public earned revenue	-	5,493
Net Program Cost	$ 1,378,019	$ 1,627,352
Net Cost of Operations	**$ 219,717,391**	**$ 222,765,025**

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Note 10 Suborganization Program Costs/Program Costs by Segment

	2017				
Program Costs:	**Library State Grants**	**Library Other Grants**	**Museum Grants**	**Administrative**	**Total**
Goal 1: Support 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	$ 48,481,104	$ 14,029,520	$ 14,639,064	$ 5,946,508	$ 83,096,196
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	$ 48,481,104	$ 4,626,122	$ 4,123,110	$ 4,337,288	$ 61,567,624
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	$ 49,950,229	$ 7,420,156	$ 11,154,469	$ 5,150,698	$ 73,675,552
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	$ -	$ -	$ -	$ 1,378,019	$ 1,378,019
Net Cost of Operations	$ 146,912,437	$ 26,075,798	$ 29,916,643	$ 16,812,513	$ 219,717,391

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	2016				
	Library State Grants	Library Other Grants	Museum Grants	Administrative	Total
Goal 1: Support Lifelong Learning					
Gross Costs	$ 50,603,616	$ 14,354,438	$ 14,501,433	$ 6,187,700	$ 85,647,187
Less: Earned Revenue	-	-	152,897	5,494	158,391
Net Program Costs	$ 50,603,616	$ 14,354,438	$ 14,348,536	$ 6,182,206	$ 85,488,796
Goal 2: Promoting museums and libraries as strong community anchors					
Gross Costs	$ 50,603,615	$ 2,835,910	$ 3,800,416	$ 4,522,954	$ 61,762,895
Less: Earned Revenue	-	97,199	97,199	5,494	199,892
Net Program Costs	$ 50,603,615	$ 2,738,711	$ 3,703,217	$ 4,517,460	$ 61,563,003
Goal 3: Supporting exemplary stewardship of museum and library collections					
Gross Costs	$ 52,137,059	$ 6,457,494	$ 10,173,287	$ 5,355,163	$ 74,123,003
Less: Earned Revenue	-	-	31,635	5,494	37,129
Net Program Costs	$ 52,137,059	$ 6,457,494	$ 10,141,652	$ 5,349,669	$ 74,085,874
Goal 4: Sustaining and increasing public access to information and ideas					
Gross Costs	$ -	$ -	$ -	$ 1,632,845	$ 1,632,845
Less: Earned Revenue	-	-	-	5,493	5,493
Net Program Costs	$ -	$ -	$ -	$ 1,627,352	$ 1,627,352
Net Cost of Operations	$ 153,344,290	$ 23,550,643	$ 28,193,405	$ 17,676,687	$ 222,765,025

Note 11 Exchange Revenue

Exchange Revenue in the amount of $518,961 and $400,905 was recorded in FY 2017 and FY 2016, respectively. The amount of exchange revenue in FY 2017 is primarily related to an interagency agreement with the Department of Education. This agreement is to provide STEM-rich making activities for students participating in after-school programming at 21st Century Community Learning Centers.

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 12 Apportionment Categories of Obligations Incurred

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:

	2017		
	No Year	Annual	Total
Obligations Incurred:			
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	5,043	-	5,043
Total obligations incurred	$ 1,099,127	$ 231,583,044	$ 232,682,171

	2016		
	No Year	Annual	Total
Obligations Incurred:			
Category A, Direct Obligations	$ 540,611	$ 15,903,013	$ 16,443,624
Category B, Direct Obligations	110,704	214,281,363	214,392,067
Category B, Reimbursable	1	195,227	195,228
Exempt from Apportionment	180,377	-	180,377
Total obligations incurred	$ 831,693	$ 230,379,603	$ 231,211,296

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Note 13 Undelivered orders at the end of the period

	2017	2016
Administrative	$ 3,492,622	$ 3,066,303
Program	250,856,526	240,799,148
Exempt from Apportionment	5,000	76,667
Total undelivered orders	$ 254,354,148	$ 243,942,118

Note 14 Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

The President's Budget, which includes actual numbers for fiscal year 2016, was published in May of 2017. Actual numbers for fiscal year 2017 will be included in the President's Budget for fiscal year 2019, scheduled to be released in February 2018. The budget can be found at http://www.whitehouse.gov/omb when it becomes available.

No material differences exist between the amounts reported in the FY 2016 Statement of Budgetary Resources and the 2016 actual amounts reported in the 2018 Budget of the United States Government. The Budget of the United States is displayed to the nearest million, while the Statement of Budgetary Resources is displayed in dollars. The difference noted under the Obligations Incurred and Distributed Offsetting Receipts is due to rounding. The difference in the Budgetary Resources Available for Obligation is due to a combination of rounding and the expired unobligated balances from prior year annual funds that are reported in the Statement of Budgetary Resources and SF 133 but not in the Budget of the United States Government.

FY 2016 (in Millions of Dollars)	Budgetary Resources Available for Obligation	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	$235	$230	$1	$225
IMLS Statement of Budgetary Resources	$237	$231	$0	$225
Differences	$2	$1	$1	$0

Note 15 Incidental Custodial Collections

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

	2017	2016
Collections for IMLS projects funded in prior years	$ 27,755	$ 13,876
Total Cash Collections	$ 27,755	$ 13,876
Disposition of collections:		
Transferred to Treasury (general fund)	$ 27,755	$ 13,876
Retained by the Reporting Entity	-	-
Net custodial revenue activity	$ -	$ -

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

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

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Note 17 Reconciliation of Net Cost of Operations to Budget

	2017	2016
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations incurred	$ 232,682,171	$ 231,211,296
Less: Spending authority from offsetting collections and recoveries	(4,106,732)	(2,666,869)
Less: Offsetting receipts	(5,744)	(176,000)
Obligations net of offsetting collections and recoveries	$ 228,569,695	$ 228,368,427
Other Resources		
Imputed financing from costs absorbed by others	299,459	334,851
Total resources used to finance activities	$ 228,869,154	$ 228,703,278
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 (+/-)	$ (10,065,990)	$ 4,770,659
Resources that fund expenses recognized in prior periods	-	568,673
Budgetary offsetting collections and receipts that do not affect net cost of operations:		
Other	-	36,159
Resources that finance the acquisition of assets	(9,174)	1,924,036
Adjustments to net obligations resources that do not affect net cost	5,744	-
Total resources used to finance items not part of the Net Cost of Operations	(10,069,420)	7,299,527
Total Resources Used to Finance the Net Cost of Operations	$ 218,799,734	$ 221,403,751
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	$ 4,010	$ 587,583
Increase in Exchange Revenue	-	-
Other (+/-)	590,611	609,519
Total Components of Net Cost of Operations Requiring or Generating Resources in Future Periods	594,621	1,197,102
Components not Requiring or Generating Resources:		
Depreciation and amortization	323,036	186,147
Gain/Loss on Disposal of Assets	-	(21,975)
Other (+/-)	-	-
Total components of Net Cost of Operations that will not require or generate resources	323,036	164,172
Total components of Net Cost of Operations that will not require or generate resources in the current period	917,657	1,361,274
Other Adjustments (unreconciled difference to SNC)	-	-
Net Cost of Operations	$ 219,717,391	$ 222,765,025

Note 18 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 2017, IMLS has received $5,744 in total contributions. In FY 2016, IMLS received $176,000 in total contributions.

SECTION 4

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 $156,103,000 in FY 2017 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 improves program-level evaluation, but also offers the states a benchmarking tool for similar projects.

Future investment is planned to increase data transparency even further by more broadly sharing the information with the research community and the public. One of the expected benefits for the public is the development of new or improved projects from recipients of IMLS funding.

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, which was rolled out to all users in FY 2016, completed the Phase III pilot stage for outcomes in FY 2017, resulting in greater data transparency, including a layer for search. 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. Continued investment in the SPR is planned in FY 2018. The development expenses incurred to date for the upgraded SPR are included in the schedule below.

FISCAL YEAR	EXPENSES INCURRED
2017	$34K
2016	$165K
2015	$146K
2014	$217K
Total	**$562K**

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
Not Applicable						
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
Not Applicable						
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
Not Applicable						
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*	Not applicable*
2. Applicable Federal Accounting Standards	Not applicable*	Not applicable*
3. USSGL at Transaction Level	Not applicable*	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 fifty 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 2017 grant payments was performed. In FY 2017, there were overpayments totaling approximately $988,291 or .46 percent of the agency outlays of $212.67 million for grant programs. As of September 30, 2017, IMLS had recovered 100 percent of these payments. In FY 2016, there were overpayments totaling approximately $64,413 or .03 percent of the agency total grant program outlays of $208.11 million, of which 32 percent of the payments were recovered at September 30, 2016, and 100 percent of these payments were recovered as of September 30, 2017. There were no under-payments in the review of the FY 2017 and FY 2016 grant payments.

In accordance with the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), the FY 2017 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, 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, 2017, 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. In FY 2016, there were $5,543 of improper payments in administrative activities. As of September 30, 2016, IMLS had recovered 67 percent of these payments. The remaining amount is for interest paid on vendor invoices that will never be recaptured. In addition, there were no underpayments in the review of FY 2017 and FY 2016 administrative activity outlays.

CORRECTIVE ACTIONS

While the Agency 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 2017, IMLS, along with its financial management shared-service provider continued the use of the Batch Processing function of OMB's Do Not Pay Solution. If a payment is paid in error and deemed improper, IMLS can immediately collect those funds. IMLS reviews 100 percent of reimbursement or advance grant payment requests before a disbursement is made.

Improper Payment Reporting Tables

Table 1: Improper Payment Reduction Outlook

PROGRAM OR ACTIVITY	PY OUTLAYS	PY IP%	PY IP$	CY OUTLAYS	CY IP%	CY IP$
Grants	$208.11M	0.03%	$.064M	$212.67M	0.46%	$.988M
Administrative	$5.72M	0.09%	$.006M	$5.73M	0.07%	$.004M
Total	$213.82M		$.070M	$218.4M		$.992M

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	$212.0M	0.005%	$.011M	$213.0M	0.000%	$.000M
Administrative	$5.00M	0.00%	$.000M	$5.00M	0.000%	$.000M	$5.50M	0.000%	$.000M
Total	$217.00M		$.021M	$217.00M		$.011M	$218.50M		$.000M

**Outlays do not match 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	$.988M	$.988M	$.064M	$.064M	$1.052M	$1.052M
Administration	$.004M	$.001M	$.006M	$.004M	$.010M	$.005M
Total	$.992M	$.989M	$.070M	$.068M	$1.062M	$1.057M

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 the pre-award process and prior to entering into an agreement, IMLS requires 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 years 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	5,774	$212.67M	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 2016 and FY 2017 surveys resulted in no responses that would indicate any fraud.

GRANTS OVERSIGHT & NEW EFFICIENCY (GONE) ACT REQUIREMENTS

IMLS successfully implemented the requirements of the GONE Act. As of September 30, 2017, IMLS has closed out all awards within two years following the end of each award's period of performance. All closeouts are reviewed and authorized by the program office as well as the grants administration and finance office. The agency has procedures in place to continue compliance with the GONE Act in future years.