



Annual Financial Report

FISCAL YEAR 2022



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Message from the Director



The Pandemic is over. Well, maybe, sort of. At least we came back to the office, in a hybrid sort of way, and had a more normal budget, if produced mid-year after a series of Continuing Resolutions, that have, after all, become sort of normal.

But business as usual is not so usual. The administration and the nation and, therefore, the IMLS, are focused on the equitable distribution of the government's resources, with historically underserved communities getting programmatic attention. The Agency has always been aware of its responsibilities to serve the most underserved but, guided by executive orders and policy and refining our own sense of purpose, we have expanded our work in African American History and Culture, HBCUs, our partnership with the Congressionally authorized National Museum of the American Latino, and, with Tribal Consultation, our work in our Native American and Native Hawaiian cultural institutions and their communities.

We are looking for measurable ways to focus our grantmaking on equity through filtering information on demographics, social wellbeing, and socioeconomic impact. We also continue to raise the issue both internally and inter-agency that our own and other department and agency application processes frequently discriminate against smaller and poorer institutions through their complexity, jargon, and inflexible requirements, deadlines, and program silos.

As an example of this, we have focused our own broadband grantmaking on the actual use in the community of broadband-related dollars rather than simple—and easier to measure—connectivity, as well as evangelizing for that across the federal footprint.

Our Citizens and Readers library convening, in March of 2022, helped us consider the equity impact of the traditional focus of libraries on reading and gave us a program of research, best practices, and the general importance of libraries in the informal support for literacy and lifelong learning, the core of our strategic vision. Their centrality to civic and community engagement is also demonstrated by and aligned with our literacy work. Two of our keynote speakers, Robert Putnam and Maryanne Wolf, saw libraries as leaders in reestablishing civic and community trust. As numerous recent reconsiderations of the science of reading and literacy have demonstrated, our cultural institutions are among the few positive lights in overcoming the various socioeconomic divides based on an ethic of both personal and community achievement.

Our grantmaking has always featured professional development and increasingly focuses on programs of paid internships, scholarships, fellowships, and the like to act as a lever for under-resourced members of our community in general and particularly in communities of color where cultural resources are scarce or distant. Recent research, including that of Raj Chetty, shows that the social relationships of the young, significantly through schools and cultural institutions, are perhaps the best foundation for social mobility. Our Office of Research and Evaluation has taken on the challenge of this research in relating it directly to our professional fields and our grantmaking.

Our cultural institutions have always been and continue to be about inspiration and aspiration. They are about the diversity that attracts us all in the United States of America, the diversity of talent, intellect, culture, character, and excellence in the arts and humanities. We are particularly pleased that the President, in his recent Executive Order, recognized the IMLS's role in this by recreating the President's Committee on the Arts and Humanities and entrusting it to us in support not only of our work but also that of our sister agencies, the National Endowment for the Arts and the National Endowment for the Humanities.

Congress expanded our portfolio as well. We are building an Information Literacy Taskforce to look at the way trusted civic and cultural institutions at the local level with their community partners can not only provide platforms for civic discourse but reduce polarization through an increase in knowledge and face to face conversation. We are scanning the various projects inside the government, in research organizations, and within communities to learn about best practices. We are using what we learned in our REALM and Communities for Immunities projects about best practices for successful rollout of not only information but also clinical practices, particularly in underserved communities.

We have been developing our programs for America250 in collaboration with partners including the US Citizenship and Immigration Services (USCIS), the American Association for State and Local History (AASLH), and the National Constitution Center in Philadelphia. A series of public conversations, citizenship ceremonies, and conference presentations are outlining local programs of civic discourse and celebration.

All of this increased work and analysis has gone forward with no substantial increase in staff until the current budget year. As we return to a hybrid work environment, manifestly different from our pandemic virtual and pre-pandemic in-person worlds, we are determined to continue to work as a collaborative and skilled, mission-motivated, professional team delivering excellence in service to, and thought leadership for, museums and libraries and their communities.



Crosby Kemper
Director

SECTION 1

Management's Discussion and Analysis (MD&A)

A. IMLS OVERVIEW AND MISSION

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

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

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

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

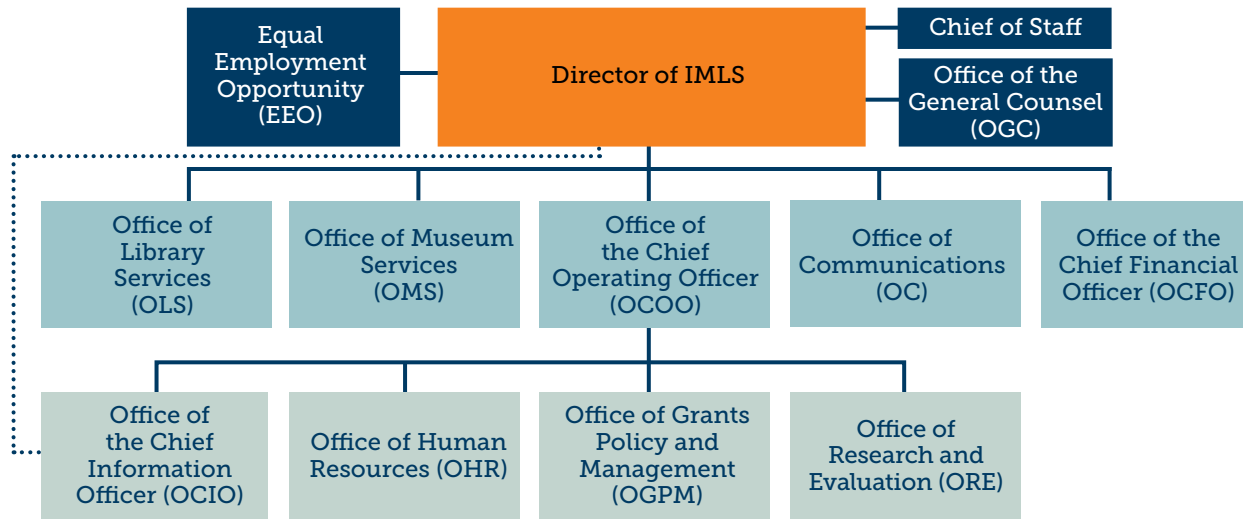
IMLS helps to ensure that all Americans have access to museum, library, and information services. The Agency invests in new and exploratory approaches, as well as proven and tested methods. IMLS funds work that advances collective knowledge, lifelong learning, and cultural and civic engagement. And the Agency builds capacity within the museum and library fields to enable better service to communities and to enhance community decision making by sharing trends and data.

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

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

This year, IMLS has chosen to produce an Annual Financial Report (AFR) and an Annual Performance Report (APR) and will post its FY 2022 APR on the IMLS website, www.ims.gov, in February 2023.

IMLS ORGANIZATIONAL CHART



..... Advisory Role
Updated October 2022

B. STRATEGIC GOALS

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

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

The Agency has developed a new strategic plan for 2022–2026 that was published in February 2022. For this 2022 AFR, the Agency is reporting on these new 2022–2026 strategic goals and objectives:

STRATEGIC GOALS AND OBJECTIVES

1. *Champion Lifelong Learning.*

- 1.1 Advance shared knowledge and learning opportunities for all.
- 1.2 Support the training and professional development of the museum and library workforce.

2. *Strengthen Community Engagement.*

- 2.1. Promote inclusive engagement across diverse audiences.
- 2.2. Support community collaboration and foster civic discourse.

3. *Advance Collections Stewardship and Access.*

- 3.1. Support collections care and management.
- 3.2. Promote access to museum and library collections.

4. *Demonstrate Excellence in Public Service.*

- 4.1. Maximize public investments by cultivating a culture of planning, evaluation, and evidence-based practice.
- 4.2. Increase the impact of IMLS through strategic engagement with public and private sector stakeholders.
- 4.3. Increase the efficiency and effectiveness of Agency operations.
- 4.4. Build a workplace culture that fosters respect and collaboration, promotes open and transparent communication, and embraces diversity, equity, and inclusion.

C. SCOPE

COVID-19 RESPONSE

American Rescue Plan (ARP) Act Grants

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

The ARP Act designated \$200 million in pandemic response funding for IMLS, enabling the Agency to efficiently provide critical funding to State Library Administrative Agencies (SLAAs), located in every state and territory and with reach into local communities across the US. In addition to the 59 awards totaling \$178 million allocated to the SLAAs, IMLS also offered \$15 million in grants to museums, libraries, and Native American and Native Hawaiian communities to provide direct support to address community needs created or exacerbated by the COVID-19 pandemic and in assisting with recovery.

ARP Allotments to SLAAs

Process

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

IMLS outlined spending priorities as follows:

- a. First, to support digital inclusion efforts to enable libraries to reach residents such as through Internet hotspots, accessible Wi-Fi, and digital content and related resources, particularly in support of education, health, and workforce development needs. The following types of data, among others, can inform efforts to reach underserved populations:
 1. Poverty/Supplemental Nutrition Assistance Program (SNAP)
 2. Unemployment
 3. Broadband availability;

- b. Second, to provide rapid emergency relief to libraries across the country, allowing them to safely respond to the pandemic and implement public health protocols;
- c. Third, to support library services that meet the needs of communities throughout the US, including costs such as personnel, technology, training, materials, supplies, equipment, and associated indirect costs; and
- d. With respect to (a), (b), or (c), reach Tribal and museum partners best positioned to assist with pandemic response efforts, in addition to traditionally eligible library entities, where appropriate.

Apart from a waived match requirement, all other Grants to States statutory provisions applied, including the four percent cap for administration, reporting requirements, and compliance with provisions such as the Children’s Internet Protection Act (CIPA).

Overall

Although not yet fully reported, IMLS gathered evidence of ARP Act spending by SLAAs through news media and informal updates, evidencing the reach of the \$178 million during the pandemic. In keeping with ARP Act priorities

around digital inclusion efforts and rapid emergency relief to libraries, publicized awards included an emphasis on connectivity as well as helping libraries safely reopen their physical spaces. In the first five months after the April 2021 ARP Act awards to SLAAs, they had already disseminated over 2,600 subawards, reached at least 3,900 libraries, and anticipated reaching at least 10,000 more libraries of all types. Within those first five months, SLAAs and their subrecipients had already announced the purchase of over 5,300 devices, such as hotspots, laptops, and tablets, as well as 28 library vehicles to reach remote users, including bookmobiles and book bikes outfitted with hotspots.

The ARP grants continued the new approaches for the Grants to States program that began with CARES Act. SLAAs found creative ways to reach museums and tribes, in addition to traditionally eligible libraries, and while not all had the flexibility to do so, as of September 30, 2021, 5 states had found ways to incorporate museums into their ARP grantmaking, and 5 states had done the same for tribes.

ARP Discretionary Grants: IMLS ARP Grants

IMLS issued a competitive funding opportunity to support museums, libraries, and Native American Tribes/Native Hawaiian organizations in addressing community needs created or exacerbated by the COVID-19 pandemic and in assisting with recovery. Projects could continue, enhance, or expand existing programs and services, or launch new ones to address emergent needs and unexpected hardships. In October 2021, IMLS announced \$15,255,733 in ARP Act grants to institutions across 49 states, the District of Columbia, and Puerto Rico through this funding program. A total of 390 projects were awarded from 572 applications for the stimulus funding opportunity, requesting \$22,840,029. Organizations receiving awards are matching them with \$20,202,449 in non-federal funds. Designed as fast-track projects to serve immediate community needs, awards were made for one-year projects in amounts ranging from \$10,000 to \$50,000. The IMLS ARP grant program required at least 1:1 cost share from non-federal sources for organizations applying as Museum or Library Entities. Cost share was not required for organizations applying as Federally Recognized Indian Tribes or Nonprofit Organizations that Primarily Serve and Represent Native Hawaiians.

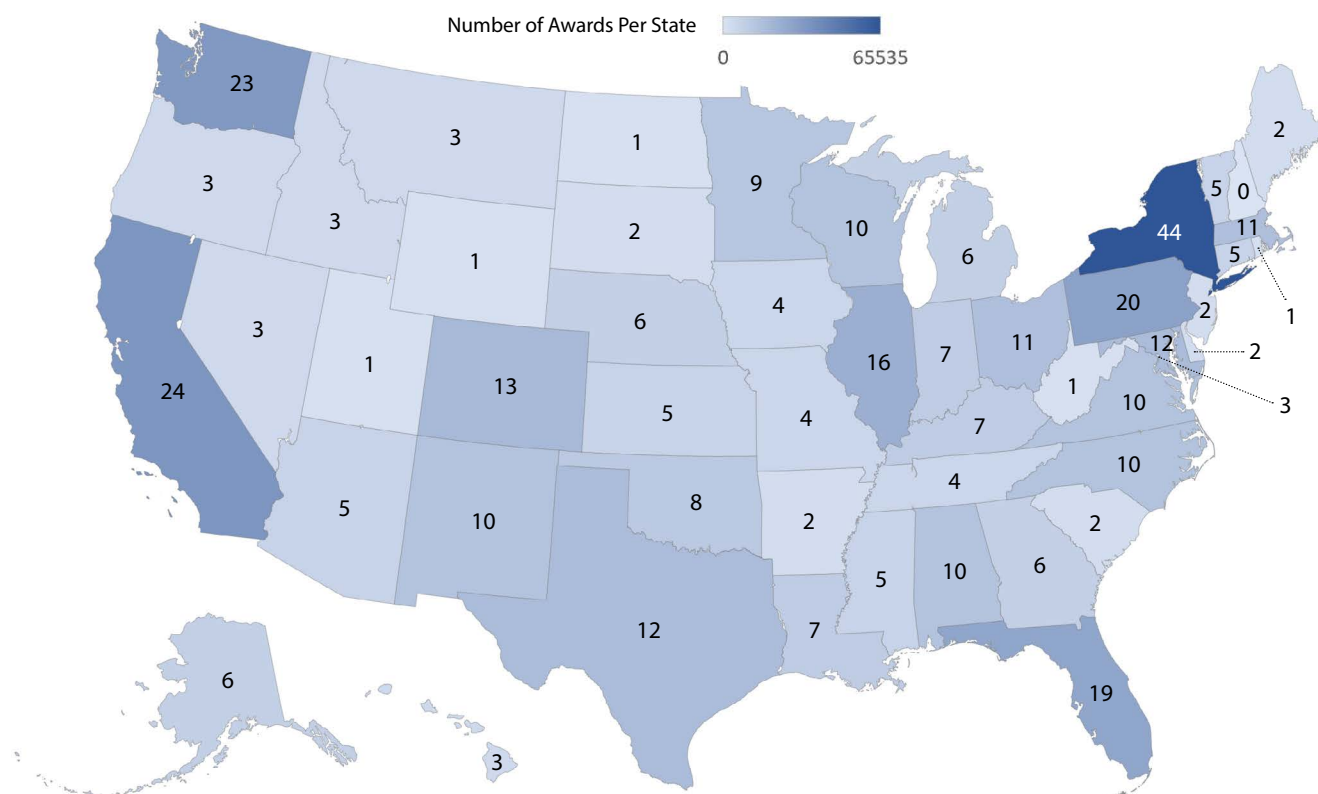
Funding Snapshot

NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	MATCH/COST SHARE
Totals				
572	390	\$22,840,029	\$15,255,733	\$20,202,449
Museums				
388	260	\$15,803,958	\$10,405,447	\$16,004,760
Libraries				
154	101	\$5,679,184	\$3,543,398	\$4,065,442
Native American Tribes/Native Hawaiian Organizations				
30	29	\$1,356,887	\$1,306,888	\$132,247

AMERICAN RESCUE PLAN

All Awardees per State

n = 390



Vaccine Confidence with CDC: Communities for Immunity (C4I) Initiative

In 2021, IMLS entered into an interagency agreement with the **Centers for Disease Control and Prevention (CDC)** in order to boost COVID-19 vaccine confidence in communities across the United States. With support from the CDC and IMLS, the **Association of Science and Technology Centers (ASTC)**, in collaboration with the **American Alliance of Museums (AAM)**, created the **Communities for Immunity Initiative** and provided two rounds of funding to museums and libraries to enhance vaccine confidence at the local level. Building on the many ways they have supported their communities during the pandemic, the partnership has been helping museums and libraries create and deliver evidence-driven materials and develop resources, programs, and approaches specifically designed to help museums and libraries engage diverse audiences in building trust in the COVID-19 vaccine. The **American Library Association (ALA)**, the **Association of African American Museums (AAAM)**, the **Association of Children's Museums (ACM)**, the **Association of Rural and Small Libraries (ARSL)**, the **Association of Tribal Archives, Libraries, and Museums (ATALM)**, the **Network of the National Library of Medicine (NLM)**, and the **Urban Libraries Council (ULC)** are partners in the initiative. Through this network of museum and library organizations and professionals, we can enable engagement across a broad and diverse set of communities, increase COVID-19 vaccine confidence in the short term, and work toward greater community health/resilience in the long term. The project culminated with an evaluation and two-day capstone convening in October 2022 to explore ways to continue to engage communities in this important work. [Read more about the Communities for Immunity partnership here.](#)

LIBRARY SERVICES

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

- Enhance coordination among federal programs that relate to library, education, and information services;
- Promote continuous improvement in library services in all types of libraries in order to better serve the people of the United States;
- Facilitate access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry;
- Encourage resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public;
- Promote literacy, education, and lifelong learning, including by building learning partnerships with school libraries in our Nation's schools, including Tribal schools, and developing resources, capabilities, and programs in support of state, Tribal, and local efforts to offer a well-rounded educational experience to all students;
- Enable libraries to develop services that meet the needs of communities throughout the Nation, including people of diverse geographic, cultural, and socioeconomic backgrounds, individuals with disabilities, residents of rural and urban areas, Native Americans, military families, veterans, and caregivers;
- Enable libraries to serve as anchor institutions to support community revitalization through enhancing and expanding the services and resources provided by libraries, including those services and resources relating to workforce development, economic and business development, critical thinking skills, health information, digital literacy skills, financial literacy and other types of literacy skills, and new and emerging technology;
- Enhance the skills of the current library workforce and recruit future professionals, including those from diverse and underrepresented backgrounds, to the field of library and information services;
- Ensure the preservation of knowledge and library collections in all formats and enable libraries to serve their communities during disasters;
- Enhance the role of libraries within the information infrastructure of the United States in order to support research, education, and innovation;
- Promote library services that provide users with access to information through national, state, local, regional, and international collaborations and networks; and
- Encourage, support, and disseminate model programs of library and museum collaboration.

Grants to States

Process

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

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

The 2018 Act increased minimum allotments for states from \$680,000 to \$1,000,000, and for Pacific territories and freely associated states from \$60,000 to \$100,000. Increases to the

minimum allotments depend on increases to the program's overall budget, which remained level-funded in FY 2022. Increases to date have not fully enacted the new statutory minimum allotments, but did raise the base to \$833,845 for states, with \$60,000 for other entities. The Act limits administrative costs at the state level to four percent and requires a 34 percent match from non-federal state or local funds.

Programs and services delivered by each SLAA support the purposes and priorities set forth in the Library Services and Technology Act (LSTA). SLAAs must complete five-year plans, conduct a five-year evaluation based on these plans, and report annually to IMLS on their progress in strengthening library services, which helps improve practice and inform policy. SLAAs set

goals and objectives for their states regarding the use of Grants to States funds within the statutorily required five-year plan approved by IMLS. These goals and objectives are determined through a planning process that includes statewide needs assessments.

Site visits provide Grants to States staff the opportunity to monitor program administration at both the SLAA and subrecipient levels and to assist SLAAs in the sound management of the program. By the end of FY 2022, staff had completed visits with all 59 SLAAs during the 2018–2022 five-year cycle. With pandemic adaptations beginning in 2020, program staff completed 32 in-person visits, 21 virtual visits, and six desk visits with outlying Pacific SLAAs at the 2022 biennial workshop.

Use of Funds

States are subject to a statutory "maintenance of effort" requirement that helps ensure that federal funds do not supplant state investments. SLAAs may use their funding for:

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

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

To report out on the impact of IMLS's largest grant program, staff synthesized the SLAAs' five-year evaluations for 2018–2022 and five-year plans for 2023–2027 and shared national-level findings with state library stakeholders and the general public. Despite the pandemic, the proportion of 2018–2022 five-year plan goals that independent evaluators rated "achieved" or "partly achieved" changed very little from the earlier cycle (2013–2017), evidencing SLAAs' abilities to pivot and accomplish their goals in different ways. In terms of beneficiaries that were most often targeted by the program's funding, the evaluations again pointed to two predominant groups: the library workforce (29 states and territories, or 49 percent) and individuals with disabilities (25 states and territories, or 43 percent). The new 2023–2027 five-year plans painted a similar picture, with 56 states and territories (95 percent) including goals or projects related to the library workforce, and 43 states and territories (73 percent) referencing talking books programs for the blind and print disabled. Other highly cited topics included reading (52 states and territories, or 88 percent), and broadband/digital literacy initiatives (42 states and territories, 71 percent). Additionally, 37 states and territories (63 percent) indicated in their 2023–2027 five-year plans that they intended to coordinate with elementary or secondary education agencies, and 26 states and territories (44 percent) indicated plans to coordinate with workforce agencies.

Discretionary Grants

The Office of Library Services offered five funding opportunities in FY 2022:

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

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

Funding Snapshot

Grants to States		
NUMBER OF AWARDS	FUNDS AWARDED	AWARDEE MATCH
59	\$168,803,000	\$86,770,267*

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

Total Grants for All Library Discretionary Programs				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH†
535	225*	\$72,510,533	\$28,388,229†	\$5,373,994

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

†FY 2022 awards include those made with FY 2022 Annual Appropriations and a portion of NMAL Act, ARP Act, and X-year funds.

‡Match requirements vary by program.

By Program

Laura Bush 21st Century Librarian Program					
NUMBER OF PRELIMINARY PROPOSALS	NUMBER OF FULL APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH‡
104	61*	34	\$29,340,741	\$10,064,250†	\$2,118,327

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

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

†FY 2022 awards include those made with FY 2022 Annual Appropriations and a portion of NMAL Act funds.

‡Cost share requirements vary by project type.

National Leadership Grants for Libraries					
NUMBER OF PRELIMINARY PROPOSALS	NUMBER OF FULL APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH‡
139	78*	44	\$37,203,981	\$13,060,979†	\$3,026,771

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

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

†FY 2022 awards include those made with FY 2022 Annual Appropriations and a portion of ARP Act and X-year funds.

‡Cost share requirements vary by project type.

National Medal for Library Service*					
NUMBER OF NOMINATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH	
55	3	N/A	\$30,000	N/A	

*Funded through the National Leadership Grants for Libraries program. Not included in application and award totals above.

Native American and Native Hawaiian Library Service Programs					
PROGRAM	NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH*
Basic Grants (non-competitive)	118	118	\$1,307,411	\$1,307,411	\$0
Enhancement Grants	27	23	\$3,470,682	\$3,096,553	\$209,702
Native Hawaiian	8	6	\$1,187,718	\$859,036	\$11,004
Total	153	147	\$5,965,811	\$5,263,000	\$220,706

*Matching funds are not required for these programs.

MUSEUM SERVICES

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

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

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

Discretionary Grants

The Office of Museum Services offered six competitive funding opportunities in FY 2022:

- **Museums for America** supports museums of all sizes and disciplines in strategic, project-based efforts to serve the public through exhibitions, educational/interpretive programs, digital learning resources, professional development, community debate and dialogue, audience-focused studies, and/or collections management, curation, care, and conservation. Funded projects focus on a key goal identified in the institution's strategic plan, aligning with lifelong learning, community engagement, or collections stewardship and access.
- **Inspire! Grants for Small Museums** is a special funding opportunity within the Museums for America program. It is designed to support small museums of all disciplines in project-based efforts to serve the public through exhibitions, educational/interpretive programs, digital learning resources, policy

development and institutional planning, technology enhancements, professional development, community outreach, audience development, and/or collections management, curation, care, and conservation. It is designed to help small museums implement projects that address priorities identified in their strategic plans, focusing on lifelong learning, institutional capacity, or collections stewardship and access.

- **Museums Empowered: Professional Development Opportunities for Museum Staff** is a special funding opportunity within the Museums for America program that is designed to support projects that use the transformative power of professional development and training to generate systemic change within museums of all types and sizes. Funded projects focus on digital technology, diversity and inclusion, evaluation, or organizational management.
- **National Leadership Grants for Museums** support projects that address critical needs of the museum field and that have the potential to advance practice in the profession to strengthen museum services for the American public. In addition to museums, related organizations such as museum associations, colleges and universities, and some foundations and nonprofit organizations may be eligible to apply for grants in this funding program.
- **Native American/Native Hawaiian Museum Services** grants to Indian tribes and organizations that primarily serve and represent Native Hawaiians enhance museum services to sustain heritage, culture, and knowledge through exhibitions, educational services and programming, workforce professional development, organizational capacity building, and collections stewardship.
- **Museum Grants for African American History and Culture** build the capacity of African American museums and support the growth and development of museum professionals at African American museums. The program also increases access to museum and archival collections at African American museums and Historically Black Colleges and Universities (HBCUs).

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

Funding Snapshot

Total Grants for All Museum Discretionary Programs				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH*
716	280	\$109,365,727	\$44,639,384	\$52,014,703

*Match requirements vary by program.

By Program

Museums for America				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
320	120	\$58,736,280	\$22,836,912*	\$36,151,399

*FY 2022 awards include those made with FY 2022 Annual Appropriations and a portion of NMAL Act funds.

Inspire! Grants for Small Museums*				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
218	59	\$9,333,260	\$2,545,652 [†]	\$1,597,614

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

[†]FY 2022 awards include those made with FY 2022 Annual Appropriations and a portion of NMAL Act funds.

Museums Empowered *				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
49	20	\$9,329,240	\$4,299,396 [†]	\$5,061,632

*A special funding opportunity within Museums for America.

† FY 2022 awards include those made with FY 2022 Annual Appropriations and a portion of NMAL Act funds.

National Leadership Grants for Museums				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
50	20	\$22,344,812	\$8,045,501	\$5,121,801*

*Match requirements vary by project type.

National Medal for Museum Service*				
NUMBER OF NOMINATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH
85	3	N/A	\$30,000	N/A

*Funded through the National Leadership Grants for Museums program. Not included in application and award totals above.

Native American/Native Hawaiian Museum Services Program				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH*
30	25	\$2,854,543	\$2,272,000	\$289,183

*Matching funds are not required for this program.

Museum Grants for African American History and Culture				
NUMBER OF APPLICATIONS	NUMBER OF AWARDS	FUNDS REQUESTED	FUNDS AWARDED	AWARDEE MATCH*
49	36	\$6,767,592	\$4,639,923	\$3,793,074

*Match requirements vary by project type.

National Museum of the American Latino Act (NMALA)

On December 21, 2020, the US Congress approved legislation to initiate the planning for the National Museum of the American Latino as part of the Smithsonian Institution. In addition to creating the new museum, the legislation authorized funding for the Director of the Institute of Museum and Library Services to establish and carry out specified grant programs and a scholarship program, including a grant program to promote the understanding of the Latin American diaspora in the United States.

In FY 2022, IMLS utilized an appropriation of \$4,000,000 to begin this work, including the following activities:

- Entered into an Interagency Agreement with the Smithsonian Institution Museum of the American Latino to expand its Latino Museum Studies Program to create and support three cohorts of new fellowships focused on Arts Administration. The purpose of this new initiative is to strengthen the career pipeline of emerging museum, archive, and academic professionals interested in Latino museum studies and careers.
- Awarded funds from the NMALA appropriation to support grant awards in four funding programs that reflected the spirit of the legislation to improve operations, care of collections, public outreach, and professional development in American Latino museums and to a variety of other museums to promote an understanding of the Latin American diaspora in the United States.

- Contracted with the Urban Institute to conduct comprehensive, actionable, and community-engaged research and planning for a new Museum Grants for American Latino History and Culture Program.
- Contracted with 2M Research to conduct research, quantify, characterize, and document IMLS's historic investment and impact in Latino museums and related organizations and programming.

CROSS-AGENCY INITIATIVE

The multipronged **Community Catalyst Initiative (CCI)**, launched in 2016, represented a grantmaking effort that has challenged museums and libraries to transform how they collaborate with their communities toward improving wellbeing. The cumulative findings from this five-year venture are captured in a final report from an independent evaluation published to the website in July 2022. The evaluation reveals a wide range of opportunities for grantees to learn, practice, and share experiences in implementing a community-driven collaboration approach to improving wellbeing. Keys for success included: support through coaching by site consultants; professional development opportunities for grantees and their project partners through webinars, convenings, and workshops; and mechanisms fostering peer learning across cohorts of grantees. Additionally, the agency published the [Understanding the Social Wellbeing Impacts of the Nation's Libraries and Museums](#) report in October 2021, along with [research and case studies](#). This model also enabled IMLS to learn from earlier efforts and to refine support in ways that better met the needs of the grantees and its partners.

COOPERATIVE AGREEMENTS

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

The **Museum Assessment Program (MAP)** is a cooperative agreement with the American Alliance of Museums to help small and medium-sized museums strengthen their operations, plan for the future, and meet professional standards. Museums can apply to participate in one of five different assessments focusing on organizational structure; collections stewardship; education and interpretation; community and audience engagement; or Governing Board leadership. Participating museums engage in a

one-year process of self-assessment and related institutional activities. A consultative peer review combined with a site visit results in a formal report of recommendations to guide future development. In FY 2022, 47 museums in 23 states and the territory of Guam participated in MAP.

The **Collections Assessment for Preservation (CAP)** program provides small and mid-sized museums with funding to assist with a study of all of the institution's collections, buildings, and building systems, as well as its policies and procedures relating to collections care. The CAP program is administered through a cooperative agreement with the Foundation for Advancement in Conservation (FAIC). Participants who complete the program receive an assessment report with prioritized recommendations to improve collections care. In FY 2022, FAIC accepted 98 museums in 31 states, Washington, DC, Puerto Rico, and Guam into the program. Additionally, one museum in Kentucky was supported through an Emergency CAP. Emergency CAP assessments help museums

affected by a recent disaster to receive post-disaster collections care recommendations from conservation and building professionals on an expedited basis.

Building a National Network of Museums and Libraries for School Readiness is a cooperative agreement with the Boston Children’s Museum that addresses persistent gaps in early childhood education and school readiness. In collaboration with the BUILD Initiative, the project is designed to amplify the strength of organizations serving children and families by forming coalitions that ensure all children in their regions, regardless of socioeconomic or linguistic background, have the skills needed to enter school prepared for success. During FY 2022, the project team continued to improve existing networks and sustainability mechanisms in and among six states: Massachusetts, South Carolina, Virginia, Iowa, Mississippi, and New Mexico.

Museums for Digital Learning (MDL) enables museums of all sizes and disciplines to share digitized collections and create ready-to-use educational resources for K–12 educators and their students across the country. In FY 2022, the MDL team continued its efforts to increase museum participants and K–12 teacher users, develop user tracking and quality controls, and provide more streamlined onboarding and support resources. The MDL platform currently features resources from 74 museums, and offers 74 resource kits containing educational activities including gaming, an e-book template, and a collections hub available at [Museums for Digital Learning](#). The cooperative agreement is funded through a partnership between History Colorado, the Indianapolis Museum of Art/Newfields, and the Field Museum.

Museums for All is a national, branded access program that encourages individuals of all backgrounds to visit museums regularly and build lifelong museum habits. The program is administered by the Association of Children’s Museums through a cooperative agreement with IMLS. Through Museums for All, those receiving

food assistance (SNAP benefits) can gain free or reduced admission to participating museums by presenting their SNAP EBT (Supplemental Nutrition Assistance Program Electronic Benefit Transfer) card. The initiative grew substantively in FY 2022, recruiting 234 new museums and expanding the number of hub cities, where multiple museums are participating in the program. As of September 30, the program was offered through 989 museums in all 50 states, the District of Columbia, and the US Virgin Islands. Multiple museums in 79 hub cities were jointly serving their communities through this program. Museums for All has attracted over 4.79 million visitors nationwide since its inception in 2014.

Building Capacity for African American Museums and Emerging Professionals is a cooperative agreement with the Association of African American Museums (AAAM) to support both emerging professionals as well as more seasoned staff in building capacities to increase sustainability among African American museums. The association will offer a training program for up to 48 museums to improve skills in grant-writing through webinars and one-on-one mentoring. The project will also establish six paid internships for emerging professionals— one at its headquarters and others at individual African American museums, as well as providing 15 emerging professionals with scholarships to attend the AAAM annual conference. A project report will highlight components that may represent capacity-building models for other associations.

All People, All Places, All Stories: A National Dialogue Preparing for America’s Semiquincentennial is a cooperative agreement with the American Association for State and Local History (AASLH) to plan, promote, and present five separate events as part of a national dialogue series to encourage audiences to consider how we share our national story, how we commemorate the past in public spaces, and how local, regional, and national histories fit together into a cohesive whole. AASLH also will provide expertise and strategic insight to IMLS to

guide potential additional field-wide planning, informing potential future activities to help museums and libraries prepare to implement semiquincentennial programming.

The **National Student Poets Program (NSPP)** is one of the Nation's highest honors for youth poets presenting original work. A collaboration with the Alliance for Young Artists & Writers, the program strives to inspire other young people to achieve excellence in their own creative endeavors and promote the essential role of writing and the arts in academic and personal success. The program links the National Student Poets with audiences and neighborhood assets such as museums, libraries, and other community anchor institutions. NSPP builds upon the Alliance for Young Artists & Writers' long-standing work with educators and creative teens through the Scholastic Art & Writing Awards. In 2022 the Poets' appointment ceremony was held in person at Planet Word in Washington, DC, followed by a ceremony at the White House with Dr. Jill Biden, First Lady of the United States, on September 27, 2022.

INTERAGENCY COLLABORATION

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

- Initiatives, materials, technology, or research to support education, workforce development, economic and business development, and related activities and services undertaken by libraries;
- Resource and policy approaches to eliminate barriers to fully leveraging the role of libraries and museums in supporting the early learning, literacy, lifelong learning, digital literacy, workforce development, and education needs of the people of the United States; and

- Initiatives, materials, technology, or research to support educational, cultural, historical, scientific, environmental, and other activities undertaken by museums.

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

American Broadband Initiative

IMLS is a critical partner in the Administration's **American Broadband Initiative**, designed to identify and remove barriers to broadband access and digital resources. In collaboration with the **Departments of Interior (DOI), Education, Commerce, Agriculture, Transportation**, the **Federal Communications Commission (FCC)**, and the **White House Council for Native American Affairs**, IMLS has hosted an annual National Tribal Broadband Summit since 2019. The **2022 Summit** provided a unique opportunity for Tribal leaders, representatives of Tribal libraries and cultural programs, federal programs managers, and policy makers at multiple levels of government to come together and share their innovations in expanding broadband access and adoption in Tribal communities. IMLS's Director opened the Summit with the Secretary of Interior and Chair of the Federal Communications Commission. IMLS also **entered into its first Memorandum of Understanding (MOU) with the FCC**. The MOU, which aims to promote the availability of affordable broadband programs, recognizes significant role that libraries and other community anchor institutions play in promoting digital access and inclusion. IMLS and the FCC are also partnering to increase the availability of broadband resources and support in Tribal and rural communities.

America250

America250 is a multi-year effort to commemorate the 250th anniversary of the founding of the United States. The Semiquincentennial Commission Act of 2016, as amended, established a Commission of

public and private partners to plan, encourage, develop, and coordinate commemorative activities, culminating on July 4, 2026, but building community infrastructure for the future. IMLS has funded some initial projects in preparation for the anniversary and the Director helped launch a local planning guide. IMLS partnered on the development of an MOU to work collaboratively on signature programs and activities that tap into the wealth of knowledge, historic assets, and tangible touchpoints comprising some of the country's leading cultural institutions and organizations. Director Kemper serves as an ex-officio member of the Semiquincentennial Commission.

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

IMLS is collaborating with the Smithsonian's **National Museum of African American History and Culture (NMAAHC)** to provide training, mentoring, and support to the next generation of museum, library, archives, and academic professionals from population groups that have been underrepresented in these fields. NMAAHC, in partnership with five HBCUs, has created the **History and Culture Access Consortium (HCAC)** to strengthen member archives and museums and to bring their rare and unique collections into the public eye. IMLS contributions to HCAC support intensive professional training and leadership development for emerging museum, library, archives, and academic professionals from traditionally underrepresented groups via internships and fellowships, an evaluation of the effectiveness of the consortium as a model that can be successfully expanded to other HBCUs, and documentation of lessons learned from the design of the internships and fellowships for field dissemination.

Latino Museum Studies Program Arts Administration Fellowships

IMLS entered into an Interagency Agreement with the **Smithsonian Institution Museum of the American Latino** to expand its Latino Museum Studies Program to create and support three cohorts of new fellowships focused on Arts Administration. The purpose of this new initiative is to strengthen the career pipeline of emerging museum, archive, and academic professionals interested in Latino museum studies and careers.

Preservation of National Collections: Save America's Treasures

IMLS partners with the **National Park Service**, the **National Endowment for the Humanities**, and the **National Endowment for the Arts** to support **Save America's Treasures**, a grant program designed to preserve and protect nationally significant historic properties and collections throughout the country. Congress appropriates funding for the Save America's Treasures grants from the Historic Preservation Fund, which uses revenue from federal oil leases to provide a range of preservation assistance without expending tax dollars. In FY 2022, the program awarded 80 grants in 32 states and the District of Columbia, totaling \$24,250,000. IMLS will manage 41 of these awards that support collections preservation, totaling \$8,309,796.

Disaster and Recovery

DOI Technical Assistance

The **Recovery Support Function Leadership Group (RSFLG)** is a federal interagency body established to improve the effectiveness and unity of effort in coordinating federal support to help communities recover from a disaster. IMLS is a supporting organization and participates in one of six Recovery Support Functions (RSFs): Natural and Cultural Resources (NCR). The NCR RSF brings together a variety of federal agencies under the leadership of the Department of the Interior to support the protection of natural and cultural resources and historic properties through appropriate response and

recovery actions. In August, IMLS traveled to Puerto Rico with other federal agencies to make presentations and share information about federal funding opportunities and the application process for cultural organizations on the island.

Cultural Heritage Coordinating Committee

IMLS is partnering with 16 other agencies, including the **Departments of State, Defense, Homeland Security, Interior, Justice, and Treasury**, to strengthen the ability of the US Federal Government to protect and preserve cultural property at risk from instability, natural disasters, and other emergencies and threats. Representatives from the Offices of Museum and Library Services, as well as the Office of the General Counsel, participate in meetings and working groups associated with this effort. More information is available on the CHCC website. IMLS is focused on supporting a partnership between CHCC and the Cultural Heritage Center at the Penn Museum to expand the recruitment of museum professionals to support law enforcement needs with respect to art and artifact trafficking.

Equitable Long-term Recovery and Resilience for Social, Behavioral, and Community Health

IMLS engaged with over 28 federal agencies and departments as part of an interagency workgroup in the development of a Federal Plan toward **Equitable Long-term Recovery and Resilience for Social, Behavioral, and Community Health (ELTRR)**. Led by the **US Department of Health and Human Services**, the purpose of the project is to present actionable recommendations to align federal actions into a high-level plan, outlining strategies to improve vital community conditions, support individual and community recovery from the impacts of COVID-19, and positively impact health and wellbeing over the next 10 years.

Serving New Americans

Since 2013 IMLS and the **US Citizenship and Immigration Services (USCIS)** have supported cross-cultural understanding and learning

opportunities by sharing information with libraries and museums on citizenship rights and responsibilities through webinars and other opportunities and materials. In FY 2022, IMLS and USCIS signed a renewed MOU at a ceremony on Ellis Island and held three joint webinars for library and museum stakeholders. Also, IMLS participated in a Naturalization Ceremony at the National Museum of World War I in Kansas City, Missouri, and in meetings with refugee groups serving Kansas and Missouri about attracting and encouraging them to make more use of libraries and museums beyond attending classes for the citizenship history test.

National Book Festival

Through support to the **Library of Congress**, IMLS contributed funding to 22nd National Book Festival, the first in-person book festival since 2019. The September 3, 2022, event included author conversations, *one of which was facilitated* by IMLS director Crosby Kemper. In addition to sponsoring the History and Biography stage, IMLS sponsored and participated in the Roadmap to Reading, where staff volunteers engaged with thousands of attendees throughout the day.

Digital Humanities Advancement Grants

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

POLICY RESEARCH, ANALYSIS, DATA COLLECTION, AND DISSEMINATION

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

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

In carrying out these objectives, IMLS engages with the SLAAs, networks of museums and libraries, as well as national, state, Tribal, and regional museum and library organizations.

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

- The **Public Libraries Survey (PLS)** has been conducted annually since 1988 and is a definitive source on the state of public libraries in the United States. PLS data provides key information on over 9,000 public library systems and 17,000 public library outlets nationwide.
 - » A recent example of usage includes an [infographic](#), released in the spring of 2022, describing how public libraries adapted to serve their communities at the start of the COVID-19 pandemic. IMLS plans on releasing a more extensive report on public libraries and the pandemic in 2023. IMLS also transitioned the Library Search and Compare Tool to a new platform and added new features such as maps, COVID-19 data, and 10-year trend graphs at the library level. IMLS also converted the historically static Statistical Tables into interactive online tables to allow for easier state benchmarking.
 - » IMLS enhanced the PLS by continuing improvements for its data collection and data utilization practices. IMLS concluded a multi-year methodology pilot and implemented new policy and procedures for making changes to the survey instrument in January 2022. The new policy commenced with solicitation for changes to the FY 2024 PLS instrument, with changes going to state vote in late summer 2023.

- The **State Library Administrative Agency (SLAA) Survey** has been collected annually since 1994 and biennially after 2010. The SLAA Survey is a definitive source on the status of state library agencies in the United States and provides key information on the state library agencies in all 50 states and the District of Columbia. This collected data may be used by policymakers in the executive and legislative branches of federal and state governments; government and library administrators at the federal, state, and local levels; the Chief Officers of State Library Agencies (COSLA); members of professional library associations; library and public policy researchers, journalists, and others in the public. In May 2022 IMLS released a [research brief](#) on how SLAAs adapted in the initial months of the COVID-19 pandemic in 2020. The Agency modernized the SLAA Survey platform this past year in preparing to open the FY 2022 data collection in January 2023.
- **Evaluation of the African American History and Culture Grant Program:** IMLS has been making awards to improve library services in Native American, Alaska Native, and Native Hawaiian libraries since 1998, and to sustain heritage, culture, and knowledge in Native American and Native Hawaiian communities

through museum services since 2005. IMLS offers the following four grant programs available specifically to Native American/Alaska Native Tribes and Native Hawaiian nonprofits: the Native American Library Services: Basic Grants; Native American Library Services: Enhancement Grants; Native American/ Native Hawaiian Museum Services; and Native Hawaiian Library Services. In late 2021, IMLS entered into an agreement with Kituwah Services, LLC to independently evaluate all four grant programs. Kituwah will evaluate how well the Agency's grantmaking aligns with the needs of communities served by these specific programs; develop recommendations to improve the quality, reach, and contribution of the Agency's grant programs in the future; and identify the organizational capacity needs of eligible applicants to support interested candidates in submitting high-quality grant applications and of awardees to successfully complete their award responsibilities. The evaluation is currently in the middle of data collection and will include a survey, interviews, and a virtual convening with existing and potential grantees. The final report of its findings is scheduled for public release in early fall 2023.

D. BRIEF ANALYSIS OF FINANCIAL STATEMENTS

INTRODUCTION AND FIGURES

Underlying the Agency's many programmatic achievements is its commitment to organizational excellence and sound financial management. IMLS has a fiduciary and stewardship responsibility to manage its federal funds effectively and efficiently and comply with federal financial management guidance. As part of this responsibility, the Agency prepares annual financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The principal financial statements have been prepared to report the financial position and results of operations for IMLS. The FY 2022 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 2022.

Figure 1: IMLS FY 2022 Financial Position (\$ in millions)

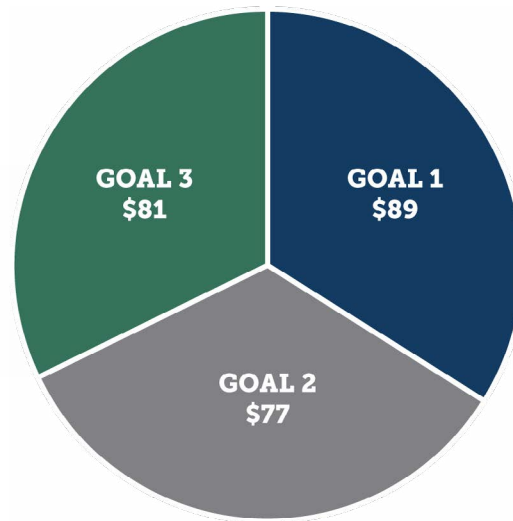
Net Financial Condition	FY 2022 (\$)	FY 2021 (\$)	Increase/Decrease (\$)	Change (%)
ASSETS	463.4	556.4	(93)	(16)
LIABILITIES	68.5	63.4	5.1	8
NET POSITION	394.9	493	(98.1)	(19.9)
NET COST	364.3	298.8	65.5	21.9

In FY 2022, total appropriations decreased for IMLS due to emergency stimulus funds being enacted in the prior year. Removing stimulus funds from the comparison, the Agency's annual appropriations increased by \$11 million. The bulk of the increase was for program development and research for the new National Museum of the American Latino program (\$4 million) and the Literary Information Taskforce (\$2 million). The lack of new stimulus funds resulted in fewer awards and a decrease to the fund balance with Treasury balance in the Assets line and a decrease in the unexpended appropriations amount in the Net Position line. The combined spending on stimulus grant funds and increased annual appropriations resulted in higher expenses incurred and a corresponding increase to both the grant expense accrual in the Liabilities line and the gross costs on the Statement of Net Cost.

Figure 2 below summarizes the FY 2022 grant award obligations, including ARP Act stimulus funding for awards made in Quarter 1 of FY 2022, by Strategic Goal.

Figure 2: FY 2022 Financial Assistance Obligations (\$ in millions)

- Goal 1: Champion Lifelong Learning**
- Goal 2: Strengthen Community Engagement**
- Goal 3: Advance Collections Stewardship and Access**



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). The statements have been prepared from the books and records of the entity in accordance with GAAP for federal entities and the formats prescribed by the Office of Management and Budget (OMB). Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the US Federal Government.

E. MANAGEMENT ASSURANCES AND COMPLIANCE WITH LAWS

OVERALL INTERNAL CONTROL

In FY 2022, IMLS demonstrated its continued commitment to maintaining strong internal controls. Internal control is an integral component of effective agency management, providing reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of reporting, and compliance with laws and regulations. The Federal Managers' Financial Integrity Act of 1982 (FMFIA) establishes management's responsibility to assess and report on internal accounting and administrative controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The FMFIA requires federal agencies to establish controls that reasonably ensure obligations and costs are in compliance with applicable laws; funds, property and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to permit the preparation of reliable reports and to maintain accountability over the assets. The FMFIA also requires agencies to annually assess whether financial management systems conform to related requirements (FMFIA Section 4. Guidance for implementing the FMFIA is provided through Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, and the revised Appendix A, Management of Reporting and Data Integrity Risk).

ANNUAL ASSURANCE STATEMENT

IMLS management is responsible for establishing and maintaining an effective system of internal control that meets the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). In accordance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, IMLS conducted its annual assessment of its system of internal control. Based on the results of this assessment, IMLS can provide reasonable assurance that its system of internal control over operations, reporting, and compliance was operating effectively as of September 30, 2022.

IMLS management is also responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. Based on the results of its annual assessment of internal controls, IMLS can provide reasonable assurance that internal controls and procedures over financial reporting were operating effectively during the year ended September 30, 2022.



Crosby Kemper
Director
February 13, 2023



Chris Catignani
CFO
February 13, 2023

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL

The Director's and CFO's FY 2022 annual assurance statement for FMFIA provides reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2022. The associated objectives are: effective and efficient operations; compliance with applicable laws and regulations; and reliability of reporting.

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

OTHER REVIEWS

Federal Information Security Modernization Act (FISMA)

FISMA requires federal agencies to "develop, document, and implement an agency-wide information security program to provide information security for the information and information systems that support the operations and assets of the Agency, including those provided or managed by another agency, contractor, or other source." In addition, FISMA requires federal agencies to conduct annual assessments of their information security and privacy programs, to develop and implement remediation efforts for identified weaknesses and vulnerabilities, and to report compliance to OMB. An independent external auditor and IMLS's Chief Information Officer perform a joint review of the Agency's compliance with FISMA requirements each year. IMLS has submitted its FY 2022 report to OMB.

SUMMARY OF CURRENT FINANCIAL SYSTEM AND FUTURE STRATEGIES

In FY 2022, IMLS continued to work with its Federal Shared Service Provider, the Department of Transportation's Enterprise Service Center (ESC), to enhance its existing systems. The IMLS fully implemented an automated interface of procurement transactions into the Agency's financial accounting system that automates the routing of requisitions and obligates in real-time with the general ledger. The new procurement system has strengthened internal controls over procurement activities and streamlined processes across the Agency.

SECTION 2

Financial Section

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

On behalf of the Institute of Museum and Library Services, it is my pleasure to join with Director Kemper in presenting the Agency's FY 2022 Annual Financial Report. This report is a summary presentation of our financial, operational, and programmatic achievements during the past year.

The independent audit of our financial statements has been completed, and I am pleased to report that the Agency received a 17th 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 US Federal Government such as the US Treasury and OMB.

In FY 2022, the Agency leveraged the successful implementation of an integrated acquisitions module to streamline acquisition and contracting processes. This implementation has increased efficiencies in the requisition approval process and created real-time acquisition award reporting for offices. This was done in partnership with the Federal Aviation Administration–Enterprise Services Center (FAA-ESC) and represents one of the many successful results to come out of the Agency's continued agreement for accounting and financial reporting services from the ESC. The ability to partner with one of the Centers of Excellence designated by OMB affords us the opportunity to receive the numerous benefits a shared service provider can offer, at affordable costs. IMLS, in coordination with the ESC, continues to update our DATA Act reporting architecture to implement new reporting requirements. The Agency continues to consistently meet 100 percent of the requirements in DATA Act reporting in a timely and accurate fashion.

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

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



Christopher A. Catignani
Chief Financial Officer
February 13, 2023

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS



Independent Auditor's Report on the Financial Statements

To the Director of the Institute of Museum and Library Services

Opinion

In accordance with the Accountability of Tax Dollars Act of 2002, we have audited the Institute of Museum and Library Services (IMLS) financial statements. IMLS's financial statements comprise the balance sheet as of September 30, 2022, the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended, and the related notes to those financial statements. In our opinion, IMLS's financial statements referred to above present fairly, in all material respects, IMLS's financial position as of September 30, 2022, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

IMLS's financial statements as of September 30, 2021, which comprise the balance sheet as of September 30, 2021, the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended, and the related notes to those financial statements were audited by other auditors who have ceased operations. Those auditors expressed an unmodified opinion on those financial statements in their report dated November 10, 2021.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the IMLS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

IMLS Management is responsible for the (1) preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in IMLS's Annual Financial Report (AFR), and ensuring the consistency of that information with the audited financial statements and RSI; and (4) designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit of financial statements in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

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

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

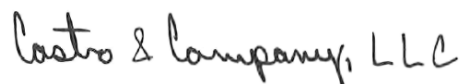
IMLS's other information contained in the Annual Financial Report includes a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not required as part of the financial statements or RSI. Management is responsible for the other information included in the IMLS's AFR. The other information comprises the Messages from the Director and Chief Financial Officer, Other Accompanying Information, and Appendices but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with U.S. generally accepted government auditing standards and OMB Bulletin No. 22-01, we have also issued our reports dated February 13, 2023, on our consideration of IMLS's internal control over financial reporting and the results of our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements that are required to be reported under U.S. generally accepted government auditing standards for the year ended September 30, 2022. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards and OMB Bulletin 22-01 in considering the IMLS's internal control and compliance and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of IMLS management, OMB, U.S. Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.



Alexandria, VA
February 13, 2023

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL



**Independent Auditor's Report on Internal Control over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Director of the Institute of Museum and Library Services

We have audited the financial statements of the Institute of Museum and Library Services (IMLS) for the year ended September 30, 2022; which comprise the balance sheet and the related statement of net cost, changes in net position, and budgetary resources for the year then ended, and the related notes to those financial statements, and have issued our report thereon dated February 13, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*.

In connection with our audit of IMLS' financial statements for the year ended September 30, 2022, we considered IMLS' internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control Over Financial Reporting

Our consideration of internal control was for the limited purpose described below and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of IMLS' internal control over financial reporting. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our fiscal year 2022 audit, we identified deficiencies in IMLS' internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant IMLS management's attention. We have communicated these matters to IMLS management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to IMLS' internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Internal Control over Financial Reporting

IMLS management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of IMLS' financial statements as of and for the year ended September 30, 2022, in accordance with U.S. generally accepted government auditing standards, we considered IMLS' internal control relevant to the financial statement audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IMLS' internal control over financial reporting. Accordingly, we do not express an opinion on IMLS' internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of IMLS' internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of IMLS' internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

This report is intended solely for the information and use of IMLS management, OMB, the Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Castro & Company, LLC

Alexandria, VA
February 13, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE



Independent Auditor's Report on Compliance with Laws, Regulations, Contracts and Grant Agreements Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Director of the Institute of Museum and Library Services

We have audited the financial statements of the Institute of Museum and Library Services (IMLS) for the year ended September 30, 2022, which comprise the balance sheet and the related statement of net cost, changes in net position, and budgetary resources for the year then ended, and the related notes to those financial statements, and have issued our report thereon dated February 13, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*.

In connection with our audit of IMLS' financial statements for the year ended September 30, 2022, we tested compliance with selected provisions of applicable laws, regulations, contracts and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts and grant agreements disclosed no instances of noncompliance for fiscal year 2022 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests were not to provide an opinion on compliance with laws, regulations, contracts and grant agreements applicable to IMLS. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts and Grant Agreements

IMLS management is responsible for complying with laws, regulations, contracts and grant agreements applicable to the IMLS.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts and grant agreements applicable to IMLS that have a direct effect on the determination of material amounts and disclosures in IMLS' financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts and grant agreements applicable to IMLS. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts and grant agreements is not suitable for any other purpose.

This report is intended solely for the information and use of IMLS management, OMB, Government Accountability Office, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Castro & Company, LLC

Alexandria, VA
February 13, 2023

IMLS FINANCIAL STATEMENT AND NOTES



INSTITUTE OF MUSEUM AND LIBRARY SERVICES
BALANCE SHEET
As of September 30, 2022 (CY) and 2021 (PY)
(in dollars)

Assets:	2022 (CY)	2021 (PY)
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 458,285,098	\$ 549,631,896
Advances and Prepayments (Note 4)	193,697	110,406
Total intragovernmental	<u>458,478,795</u>	<u>549,742,302</u>
Other than intragovernmental:		
General property, plant, and equipment, net (Note 3)	348,166	520,689
Advances and Prepayments (Note 4)	4,569,845	6,110,931
Total other than intragovernmental	<u>4,918,011</u>	<u>6,631,620</u>
Total Assets	<u><u>\$ 463,396,806</u></u>	<u><u>\$ 556,373,922</u></u>
Liabilities:		
Intragovernmental:		
Accounts payable	\$ -	\$ -
Advances from others and deferred revenue (Note 6)	14,977,437	12,268,824
Other Liabilities (Note 6)	570,289	788,992
Total intragovernmental	<u>15,547,726</u>	<u>13,057,816</u>
Other than intragovernmental:		
Accounts payable	221,002	226,453
Federal employee benefits payable (Note 6)	858,837	832,221
Other liabilities		
Accrued grant liabilities (Note 6)	51,698,371	48,758,590
Other (Note 6)	169,642	514,651
Total other than intragovernmental	<u>52,947,852</u>	<u>50,331,915</u>
Total Liabilities	<u><u>\$ 68,495,578</u></u>	<u><u>\$ 63,389,731</u></u>
Commitments and contingencies	-	-
Net Position:		
Unexpended Appropriations - Funds from Dedicated Collections	\$ -	\$ -
Unexpended Appropriations - Funds from Other than Dedicated Collections	395,843,280	493,768,386
Total Unexpended Appropriations (Consolidated)	<u>395,843,280</u>	<u>493,768,386</u>
Cumulative Results of Operations - Funds from Dedicated Collections (Note 8)	79,541	171,152
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(1,021,593)	(955,347)
Total Cumulative Results of Operations (Consolidated)	<u>(942,052)</u>	<u>(784,195)</u>
Total Net Position	<u><u>394,901,228</u></u>	<u><u>492,984,191</u></u>
Total Liabilities and Net Position	<u><u>\$ 463,396,806</u></u>	<u><u>\$ 556,373,922</u></u>

The accompanying notes are an integral part of these statement

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
STATEMENT OF NET COST
For the Years Ended September 30, 2022 (CY) and 2021 (PY)
(in dollars)

Program costs:	<u>2022 (CY)</u>
Goal 1: Champion Lifelong Learning	
Gross costs	\$ 117,203,227
Less: Earned revenue	1,772,541
Net Program Costs	<u>115,430,686</u>
Goal 2: Strengthen Community Engagement	
Gross costs	\$ 115,840,913
Less: Earned revenue	19,398
Net Program Costs	<u>115,821,515</u>
Goal 3: Advance Collections Stewardship and Access	
Gross costs	\$ 116,622,018
Less: Earned revenue	3,757,534
Net Program Costs	<u>112,864,484</u>
Goal 4: Demonstrate Excellence in Public Service	
Gross costs	\$ 20,245,153
Less: Earned revenue	16,144
Net Program Costs	<u>20,229,009</u>
Net Cost of Operations (Note 9)	<u><u>\$ 364,345,694</u></u>
Program costs:	<u>2021 (PY)</u>
Goal 1: Promote Lifelong Learning	
Gross costs	\$ 92,619,016
Less: Earned revenue	692,610
Net Program Costs	<u>91,926,406</u>
Goal 2: Build Capacity	
Gross costs	\$ 92,545,356
Less: Earned revenue	380,602
Net Program Costs	<u>92,164,754</u>
Goal 3: Increase Public Access	
Gross costs	\$ 96,626,873
Less: Earned revenue	1,807,303
Net Program Costs	<u>94,819,570</u>
Goal 4: Achieve Excellence	
Gross costs	\$ 19,915,324
Less: Earned revenue	8,823
Net Program Costs	<u>19,906,501</u>
Net Cost of Operations (Note 9)	<u><u>\$ 298,817,231</u></u>

The accompanying notes are an integral part of these statement

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
STATEMENT OF CHANGES IN NET POSITION
For the Years Ended September 30, 2022 (CY) and 2021 (PY)
(in dollars)

	2022 (CY)			2021 (PY)		
	Funds from Dedicated Collections (Consolidated totals) (Note 8)	Funds from Other Than Dedicated Collections (Consolidated Totals)	Consolidated Total	Funds from Dedicated Collections (Consolidated totals) (Note 8)	Funds from Other Than Dedicated Collections (Consolidated Totals)	Consolidated Total
Unexpended Appropriations:						
Beginning Balance	\$ -	\$ 493,768,386	\$ 493,768,386	\$ -	\$ 336,353,619	\$ 336,353,619
Adjustments:						
Changes in accounting principles	-	-	-	-	-	-
Corrections of errors	-	-	-	-	-	-
Beginning Balance, as adjusted	-	493,768,386	493,768,386	-	336,353,619	336,353,619
Appropriations received	-	268,000,000	268,000,000	-	457,000,000	457,000,000
Appropriations transferred in/out	-	-	-	-	-	-
Other Adjustments	-	(2,280,529)	(2,280,529)	-	(2,024,486)	(2,024,486)
Appropriations used	-	(363,644,577)	(363,644,577)	-	(297,560,748)	(297,560,748)
Net Change in Unexpended Appropriations	-	(97,925,106)	(97,925,106)	-	157,414,767	157,414,767
Total Unexpended Appropriations	-	395,843,280	395,843,280	-	493,768,386	493,768,386
Cumulative Results From Operations:						
Beginning Balance	171,152	(955,347)	(784,195)	879,892	(855,059)	24,833
Adjustments:						
Changes in accounting principles	-	-	-	-	-	-
Corrections of errors	-	-	-	-	-	-
Beginning Balance, as adjusted	171,152	(955,347)	(784,195)	879,892	(855,059)	24,833
Other adjustments	-	-	-	-	-	-
Appropriations used	-	363,644,577	363,644,577	-	297,560,748	297,560,748
Non-exchange revenue	-	-	-	-	-	-
Donations and forfeitures of cash and cash equivalents	697	-	697	3,400	-	3,400
Transfers in/out without reimbursement	-	-	-	-	-	-
Donations and forfeitures of property	-	-	-	-	-	-
Imputed financing	-	542,562	542,562	-	444,056	444,056
Other	-	-	-	-	-	-
Net Cost of Operations	92,308	364,253,386	364,345,694	712,140	298,105,091	298,817,231
Net Change in Cumulative Results of Operations	(91,611)	(66,246)	(157,857)	(708,740)	(100,288)	(809,028)
Total Cumulative Results of Operations	79,541	(1,021,593)	(942,052)	171,152	(955,347)	(784,195)
Net Position	\$ 79,541	\$ 394,821,687	\$ 394,901,228	\$ 171,152	\$ 492,813,039	\$ 492,984,191

The accompanying notes are an integral part of these statements.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
STATEMENT OF BUDGETARY RESOURCES
For the Years Ended September 30, 2022 (CY) and 2021 (PY)
(in dollars)

	<u>2022 (CY)</u>	<u>2021 (PY)</u>
	<u>Budgetary</u>	<u>Budgetary</u>
Budgetary Resources		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 24,493,515	\$ 11,265,353
Appropriations (discretionary and mandatory)	268,000,697	457,003,400
Borrowing authority (discretionary and mandatory)	-	-
Contract authority (discretionary and mandatory)	-	-
Spending authority from offsetting collections (discretionary and mandatory)	8,303,447	7,544,237
Total budgetary resources	<u>\$ 300,797,659</u>	<u>\$ 475,812,990</u>
Status of Budgetary Resources		
New obligations and upward adjustments (total)	\$ 291,387,351	\$ 451,772,297
Unobligated balance, end of year		
Apportioned, unexpired accounts	3,274,777	18,542,515
Exempt from apportionment, unexpired accounts	79,541	78,844
Unapportioned, unexpired accounts	<u>277,870</u>	<u>291,625</u>
Unexpired unobligated balance, end of year	3,632,188	18,912,984
Expired unobligated balance, end of year	5,778,120	5,127,709
Unobligated balance, end of year (total)	<u>9,410,308</u>	<u>24,040,693</u>
Total budgetary resources	<u>\$ 300,797,659</u>	<u>\$ 475,812,990</u>
Outlays, Net, and Disbursements, Net		
Outlays, net (total) (discretionary and mandatory)	\$ 357,066,966	\$ 281,982,959
Distributed offsetting receipts (-)	<u>(697)</u>	<u>(3,400)</u>
Agency outlays, net (discretionary and mandatory)	357,066,269	281,979,559
Disbursements, net (total) (mandatory)	<u>\$ -</u>	<u>\$ -</u>

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, 2022 (CY) and 2021 (PY)
(in Dollars)
Audited

Note 1: Significant Accounting Policies

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

A. Basis of Presentation

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

B. Reporting Entity

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

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

C. Budgets and Budgetary Accounting

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

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
As of September 30, 2022 (CY) and 2021 (PY)
(in Dollars)
Audited

C. Budgets and Budgetary Accounting (continued)

The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to Federal agencies by law and help ensure compliance with the law.

The following budget terms are commonly used:

Appropriation means a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

Budgetary resources mean amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

Offsetting collections mean payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress. They usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government and from intragovernmental transactions with other Government accounts. The authority to spend offsetting collections is a form of budget authority.

Offsetting receipts mean payments to the Government that are credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. Usually they are deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the Government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, they usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government, and from intragovernmental transactions with other Government accounts.

Obligation means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Outlay means a payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are "means of financing" transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
As of September 30, 2022 (CY) and 2021 (PY)
(in Dollars)
Audited

D. Basis of Accounting

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

E. Fund Balance with Treasury

FBWT is an asset of a reporting entity and a liability of the General Fund. The amounts represent commitments by the Government to provide resources for particular programs, but they do not represent assets to the Government as a whole.

When the reporting entity seeks to use FBWT to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

F. Accounts Receivable

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

G. Advances and Prepayments

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

H. Revenue and Other Financing Sources

As a component of the Government-wide reporting entity, the entity is subject to the Federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in entity and the Government-wide financial reports.

The reporting entity's budgetary resources reflect past congressional action and enable the entity to incur budgetary obligations, but they do not reflect assets to the Government as a whole. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions (e.g., Social Security benefits). After budgetary obligations are incurred, Treasury will make disbursements to liquidate the budgetary obligations and finance those disbursements in the same way it finances all disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

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.

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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:

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

K. Liabilities

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

L. Accounts Payable

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

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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

Federal 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. IMLS does not have any employees participating in CSRS.

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

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

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.

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P. Use of Estimates

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

The grant accrual amount is computed using the straight line method. The average monthly expenditure is calculated by dividing the available grant balance by the remaining months based on the grant end date, except for the Library Services Technology Act Grants to States program. The Grants to States (GTS) accrual estimate is based on IMLS performing a data call to each State Library Agency to obtain their accrual estimates for the reporting period for all open grants. The Grants to States program alone represents approximately 69% of IMLS program funds from annual funds and from a cost/benefit perspective is the only program that can employ the data call approach because of the lower volume of grants.

Q. Federal Employee and Veteran Benefits

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

R. Commitments and Contingencies

There are no commitments or contingencies that require disclosure.

S. Stewardship Investments

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

T. Classified Activities

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

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Note 2: Fund Balance with Treasury

Status of Fund Balance with Treasury	<u>2022 (CY)</u>
Unobligated Balance	
Available	\$ 3,354,318
Unavailable	6,055,990
Obligated Balance not yet Disbursed	448,874,790
Non-Budgetary FBWT	-
Total	<u>\$ 458,285,098</u>

Status of Fund Balance with Treasury	<u>2021 (PY)</u>
Unobligated Balance	
Available	\$ 18,621,360
Unavailable	5,419,333
Obligated Balance not yet Disbursed	525,591,203
Non-Budgetary FBWT	-
Total	<u>\$ 549,631,896</u>

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Note 3: General Property, Plant & Equipment

Major Class	2022 (CY)		
	Acquisition Value	Accumulated Amortization	Net Book Value
Leasehold Improvements	\$ 888,936	\$ 585,216	\$ 303,720
IT Equipment	404,053	404,053	-
Office Furniture and Equipment	<u>617,381</u>	<u>572,935</u>	<u>44,446</u>
Total PP&E	<u>\$ 1,910,370</u>	<u>\$ 1,562,204</u>	<u>\$ 348,166</u>

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

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

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Note 4: Other Assets

	<u>2022 (CY)</u>	<u>2021 (PY)</u>
Intragovernmental		
Interagency Agreement Advances	\$ 193,697	\$ 110,406
Total Intragovernmental	193,697	110,406
Other than Intragovernmental		
Grant Award Advances	4,569,845	6,110,931
Total Other than Intragovernmental	4,569,845	6,110,931
Total Other Assets	<u>\$ 4,763,542</u>	<u>\$ 6,221,337</u>

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

The amount in the Grant Advances line item represents the total amount of unliquidated advances requested and paid to grantees as of the quarter ended September 30, 2022. Grantees are authorized by OMB to request advances toward grant awards. IMLS policy states that advances are limited to the recipient's immediate cash needs and must be fully disbursed within 30 days. Grantees are required to report on the status of funds paid in advance by submitting a notice or a request for advance or reimbursement within 30 days of receipt. Significant differences in year to year comparisons can occur depending on fluctuations in the amount of advance requests by grantees in the Grants To States program at the end of a period.

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Note 5: Liabilities Not Covered by Budgetary Resources

	<u>2022 (CY)</u>	<u>2021 (PY)</u>
Intragovernmental		
Deferred rent expense	\$ 479,855	\$ 616,956
Other unfunded employment related liability	<u>38,567</u>	<u>43,617</u>
Total Intragovernmental	518,422	660,573
Accounts payable	-	-
Federal employee benefits payable	<u>851,338</u>	<u>815,463</u>
Total liabilities not covered by budgetary resources	\$ 1,369,760	\$ 1,476,036
Total liabilities covered by budgetary resources	\$ 67,125,818	\$ 61,913,695
Total liabilities not requiring budgetary resources	\$ -	\$ -
Total liabilities	<u>\$ 68,495,578</u>	<u>\$ 63,389,731</u>

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

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Note 6: Other Liabilities

	2022 (CY)		
	Non-Current	Current	Total
Intragovernmental			
Advances from others and deferred revenue	\$ -	\$ 14,977,437	\$ 14,977,437
Deferred rent expense	342,753	137,102	479,854
Employer contributions and payroll taxes payable	-	51,867	51,867
Other unfunded employment related liability	-	38,567	38,567
Total intragovernmental	\$ 342,753	\$ 15,204,973	\$ 15,547,726
Other than intragovernmental			
Federal employee benefits payable	\$ -	\$ 858,837	\$ 858,837
Accrued grant liabilities	-	51,698,371	51,698,371
Accrued funded payroll and leave	-	169,642	169,642
Total other than intragovernmental	\$ -	\$ 52,726,850	\$ 52,726,850
Total other liabilities	\$ 342,753	\$ 67,931,824	\$ 68,274,577
2021 (PY)			
	Non-Current	Current	Total
Intragovernmental			
Advances from others and deferred revenue	\$ -	\$ 12,268,824	\$ 12,268,824
Deferred rent expense	479,854	137,102	616,956
Employer contributions and payroll taxes payable	-	128,419	128,419
Other unfunded employment related liability	-	43,617	43,617
Total intragovernmental	\$ 479,854	\$ 12,577,962	\$ 13,057,816
Other than intragovernmental			
Federal employee benefits payable	\$ -	\$ 832,221	\$ 832,221
Accrued grant liabilities	-	48,758,590	48,758,590
Accrued funded payroll and leave	-	514,651	514,651
Total other than intragovernmental	\$ -	\$ 50,105,462	\$ 50,105,462
Total other liabilities	\$ 479,854	\$ 62,683,424	\$ 63,163,278

The deferred rent expense represents the unamortized portion of the liability the agency accrued as part of a rent abatement period included in the occupancy agreement (OA) signed with GSA in March of 2016. The liability is being amortized on a straight-line basis over the life of the OA. The increase in the liability for advances from others and deferred payments from FY 2021 to FY 2022 was primarily driven by reimbursable agreements with the National Park Service. Increases in overall program funding including reimbursable agreements were the primary elements of the increase in the grant accrual. A reduced payroll accrual period was responsible for the decrease of the accrual funded payroll and leave amount from FY21 to FY22.

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Note 7: Lease

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

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Note 8: Funds from Dedicated Collections

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

	<u>2022 (CY)</u>	<u>2021 (PY)</u>
Balance Sheet		
Assets		
Fund Balance with Treasury	\$ 79,541	\$ 178,844
Investments, net	-	-
Other assets	-	-
Total assets	<u>\$ 79,541</u>	<u>\$ 178,844</u>
Liabilities and Net Position		
Other liabilities	\$ -	\$ 7,692
Cumulative results of operations	<u>79,541</u>	<u>171,152</u>
Total liabilities and net position	<u>\$ 79,541</u>	<u>\$ 178,844</u>
Statement of Net Cost		
Gross program costs	\$ (92,308)	\$ (712,140)
Less: Donated revenues	<u>697</u>	<u>3,400</u>
Net Program Costs	<u>\$ (91,611)</u>	<u>\$ (708,740)</u>
Statement of Changes in Net Position		
Net position beginning of period	\$ 171,152	\$ 879,892
Net cost of operations	<u>(91,611)</u>	<u>(708,740)</u>
Net position end of period	<u>\$ 79,541</u>	<u>\$ 171,152</u>

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Note 9 Suborganization Program Costs/Program Costs by Segment

	2022 (CY)				
Program Costs:	Library State Grants	Library Other Grants	Museum Grants	Administrative	Total
Goal 1: Champion Lifelong Learning					
Gross Costs	\$ 87,114,166	\$ 11,378,810	\$ 18,187,514	\$ 522,737	\$ 117,203,227
Less: Earned Revenue	-	<u>1,772,541</u>	-	-	<u>1,772,541</u>
Net Program Costs	<u>\$ 87,114,166</u>	<u>\$ 9,606,269</u>	<u>\$ 18,187,514</u>	<u>\$ 522,737</u>	<u>\$ 115,430,686</u>
Goal 2: Strengthen Community Engagement					
Gross Costs	\$ 87,114,166	\$ 11,677,315	\$ 16,417,554	\$ 631,878	\$ 115,840,913
Less: Earned Revenue	-	-	-	<u>19,398</u>	<u>19,398</u>
Net Program Costs	<u>\$ 87,114,166</u>	<u>\$ 11,677,315</u>	<u>\$ 16,417,554</u>	<u>\$ 612,480</u>	<u>\$ 115,821,515</u>
Goal 3: Advance Collections Stewardship and Access					
Gross Costs	\$ 89,753,990	\$ 8,916,922	\$ 17,674,448	\$ 276,658	\$ 116,622,018
Less: Earned Revenue	-	-	<u>3,757,534</u>	-	<u>3,757,534</u>
Net Program Costs	<u>\$ 89,753,990</u>	<u>\$ 8,916,922</u>	<u>\$ 13,916,914</u>	<u>\$ 276,658</u>	<u>\$ 112,864,484</u>
Goal 4: Demonstrate Excellence in Public Service					
Gross Costs	\$ -	\$ -	\$ -	\$ 20,245,153	\$ 20,245,153
Less: Earned Revenue	-	-	-	<u>16,144</u>	<u>16,144</u>
Net Program Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,229,009</u>	<u>\$ 20,229,009</u>
Net Cost of Operations	<u>\$ 263,982,322</u>	<u>\$ 30,200,506</u>	<u>\$ 48,521,982</u>	<u>\$ 21,640,884</u>	<u>\$ 364,345,694</u>

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Note 9 Suborganization Program Costs/Program Costs by Segment

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

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Note 10: Exchange Revenues

Exchange Revenue in the amount of \$5,565,617 and \$2,889,338 was recorded in FY 2022 (CY) and FY 2021 (PY), respectively.

The amount of exchange revenue in FY 2022 is primarily related to reimbursable agreements with the National Park Service for the Save America's Treasures grants, the Library of Congress for the REALM Project, and the Centers for Disease Control and Prevention for the Vaccine Confidence Project. The National Park Service's agreements have been developed due to Public Law 115-31 and Public Law 115-141 appropriating funds from the Historic Preservation Fund for the Save America's Treasures grants which are for the conservation of important historical collections. The Library of Congress interagency agreement has been developed to support materials research for collections care and the reopening of libraries and museums during the COVID-19 pandemic. The Centers for Disease Control and Prevention interagency agreement has been developed to support museums and libraries in their efforts to educate their communities about coronavirus vaccines.

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

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

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Note 11: Inter-Entity Costs

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

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Note 12: Undelivered Orders at the End of the Period

	2022 (CY)		
	Federal	Non-Federal	Total
Undelivered orders - paid	\$ 193,697	\$ 4,569,845	\$ 4,763,542
Undelivered orders - unpaid	<u>2,846,919</u>	<u>393,879,489</u>	<u>396,726,408</u>
Total undelivered orders	<u>\$ 3,040,616</u>	<u>\$ 398,449,334</u>	<u>\$ 401,489,950</u>
	2021 (PY)		
	Federal	Non-Federal	Total
Undelivered orders - paid	\$ 110,406	\$ 6,110,931	\$ 6,221,337
Undelivered orders - unpaid	<u>1,732,589</u>	<u>474,236,235</u>	<u>475,968,824</u>
Total undelivered orders	<u>\$ 1,842,995</u>	<u>\$ 480,347,166</u>	<u>\$ 482,190,161</u>

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

The President’s Budget for fiscal year 2023, published in March of 2022, included IMLS actual budget amounts for fiscal year 2021 in the "Other Independent Agencies" section located in the Appendix of the Budget, which can be found at https://www.whitehouse.gov/wpcontent/uploads/2022/03/appendix_fy2023.pdf . Actual numbers for fiscal year 2022 will be included in the President’s Budget for fiscal year 2024, scheduled to be released in February 2023. The budget can be found at <https://www.whitehouse.gov/omb/budget/> when it becomes available.

Differences exist between the amounts reported in the fiscal year 2021 Statement of Budgetary Resources and the fiscal year 2021 enacted amounts reported in the fiscal year 2023 Budget of the U.S. Government. The difference in the Budgetary Resources amounts is due to a combination of rounding, no year fund balances, and the expired unobligated balances from prior year annual funds that are reported in the Statement of Budgetary Resources and the SF 133 but not in the Budget of the U.S. Government.

FY 2021 (in Millions of Dollars)	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	\$471	\$452	\$0	\$282
IMLS Statement of Budgetary Resources	\$476	\$452	\$0	\$282
Differences	\$5	\$0	\$0	\$0

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Note 14: Incidental Custodial Collections

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

	2022 (CY)	2021 (PY)
Collections for IMLS projects funded in prior years	\$ 2,161	\$ 10,464
Total cash collections	\$ 2,161	\$ 10,464
Disposition of collections:		
Transferred to Treasury (general fund)	\$ 2,161	\$ 10,464
Retained by the reporting entity	-	-
Net custodial revenue activity	\$ -	\$ -

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Note 15: Contributed Capital

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

In FY 2022, IMLS has received \$697 in total contributions. In FY 2021, IMLS received \$3,400 in total contributions.

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Note 16: Reconciliation of Net Cost to Net Outlays

	2022 (CY)		
	Federal	Non-Federal	Total
Net Operating Cost	\$ 377,556	\$ 363,968,138	\$ 364,345,694
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation, Amortization, and Depletion	-	(172,523)	(172,523)
Future Funded Expenses	-	-	-
Increase/(decrease) in assets not affecting Budget Outlays:			
Accounts Receivable	-	-	-
Advances and Prepayments	83,291	(1,541,086)	(1,457,795)
(Increase)/decrease in liabilities not affecting Budget Outlays:			
Accounts Payable	137,101	5,451	142,552
Disbursements in Transit	-	-	-
Advances From Others and Deferred Credits	(2,708,613)	-	(2,708,613)
Federal Employee and Benefits Payable	-	(26,616)	(26,616)
Other Liabilities	81,602	(2,594,772)	(2,513,170)
Financing Sources			
Imputed Financing Costs	(542,562)	-	(542,562)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(2,949,181)	(4,329,546)	(7,278,727)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	-	-	-
Financing Sources			
Donated Revenue	-	(697)	(697)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	-	(697)	(697)
Misc Items			
Custodial/Non-exchange Revenue	-	(2,161)	(2,161)
Non-Entity Activity	2,161	-	2,161
Net Outlays	\$ (2,569,465)	\$ 359,635,734	\$ 357,066,269
Related Amounts on the Statement of Budgetary Resources			
Outlays, net	\$ 357,066,966		
Distributed Offsetting Receipts	(697)		
Agency Outlays, Net	\$ 357,066,269		

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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Note 16: Reconciliation of Net Cost to Net Outlays

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

INSTITUTE OF MUSEUM AND LIBRARY SERVICES
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Note 17: COVID-19 Activity

CARES Act

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), P.L. 116-136, provided \$50 million in funding to IMLS to prevent, prepare for, and respond to coronavirus, including Grants to States, territories and tribes to expand digital network access, purchase internet accessible devices, and provide technical support services. The funding had been appropriated as a multi-year fund which expired on September 30, 2021. The total amount of CARES Act funds have been fully obligated, as of September 30, 2022 recipients have drawn down 90.3 % of awarded funds.

American Rescue Plan Act

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

	2022 (CY)		2021 (PY)	
	Total Budgetary Resources	Obligations Incurred	Obligations Incurred	Total Remaining Budgetary Resources
Programs:				
Grants to States	\$ 178,000,000	\$ -	\$ 178,000,000	\$ -
National Leadership Grants - Museum	10,612,925	10,405,447	207,478	-
National Leadership Grants - Library	4,389,182	3,641,418	745,784	1,980
Museums for America	2,476,750	-	2,476,750	-
Laura Bush 21st Century Librarians	915,420	-	915,420	-
Native American/Native Hawaiian Museum Administration	1,605,723	1,306,888	298,835	-
	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total American Rescue Plan Act Funding	<u>\$ 200,000,000</u>	<u>\$ 15,353,753</u>	<u>\$ 182,644,267</u>	<u>\$ 2,001,980</u>

SECTION 3

Other Information

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

TABLE 1: SUMMARY OF FINANCIAL STATEMENT AUDIT

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

TABLE 2: SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
STATEMENT OF ASSURANCE	UNMODIFIED					
MATERIAL WEAKNESSES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
None						
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
STATEMENT OF ASSURANCE	UNMODIFIED					
MATERIAL WEAKNESSES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
None						
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)						
STATEMENT OF ASSURANCE	FEDERAL SYSTEMS CONFORM TO FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS					
NON-COMPLIANCES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
None						
Total Non-Compliances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	AGENCY	AUDITOR
Overall Substantial Compliance	Not applicable *	Not applicable *
1. Federal Financial Management System Requirements	Not applicable *	
2. Applicable Federal Accounting Standards	Not applicable *	
3. USSGL at Transaction Level	Not applicable *	

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

PAYMENT INTEGRITY

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

RISK ASSESSMENT AND SYSTEMATIC SAMPLING METHOD

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

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

No grant programs above are considered susceptible to significant erroneous payments or qualify as “risk susceptible” based on OMB guidance thresholds. The Grants to States program grants are awarded yearly to each of the 50 states, the District of Columbia, the US territories, and the Freely Associated States. The recipient is the SLAA of each state or territory and does not change from year to year. The other four programs follow the IMLS discretionary grant process and each institution is pre-determined for eligibility (as are applicants to all our grant programs).

To identify payments that were erroneously paid, a review of all FY 2022 grant payments was performed. In FY 2022, there were overpayments totaling approximately \$8,453 or .0025 percent of the Agency outlays of \$336.34 million for grant programs. As of September 30, 2022, IMLS has recovered 100 percent of these payments. In FY 2021, there were overpayments totaling approximately \$330,236 or .126 percent of \$262.13 million for grant programs. As of September 30, 2021, IMLS had recovered 100 percent of these payments. In FY 2022, there were no underpayments. In FY 2021, there were underpayments totaling \$1,000. As of September 30, 2021, IMLS had corrected 100 percent of these payments.

In accordance with the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), the FY 2022 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. There were no administrative improper payments as of September 30, 2022. In FY 2022, there were no administrative underpayments and there was contracting interest charges of \$42.02. These funds are not subject to recapture and will not be recovered. The total administrative improper payments as of September 30, 2021, was approximately \$250. As of September 30, 2021, IMLS had recovered 100 percent of these payments. Contracting interest charges in the amount of \$88 were incurred in FY 2021. These funds were not subject to recapture and will not be recovered. In FY 2021, there were no contracting invoice underpayments.

CORRECTIVE ACTIONS

While IMLS has determined that no programs are susceptible to significant erroneous payments, it has continued to strengthen its preventative controls prior to disbursement of grant and administrative payments. In FY 2022, 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	\$262.13M	0.126%	\$.331M	\$336.34M	0.0025%	\$.008M			
Administrative	\$7.38M	0.005%	\$.0003M	\$6.46M	0.000%	\$.000M			
Total	\$269.51M		\$.3313M	\$342.80M		\$.008M			
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	\$300.00M	0.01	\$.030M	\$270.00M	0.005	\$.0135M	\$260.00M	0.000	\$.000M
Administrative	\$11.0M	0.00	\$.000M	\$11M	0.000	\$.000M	\$11.0M	0.000	\$.000M
Total	\$311.00M		\$.030M	\$281.00M		\$.0135M	\$271.00M		\$.000M

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

Table 2: Overpayments Recaptured Outside of Payment Recapture Audits

AGENCY SOURCE: (POST-PAYMENT REVIEWS)	AMOUNT IDENTIFIED (CY)	AMOUNT RECAPTURED (CY)	AMOUNT IDENTIFIED (PY)	AMOUNT RECAPTURED (PY)	CUMULATIVE AMOUNT IDENTIFIED (CY+PY)	CUMULATIVE AMOUNT RECAPTURED (CY+PY)
Grants	\$.008M	\$.008M	\$.331M	\$.331M	\$.339M	\$.339M
Administration	\$.000M	\$.000M	\$.0003M	\$.0002M	\$.0003M	\$.0002M
Total	\$.008M	\$.008M	\$.3313M	\$.3312M	\$.3393M	\$.3392M

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

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

ESC deactivated the highest risk vendor records, thereby decreasing the likelihood of improper payments to deceased individuals.

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

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

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

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

	NUMBER (#) OF PAYMENTS REVIEWED FOR IMPROPER PAYMENTS	DOLLARS (\$) OF PAYMENTS REVIEWED FOR IMPROPER PAYMENTS	NUMBER (#) OF PAYMENTS STOPPED	DOLLARS (\$) OF PAYMENTS STOPPED	NUMBER (#) OF IMPROPER PAYMENTS REVIEWED AND NOT STOPPED	DOLLARS (\$) OF IMPROPER PAYMENTS REVIEWED AND NOT STOPPED
Reviews with the DMF and SAM	7,327	\$351.03M	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 2022 and FY 2021 surveys resulted in no responses that would indicate any fraud, waste, or abuse. The Agency has an internal Risk Management Council that monitors the status of active projects and continues to propose top priorities for further review by the Leadership Team. In FY 2022, a web-based version of the Agency's Grants Administration Manual was posted on the Agency's intranet. This version fully incorporates updates to processes and policies driven by the recent implementation of the new grants management system. This streamlines accessibility for all staff and will continue to increase the efficiency of accomplishing all activities in the grantmaking life cycle and further reduce the probability of fraud, waste, or abuse of government funds.