



FINANCIAL STATEMENTS

FISCAL YEAR 2020

June 2021

Highsmith, C. M., photographer. (2009) *Main Reading Room. Detail of stained glass window inside alcove. Library of Congress Thomas Jefferson Building, Washington, D.C.* Washington D.C, 2009. [Photograph] Retrieved from the Library of Congress, <https://www.loc.gov/item/2011646835/>.



THE LIBRARIAN OF CONGRESS

The President of the Senate
The Speaker of the House of Representatives

Mr. President and Madam Speaker:

It is my pleasure to submit to you the Library's fiscal 2020 financial statements and accompanying opinion of the independent auditors, Kearney & Company. For the twenty-fifth consecutive year, the independent auditors have issued an unmodified (clean) opinion on the Library's consolidated financial statements.

The net cost of the Library's six major programs totals \$795.0 million including \$88.6 million in costs incurred by five other agencies (i.e. Architect of the Capitol, Government Publishing Office, United States Capitol Police, United States Treasury, and the Office of Personnel Management) in support of the Library's programs. The net cost also includes \$114.3 million in earned revenue from copyright registration fees, cataloging distribution sales, and other fee-based and reimbursable programs.

I am prepared to respond to any questions you may have on the 2020 financial statements and auditors' opinion.

Sincerely,

A handwritten signature in black ink that reads "Carla Hayden".

Carla Hayden
Librarian of Congress

THE LIBRARY OF CONGRESS
Financial Statements for Fiscal 2020

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THE LIBRARY OF CONGRESS

Management's Discussion and Analysis

Fiscal Year Ended September 30, 2020

Introduction

The Management's Discussion and Analysis is designed to provide a high-level overview of the Library: who we are, what we do, and how we accomplished our mission during fiscal year 2020.

The Library of Congress and Its Mission

The Library of Congress, a Legislative Branch agency of the federal government, is the world's largest and most comprehensive library, managing nearly 170 million items in our collections, and extensive expert services and programs. Many of the collections are unique and irreplaceable items and are in more than 470 languages. The Library serves Congress and the American people with its collections and human expertise and untold intellectual and inspirational value.

The Library's central mission is to Engage, Inspire, and Inform Congress, and the American people with a universal and enduring source of knowledge and creativity. Service to Congress has been and remains at the core of our mission. As the steward of a unique, universal, and ever-growing collection that belongs to the American people, the Library of Congress also has a mandate to inspire, inform, and serve all Americans by engaging their cultural and intellectual curiosity and creativity.

The vision is that all Americans are connected to the Library of Congress. The Library's vision is aspirational and speaks to the tangible and intangible connections that are possible with the nation we serve.

Strategic Plan

The Library's 2019-2023 strategic plan, *Enriching the Library Experience*, is the roadmap to expanding the Library's reach and deepening our impact, thus fulfilling our mission to engage, inspire, and inform our users.

The Library's mission has four goals:

1. **Expand Access:** To make our unique collections, experts, and services available when, where, and how users need them.
2. **Enhance Services:** To create valuable experiences for every user to foster lifelong connections to the Library.
3. **Optimize Resources:** To modernize, strengthen, and streamline our operational capabilities.
4. **Measure Impact:** To use data to measure our impact on the world around us and share a powerful story.

There are 13 objectives associated with the 4 goals as presented below:

Goal	Objective Number	Objective Name
Expand Access	1	Increase Discoverability and Availability

Goal	Objective Number	Objective Name
	2	Use Connectors to Extend Reach
	3	Expand Physical Presence
Enhance Services	4	Elevate Digital Experiences
	5	Transform In-Person Experiences
	6	Develop User-Centered Content
Optimize Resources	7	Align Core Library Activities
	8	Modernize Operations
	9	Invest in Talent for the Future
	10	Diversify and Expand Funding
Measure Impact	11	Understand Our Users
	12	Communicate Impact
	13	Promote a Culture of Continuous Improvement

In executing this strategic plan over the next five years, the agency will make a decisive shift to be more user centered, digitally enabled, and data driven.

Brief History

At the dawn of the 19th century, the American Republic was still little more than a bold experiment. Barely a decade removed from the establishment of constitutional democracy, our lasting future as a nation was not yet assured and our national character was only beginning to emerge.

It was in this context that the U.S. Congress created what would become one of the greatest and most distinct American institutions. Mindful of the link between an informed people and functional governance, the Congress in 1800 established the Library of Congress by appropriating \$5,000 to purchase a collection of 740 books and three maps.

President Thomas Jefferson would make early and indelible contributions to the growing Library, signing a law in 1802 defining the institution's roles and functions, creating the first joint congressional committee (the Joint Committee on the Library) and establishing the position of Librarian of Congress.

After the British burned the Capitol during the War of 1812, destroying the Library's collection of some 3,000 volumes, it was Jefferson who again helped ensure that the Library of Congress would endure as a central contributor to American democracy, culture, and intellect. Accepting the now-retired president's offer to "recommence" the Library, in 1815 the Congress purchased Jefferson's 6,487-volume personal collection (then the finest in America) at a price of \$23,950. It contained books in many languages and on a wide variety of topics, reflecting Jefferson's belief that there was "no subject to which a Member of Congress might not have occasion to refer." (Jefferson, 1814).

While its origins were humble, eight key milestones in the Library's early decades significantly expanded its scope and reach:

- The establishment of the Law Library in 1832 as the first department of the Library of Congress recalled the Library's origins as a collection of law books to support the legislative work of the Congress. The Law Library remains the primary source for the Congress for research and reference services in foreign, comparative, and international law.
- The Copyright Act of 1870 centralized the nation's copyright registration and deposit system in the Library and stipulated that two copies of every book, pamphlet, map, print, photograph, and piece of music registered for copyright in the United States be deposited in the Library. The law reflected Jefferson's aspirations for the Library as a universal repository of knowledge.
- In 1886, the Congress authorized the first separate Library of Congress building to store growing collections and to provide openly accessible reading rooms and exhibition space for the general public. In 1897, the Thomas Jefferson Building opened to the public.
- In 1901, the Congress created an international exchange program to send federal publications to overseas partners in exchange for their executive and parliamentary publications, to broaden the Library's international legal collections.
- In 1902, the Congress authorized the Library to sell copies of its cataloging records inexpensively to the nation's libraries, thus substantially strengthening the entire American library system.
- In 1914, the Congress created the Legislative Reference Service as a separate entity within the Library to provide specialized services to "Congress and committees and Members thereof." Additional laws enhanced its mission in 1946 and 1970, when it was renamed the Congressional Research Service.
- In 1931, the Congress established a program in the Library to create and distribute free library materials to blind and physically handicapped readers throughout the country.

Since the mid-1970s, the Congress has statutorily created 14 programs that have further enhanced the Library's national role:

- American Folklife Center (1976)
- American Television and Radio Archives (1976)
- National Center for the Book (1977)
- National Film Preservation Board (1988)
- National Film Preservation Foundation (1996)
- Cooperative Acquisitions Program Revolving Fund (1997)
- Sound Recording Preservation Board and Foundation (2000)
- Three additional revolving funds for fee services (2000)

- National Digital Information Infrastructure and Preservation Program (NDIIPP) (2000)
- Veterans History Project (2000)
- Digital Collections and Educational Curricula Program (2005)
- National Collection Stewardship Fund (2017)

The Library of Congress Today

Today, as the Library of Congress advances further into its third century, there is still no more fitting a symbol of its vision and aspirations than the Library's 1897 building that bears Jefferson's name. Constructed as a projection of American optimism near the turn of the 20th century, the Thomas Jefferson Building is resplendent with iconography and written inscriptions that describe the nation's past and inspire those using the Library's collections.

The gilded Torch of Knowledge surmounts the building, while on the underside of the dome, the mural *Human Understanding* is embodied by a woman removing the veil of ignorance from her eyes. Below the dome is the magnificent Main Reading Room, which was the Library's original means of providing the information that is critical to an informed citizenry.

As an information revolution is empowering not just countries and commerce, but also individuals in the farthest reaches of the globe, the Library's mission remains the same, but it is more important than ever when set against a landscape of dynamism and intense international competition.

In her September 2016 swearing-in speech, Librarian of Congress Carla Hayden said, "This Library of Congress, a historic reference source for Congress, an established place for scholars, can also be a place where we grow scholars, where we inspire young authors, where we connect with those individuals outside the limits of Washington and help them make history themselves."

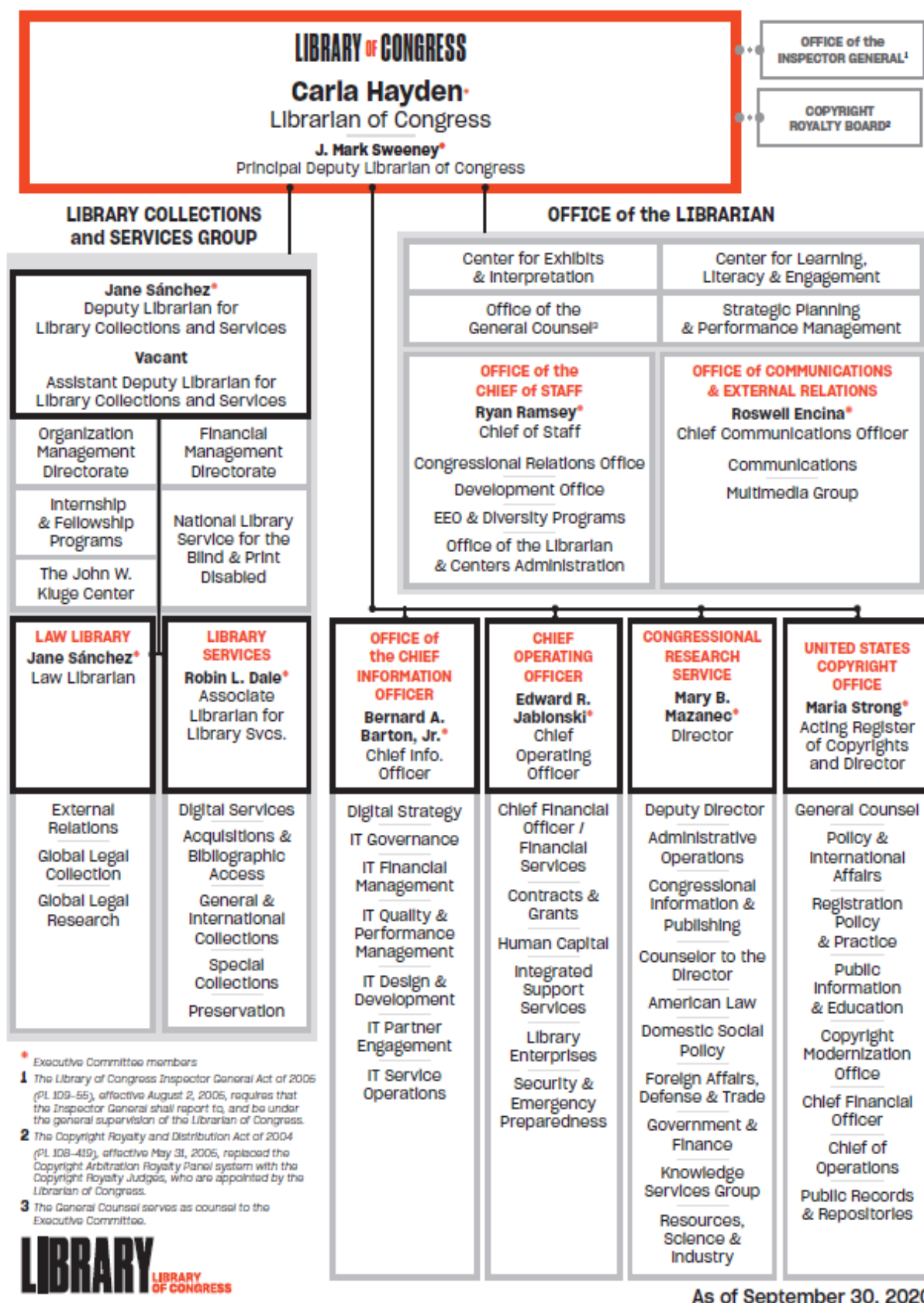
Those words hearken back to the Library's early days and Thomas Jefferson's vision of a society wherein the widest variety of information was readily available to the greatest possible number of people. "I feel ... an ardent desire," Jefferson said, "to see knowledge so disseminated through the mass of mankind that it may, at length, reach even the extremes of society; beggars and kings."

Through its strategic plan, the Library of Congress is accountable to the American people and their elected representatives, and measured by the results that are achieved. We seek to be ardent champions furthering the cause of human understanding and wisdom.

Past, present and future, the Library of Congress endeavors to remain the preeminent repository of information on a global scale, an inspiration to future generations, and a celebrant of achievement. The Library ensures that its information is universally accessible through its premier websites—www.loc.gov, www.congress.gov, and www.copyright.gov.

The Librarian of Congress, appointed by the President with the advice and consent of the Senate, directs the Library. Five service units execute the Library's mission (see organizational chart on page 5).

The Library's programs and services are primarily funded by four salaries and expenses appropriations, receipts from offsetting collections (copyright registrations, Cataloging Distribution Service fees), revolving fund (business-like) income, donations, and investment income.



Fiscal Year 2020 and the COVID-19 Pandemic

When the pandemic emerged in March, the Library shifted staff to telework allowing them to continue meeting the Library's mission to support Congress and share the Library's resources with the American people virtually. In the first few months the CIO issued over 1,000 new laptops to teleworking staff. The Library's technology network supported an 800% increase in daily remote workers, with as many as 4,000 concurrent users supported by the Library's IT infrastructure. Library visitors moved to online with FY 2020 LOC.gov page views increased by 54% and online visits up 46%. This is the most traffic ever recorded since we began keeping official records in 2007. Mobile visits to Library web sites were up 83% over FY19, to 43.8 million

In June, the Library finalized and began implementing a gradual return to on-site operations. Initially, only employees who performed essential work that could not be accomplished remotely returned to on-site work. The Library implemented an extensive set of policies and procedures developed with public health expert guidance, to reduce potential exposure, promote social distancing and implement additional cleaning protocols.

Overview of Financial Statements

For fiscal years 2020 and 2019, the Library has prepared Consolidated Balance Sheets, Consolidated Statements of Net Costs, Consolidated Statements of Changes in Net Position, and Combined Statements of Budgetary Resources.

Consolidated Balance Sheets

The purpose of the Consolidated Balance Sheets is to provide financial statement users with information about the Library's assets, liabilities, and net position as of September 30, 2020 and 2019. The Library's Net Position consists of: (1) the portion of the Library's appropriations that are unexpended; and (2) the cumulative balances of gift, trust, revolving and reimbursable funds.

(in millions)		
Assets	FY 2020	FY 2019
Entity Assets	\$ 691.0	\$ 640.1
Total Assets	\$ 691.0	\$ 640.1
Liabilities and Net Position	FY 2020	FY 2019
Liabilities Covered by Budgetary Resources	\$ 100.7	\$ 102.6
Liabilities Not Covered by Budgetary Resources	\$ 43.5	\$ 34.1
Total Liabilities	\$ 144.2	\$ 136.7
Net Position	\$ 546.8	\$ 503.4
Total Liabilities and Net Position	\$ 691.0	\$ 640.1

The Library's assets total \$691 million for fiscal year 2020 and \$640.1 million for fiscal year 2019. Entity assets increased by \$50.9 million during fiscal year 2020. The primary increase in assets is from the increase in appropriated funds and an increase in unobligated balances, which increased the Fund Balance with Treasury, an increase in pledges, an increase in investments and an increase in software development projects. The Library's liabilities total \$144.2 million and \$136.7 million for fiscal years 2020 and 2019, respectively. The primary increase in liabilities is from an increase in accrued leave.

In accordance with generally accepted accounting principles for federal government entities, the value of the Library's collections is not calculated and reported with a monetary value. Instead, the Library reports unit measurement, mission, and acquisition information in the financial statement notes and provides other relevant information about their use, preservation, security, etc., in supplemental information.

In general, the accompanying Balance Sheet does not include the acquisition and improvement costs of the Library's buildings and grounds. By law, these buildings and grounds are under the structural and mechanical care of the Architect of the Capitol.

Consolidated Statements of Net Costs

The purpose of the Consolidated Statements of Net Costs is to provide financial statement users with information about the costs and earned revenues for the Library's programs for the fiscal years ended September 30, 2020 and 2019. In other words, the statements present the net costs of our programs: \$795.0 million and \$757.9 million for the fiscal years 2020 and 2019, respectively. Net costs increased by \$37.1 million during fiscal year 2020. Net costs include allocated management support costs and revenues (e.g., human resources, financial services, facility services).

Effective October 1, 2015, the Library of Congress underwent a realignment of operations to support its institutional vision and strategic plan. The realignment was designed to provide further enhancement of comprehensive, centralized IT acquisition planning and execution as well as IT spending visibility and transparency; streamlined management effectiveness by subdividing the Librarian's span of control between the Library's core operations and its outreach programs; enhanced internal and external communications management; and high-level, direct oversight for high-profile programs. Within these financial statements, the realignment can be seen in the reporting of operations in the Statement of Net Cost.

Effective May 2017, as part of the realignment, the Office of the Chief Information Officer Service unit was established. The new OCIO alignment strengthened management and oversight of technology activities and established the Chief Information Officer as a direct report to the Librarian.

Library Collections and Services Group

In Fiscal Year 2019, the Library realigned several organizations to create a newly formed Library Collections and Services Group with net program costs of \$493.7 million and \$424.3 million for fiscal years 2020 and 2019, respectively. Library Collections and Services Group is the Library's largest organizational unit and is comprised of Library Services, Law Library, the National Library Services for the Blind and Print Disabled, the Kluge Center, and the Internship & Fellowship Programs. Also under the authority of 2 U.S.C. §182, the Library operates the Cooperative Acquisitions Program revolving fund and the revolving fund for duplication services associated with the Packard Campus for Audio-Visual Conservation.

Library Services

Library Services was realigned under the Library Collections and Services Group in FY 2019. It is the largest program and is responsible for the traditional library activities of acquisitions, cataloging, research and reference, and preservation. Library Services manages the following functions and services:

Acquisitions – Each year the Library acquires nearly three million new items in all formats for addition to its priceless collections, which are the largest and most wide-ranging of any library in the world. The collections, and the information they contain, are the foundation for the many services the Library provides to the Congress and the nation.

Cataloging – The Library produces bibliographic records, standards, and related products for the Library as well as providing national and international leadership for libraries and bibliographic utilities in all fifty states and territories and many other countries.

Research and Reference – The Library makes available to scholars and other researchers vast information resources, many of which are unique, covering almost all formats, subjects, and languages. The Library provides reference assistance to researchers and general public users, conducts field research, and promotes the preservation of American culture throughout the United States. In fiscal year 2020, the Library Services responded to nearly 157,493 information requests a year from across the nation. During the year, more than 244,981 physical items, including ones from the Law Library, were circulated on-site to Library patrons using research centers open to the public in Washington, D.C. In addition, the Library received 8,922 free interlibrary loan requests from across the nation and fulfilled 6,413 requests for book loans from the Congress. The Library issued nearly 28,549 new Reader Cards.

Online Access Services – The Library provides free online access to many of its most popular rights-free collections and to its automated collection descriptions in the Library of Congress Online Public Access Catalog (<http://catalog.loc.gov>).

American Creativity – The Library manages the nation's largest, most varied, and most important archival collection of American creativity including motion pictures, sound recordings, maps, prints, photographs, manuscripts, music, and folklore covering a wide range of ethnic and geographic communities.

Preservation – The Library manages a continuing program to preserve and extend the life of the diverse materials and formats in the Library's collections. The program provides a full range of prospective and retrospective preservation treatments performing 9.4 million preservation actions this year; conducts research into new technologies; emphasizes preservation techniques including proper environmental storage and training for emergencies; conserves and preserves materials; and reformats materials to more stable media. The Library plays a key role in developing national and international standards that support the work of federal, state, and local agencies in preserving the nation's cultural heritage.

Reading Promotion – The Library encourages knowledge and use of its collections through other programs (cable TV, lectures, publications, conferences and symposia, exhibitions, poetry readings – all primarily supported by private funding) and through use of the Library's website. The Library also gives surplus books annually to qualified libraries and nonprofit educational institutions through its nationwide donation program.

Cooperative Acquisitions Program – The Cooperative Acquisitions Program, which is operated by the Library's six overseas field offices, acquires foreign publications and research materials on behalf of more than 150 participating academic and research institutions on a cost-recovery basis.

Law Library

The Law Library was realigned under the Library Collections and Services Group with net program costs of \$33.2 and \$29.4 million for fiscal years 2020 and 2019, respectively. The Law Library provides a direct research service to the Congress in foreign, international, and comparative law. In addition to Members, committees of the Congress, and the Congressional Research Service, the Law Library provides offices of the legislative branch, justices of the Supreme Court, and other federal judges, staff of the Departments of Homeland Security, Justice, and State, and a myriad other federal agencies with bibliographic and informational services, background papers, comparative legal studies, legal interpretations, expert testimony, and translations of laws and legal documents. The Law Library makes its collections and services available to a diverse community of users, including members of the bench and bar, educational institutions, nongovernmental libraries, legal service organizations, the diplomatic corps, international organizations, the business community, and the general public.

National Library Service for the Blind and Print Disabled

The National Library Service for the Blind and Physically Handicapped changed its name to the National Library Service for the Blind and Print Disabled at the beginning of FY 2020. It remains under the Library Collections and Services Group but still maintains its own appropriation. The National Library Service for the Blind and Print Disabled manages a national reading program for blind and print disabled people – circulating approximately 20 million items a year at no cost to users. This program consists of two elements:

1. The Library of Congress selects, produces, and contracts for the production of full-length books and magazines in Braille, downloadable digital and digital audio cartridges, and playback machines.
2. A cooperating network of 55 regional libraries, 25 sub-regional libraries, 14 advisory and outreach centers, and 3 separate machine-lending agencies distribute the machines and library materials provided by the Library of Congress.

Copyright Office (including the Copyright Royalty Board)

The Copyright Office, with net program costs of \$71.3 million and \$56 million for fiscal years 2020 and 2019, respectively, administers the U.S. copyright registration system and related programs, assists with the administration of statutory licenses, provides copyright policy analysis to the Congress and federal departments and agencies, actively promotes international protection for intellectual property created by U.S. citizens, and provides public information and education on copyright.

In fiscal year 2020, the Copyright Office registered 443,911 copyright claims; transferred to or facilitated online access of 560,065 works to the Library; recorded an estimated 7,098 documents affecting tens of thousands of titles; and responded to more than 170,000 in-person, telephone and e-mail requests for information. Copies of works received through the copyright system form the core of the Library's immense Americana collections, which provide the primary record of American creativity. The registration program is substantially funded by fees paid by authors and other copyright owners. Similarly, costs of administering the licensing program are substantially funded through deductions from royalty receipts.

The Copyright Royalty Board (CRB), composed of three Copyright Royalty Judges appointed by the Librarian of Congress, directed distribution of millions of dollars in royalties that are collected under various compulsory license provisions of the copyright law, and adjusted the royalty rates of these license provisions. Costs of administering the CRB are partially funded through deductions from royalty receipts.

Congressional Research Service

The Congressional Research Service, with net program costs of \$178.3 million and \$171.5 million for fiscal years 2020 and 2019, respectively, provides non-partisan analytical research and information services to all Members and committees of the Congress. The Congressional Research Service assists the Congress with its deliberations and legislative decisions by providing objective, authoritative, timely, and confidential research and analysis. Serving the Congress exclusively, Congressional Research Service experts work alongside the Congress at all stages of the legislative process and provide integrated and interdisciplinary analysis and insights in all areas of policy interest. Congressional Research Service support takes the form of reports, videos, short policy briefs, tailored confidential memoranda, individual consultations, and formal seminars.

The Office of the Librarian

As part of the Fiscal Year 2019 realignment, two new direct programs were established under the Office of the Librarian 1) The Center for Learning Literacy and Engagement (CLLE) and 2) The Center for Exhibits and Interpretation (CEI). The two programs net program costs were \$43.9 million and 97.6 million for fiscal years 2020 and 2019 respectively.

Center for Learning Literacy and Engagement (CLLE) - The Center for Learning, Literacy and Engagement was established in FY 2019. CLLE brings the Library's collections to life and deepens impact through educational and cultural programming, visitor engagement, and literary partnerships, transforming visitors into regular users of the Library. CLLE leads the institution in the creation and adoption of an annual programming theme, new programming series and frameworks, and the development of best practices for event execution. CLLE is directly responsible for the following offices: Literary Initiatives and Center for the Book, Professional Learning and Outreach Initiatives Office (LIO), Library Events Office, formerly the special events office, Signature Programs Office (SPO), Visitor Engagement Office (VEO), and the Informal Learning Office (IFO), which includes the Young Readers Center. The Signature Program Office includes the Gershwin Prize for Popular Song and the National Book Festival.

The Center for Exhibits and Interpretation (CEI) - The CEI was established in FY 2019. CEI creates exhibitions, learning spaces and publications that provide access to and connections with the physical and digital collections. The newly created group is responsible to insuring the Library puts forth a consistent, unified message to all Library users. CEI is directly responsible for the following offices: Design & Printing, Exhibits Office, and Publishing.

Chief Operating Officer (COO)

As part of the Fiscal Year 2019 realignment, the major revolving fund activities were moved from NIO to the Chief Operating Officer, Library Enterprises. The Library Enterprises Director is now responsible for the Federal Library and Information Network (FEDLINK), the Federal Research Division and Business Enterprises. Business Enterprises includes the Gift Shop, Document Reproduction and Microfilm Services, and Catalog Distribution Services. Library Enterprises net program costs were \$7.8 million and \$8.5 million for fiscal years 2020 and 2019, respectively.

Revolving Funds – Under the authority of 2 U.S.C. §182b-182c, the Library operates revolving funds for the gift shop, document reproduction and microfilm services, special events and public programs and related services, and the revolving funds for the FEDLINK program and Federal Research program. 2 U.S.C. §182b was amended in fiscal year 2003 to authorize the Library's special events and programs activities under the revolving fund statute. Through these activities, the Library is able to further its programs dealing with the reader and reference services and support for public programs.

General descriptions of major revolving fund activities are:

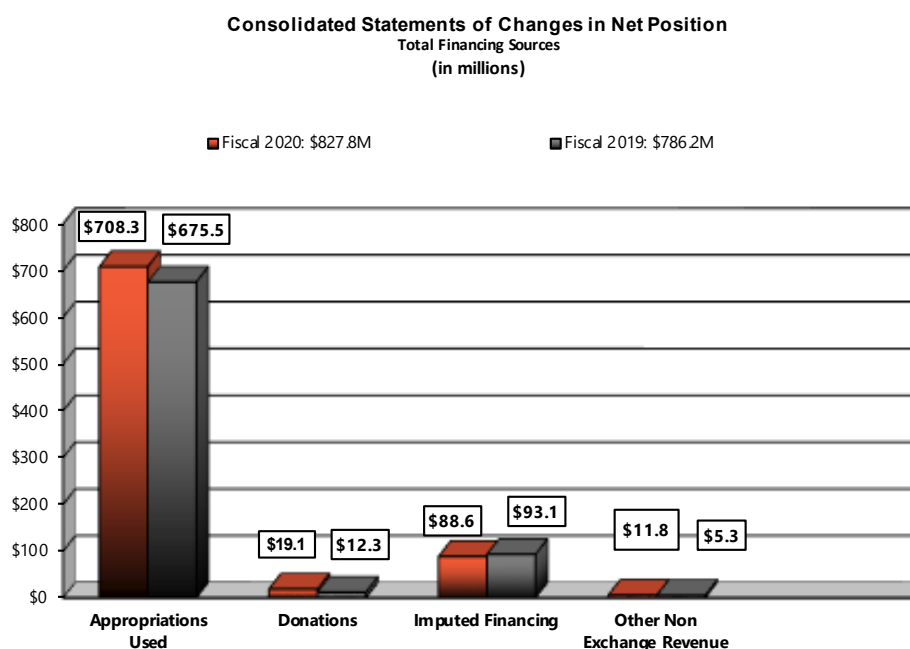
Gift Shop, Document Reproduction and Microfilm Services – This revolving fund provides for the operation of a gift shop or other sales of items associated with collections, exhibits, performances, and special events of the Library of Congress; the preservation and microfilming services for the Library's collections and reproduction services to other libraries, research institutions, government agencies, and individuals in the United States and abroad.

The FEDLINK program and the Federal Research program – FEDLINK serves federal libraries and information centers as their purchasing, training, and resource-sharing consortium. The program provides cost-effective access to an array of automated information and retrieval services, print serials, books, electronic publications, and preservation services. FEDLINK contracts with more than 125 major vendors resulting in cost avoidance benefits and vendor volume discounts for the federal libraries and information

centers participating in the program. The Federal Research program, via the Library's Federal Research Division (FRD), provides customized research services that the Library is uniquely able to perform because of its collections and the subject and language expertise of its staff. A popular FRD product, available online via the Library's website, is the country study series.

Consolidated Statements of Changes in Net Position

The purpose of the Consolidated Statements of Changes in Net Position is to provide financial statement users with information about the Library's financing sources and the components of the changes in net position. The Library's financing sources totaled \$827.8 million and \$786.2 for fiscal years ended September 30, 2020 and 2019, respectively.



The major source of the Library's funding is from congressional appropriations for programs: Library Services, Law Library, Copyright Office, Congressional Research Service, and National Library Service for the Blind and Physically Handicapped. Appropriations used during the fiscal years ended September 30, 2020 and 2019 totaled \$708.3 million and \$675.5 million or 85.6% and 85.9% of all financing for fiscal years 2020 and 2019, respectively. Donations increased due to pledges for the Library's visitor center. Along with appropriations made directly to the Library, other government agencies (i.e., the Architect of the Capitol, the Office of Personnel Management, Government Publishing Office, U.S. Treasury, and U.S. Capitol Police) used congressional appropriations and other financing sources to provide support for the Library's programs totaling an estimated \$88.6 million and \$93.1 million (imputed financing) for fiscal years 2020 and 2019, respectively. The support provided included structural care and maintenance of the Library's buildings and grounds (\$56.3 million and \$54.8 million), employee benefits (\$28.3 million and \$34.6 million), acquisitions exchange services (\$1.02 million and \$1.04 million), collections security services (\$2.5 million and \$2.4 million), and legal services (\$0.291 million and \$0.178 million). Other non-exchange revenues are positive for fiscal years 2020 and 2019, primarily due to the unrealized gain on non-treasury investments.

Combined Statements of Budgetary Resources

The Combined Statements of Budgetary Resources and the related disclosures provide information about how budgetary resources were made available, as well as their status at the end of the period. The Budgetary Resources section of the statement presents the total budgetary resources available to the Library. The Status of Budgetary Resources section of the statement presents information about the status of those resources at the end of the period. The remainder of the statement presents the information about net Outlays of the Library.

The Library's budgetary resources were \$1.044 billion and \$1.014 billion for the fiscal years ended September 30, 2020 and 2019, respectively, of which \$747.1 million and \$721.5 million were from appropriated funds and \$297.5 million and \$292.7 million were from non-appropriated funds for fiscal years ended September 30, 2020 and 2019, respectively. Total outlays of \$719.9 million and \$695.3 million were incurred with the outlays of appropriated funds (\$710.5 million and \$688.8 million) combined with outlays of the non-appropriated funds (\$9.4 million and \$6.6 million) in fiscal years 2020 and 2019.

Performance Targets and Accomplishments

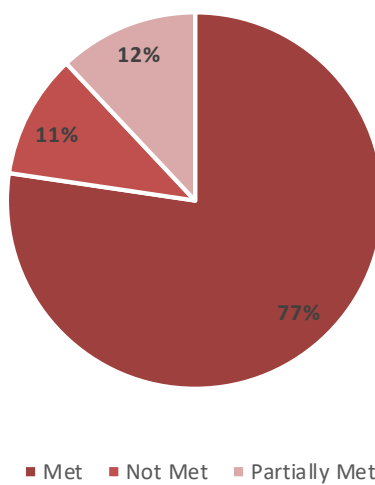
This section of the Financial Statements presents the Library's agency performance goals and related performance targets for fiscal 2020.

On October 1, 2018, the Library released a new strategic plan, Enriching the Library Experience. Intended to transform the Library into a more user-centered, digitally-enabled and data-driven organization. The plan defines four strategic goals: Expand Access, Enhance Services, Optimize Resources, and Measure Impact.

The Library of Congress established 49 agency performance goals with 75 associated performance targets in fiscal 2020 to drive progress to its strategic goals. Of those 75 performance targets, 58 (77%) were met, 9 (12%) were partially met, and 8 (11%) were not met.

Of note, the COVID-19 pandemic impacted work in almost every service unit, and all four strategic goals were affected in some way. In fiscal 2020, 31 agency-level performance targets (41%) were impacted by the COVID-19 pandemic to some degree at least once in Q2, Q3, or Q4, with the most impact reported in Q3. However, service units quickly and creatively regrouped to continue progress on priority work, and by year's end the pandemic was a major factor on only two of unmet performance targets and two of the partially met performance targets.

All Library-level Annual Performance Targets



The Library's fiscal 2020 performance goals, targets, and accomplishments are reported below, organized by strategic goal and objective.



Strategic Goal 1 | Expand Access

Make our unique collections, experts, and services available when, where, and how users need them.

In fiscal 2020, 14 agency performance goals comprising 26 performance targets drove progress towards the Library's strategic goal to Expand Access.

Objective 1 | Increase Discoverability and Availability

We will make our collections, experts, and services more readily discoverable and available for users, whether visiting Washington, D.C., or accessing the Library remotely.

10 Performance Goals | 20 Performance Targets | 75% Met | 20% Partially Met | 5% Not Met

Agency Performance Goal: Library Services and the Copyright Office will work together to expand formats and quantity of materials acquired through eDeposit.

Performance Target: By the end of fiscal 2020, make at least ten demands for electronic serial titles from a list of popular serial titles/publishers provided by the

Collection Development Office (CDO) and reviewed by the Copyright Acquisitions Division (CAD).

Accomplishment: The fiscal 2020 performance target was exceeded. CDO worked with the appropriate Recommending Officers, sending them 514 titles for review. They ended up recommending 116 (or 22%) for demand. A total of 14 demands were issued by CAD in fiscal 2020.

Agency Performance Goal: Increase the processing of items in special format collections to improve access and mitigate security risks.

Performance Target 1: Process (organize and describe) 3,000,000 items in the unprocessed arrearages in order to make more collections routinely available.

Performance Target 2: Reduce the arrearage as described in Table 6 - Unprocessed Arrearage of the Library's fiscal 2019 Annual Report by a net amount of 1 million to 1.5 million items.

Accomplishment: The first performance target was partially met. Library Services divisions receiving New and Expanded Program Request (NEPR) funding processed just over 2.6 million special format items from the arrearage in fiscal 2020. That is 87% of the annual performance target of 3 million items. However, the same divisions made an annual net arrearage reduction of over 1.2 million items, well within the second annual performance target range of 1 – 1.5 million items. Divisions were able to achieve this goal due to over-achieving first and second quarter targets, and as some processing staff returned on-site, at least part-time, in the third quarter and into the fourth quarter. This net reduction has brought the total number of items in the arrearage to less than 24 million. Planning and implementation continues to incrementally increase processing operations as effectively and efficiently as possible into the new fiscal year, while maintaining adequate social distance between staff in processing areas. Divisions remain on track to reduce the arrearage to less than 10% of the Library's holdings by 2028. Arrearage reduction efforts improve the security of collections and increase the number of items available for discovery and use by researchers.

Agency Performance Goal: Library Service's BIBFRAME (Bibliographic Framework) initiative advances to a more stable IT or systems platform and broader application in a simulated cataloging environment to facilitate use of Library data in the linked open data environment.

Performance Target 1: The Library of Congress BIBFRAME Pilot continues with more than 100 internal participants to demonstrate the effectiveness of the new format. The six overseas offices all participate in the BIBFRAME initiative in order to provide BIBFRAME catalog data for materials from countries with developing economies.

Performance Target 2: The BIBFRAME bibliographic file is maintained in real time and made public dynamically to enable the larger library community to experiment with BIBFRAME and provide feedback to the Library.

Performance Target 3: Specifications have been developed for a BIBFRAME-to-MARC conversion tool, enabling the Library to serve the nation's libraries by distributing native BIBFRAME catalog data in either BIBFRAME or MARC (Machine-readable Cataloging) formats as they prefer.

Accomplishment: The fiscal 2020 performance targets were achieved. The Library of Congress BIBFRAME Pilot continued with more than 100 internal participants, including staff in five overseas offices; the Rio de Janeiro Office could not participate because of severe pandemic conditions in Brazil, but the Office obtained telework laptops for its staff at the end of the fiscal year to enable them to participate in the future. Pilot participants demonstrated the effectiveness of new BIBFRAME features including the new BIBFRAME Editor (input user interface), which Pilot participants began using to improve production. BIBFRAME storage was moved to the cloud as part of the general Library project to move all IT functions to an external facility or to the cloud. The new BIBFRAME Editor features and new cloud environment enable the BIBFRAME system to expand as needed and provide better response time. The BIBFRAME file that is made available to the public was maintained in real time with daily updates of new bibliographic descriptions. Specifications and conversions for the BIBFRAME-to-MARC conversion tool for descriptive catalog data were finished, tested, and refined. Refinements enabled the loading of the BIBFRAME descriptions to the Library's Integrated Library System (ILS) after they are converted to MARC. This accomplished an essential step to enable expansion of the Pilot to more catalogers. Adjustments to all of the BIBFRAME conversions, MARC-to-BIBFRAME and BIBFRAME-to-MARC, made the conversion process more seamless, enabling the Library to serve the nation's libraries by distributing native BIBFRAME catalog data in either BIBFRAME or MARC formats as they prefer. The BIBFRAME initiative advanced to a more stable platform and broader application, in a simulated cataloging environment, facilitating the use of the Library's descriptive metadata in the linked open data environment.

Agency Performance Goal: Library Services and OCIO will work together to increase the number of digital formats and amount of digital resources available in a system for on-site access to rights restricted content.

Performance Target 1: In role of product owner, put additional digital content types into production in systems for on-site access to rights restricted content and develop an agency plan for improvements to access to rights restricted content.

Performance Target 2: Add additional digital content types to production systems for on-site access to rights restricted content and participate in development of an agency plan for improvements to access to rights restricted content.

Accomplishment: The performance targets were achieved. Stacks system for on-site access to rights-restricted content experienced significant growth in both the quantity and types of content available. By the end of fiscal 2020, Stacks provided Library users and staff with access to 47,665 e-Book titles, more than 840,000 articles from 1,297 e-Journal titles, and over 85,000 issues from 185 newspaper titles. In addition, a pilot selection of moving image titles and audio sound recordings were loaded into the staging version of Stacks for a planned release in early fiscal 2021. The Digital Collections Management and Services division (DCMS) finalized the report "Access to Rights Restricted Digital Collection Content: Current State & Next Steps," incorporating feedback from a wide range of agency stakeholders. The report clarifies and describes the current state of the Library's access policy for rights restricted digital collection content, documents the varied range of access approaches to rights restricted digital content in use at the Library, and identifies next steps to expand and improve access to rights restricted digital content. DCMS also worked with OCIO finalize a Project Charter to guide work on Stacks during fiscal 2021.

Agency Performance Goal: The Copyright Office will support the development of an Enterprise Copyright System (ECS) in order to improve the internal and external user experience and enhance efficiencies.

Performance Target 1: Engage in business activities, liaison with OCIO, and conduct testing to support Recordation automation, to include the reduction in the CORDOCS system backlog necessary to transform from the existing legacy system.

Performance Target 2: Design an Integrated Master Plan (IMP) to support the remaining components of ECS by Q3 of fiscal 2020.

Performance Target 3: The Copyright Office will complete a digitization pilot of 800 record books by September 30, 2020.

Performance Target 4: In partnership with the Copyright Office, provide technical leadership on modernization of an ECS.

Accomplishment: The fiscal 2020 performance targets were all met or exceeded. For the target related to Recordation, usability testing in November 2019 was followed by a limited pilot launch in April 2020. Additional users continue to be added to the pilot, increasing awareness and use of the new system and allowing the Office to collect additional feedback on design and functionality. The CORDOCS records backlog was reduced by 21%, facilitating the move toward an electronic/digital Recordation workflow. For the target related to the Integrated Master Plan (IMP), the initial IMP and Integrated Master Schedule were delivered in May 2020. The Office coordinates with OCIO and other key stakeholders on monthly updates that expand and refine the contents and format of both documents in order to increase the fidelity of the critical path. Finally, user stories and wireframes for the Examiner, Manager, and Supervisor user

experience were all delivered, as was a Design System and pattern library integrated with the wireframes. The material was presented to audiences from the Copyright Office and the Library in March 2020.

Agency Performance Goal: Expand and target outreach and education programs in an effort to expand understanding of and participation in the national copyright system.

Performance Target: In accordance with the Music Modernization Act, the Copyright Office will increase awareness of the Act online, to ensure the Act is widely understood.

Accomplishment: The performance target was met. A major achievement of fiscal 2020 was the development and implementation of the first-ever communications plan for the Copyright Office. The plan, Audience First, is a comprehensive, user-centered approach to communication. By focusing first on the needs, wants, and behaviors of audiences, and then designing communications around them, the Office fosters tailored, impactful messaging for the spectrum of copyright users and creators, fueling “the engine of free expression” that is copyright.

Agency Performance Goal: Improve discoverability and access to the Law Library's collection by applying the Library of Congress Classification System to all books in the collection.

Performance Target: Bring 24,000 law collection volumes up to modern classification standards by September 30, 2020.

Accomplishment: This fiscal year, Law Library staff and contractors fully inventoried and classified 14,922 volumes into the K class of the Library of Congress classification system. This number falls short of the annual goal due to coronavirus-related building and collection access restrictions which left staff and contractors unable to reclassify titles, and led to the suspension of the classification contract. Despite this shortfall in production, the application of the K classification system to these items has improved patron discoverability by adding subject data to bibliographic records, and allows browsing by shelf order in the online catalog.

Agency Performance Goal: Strategically digitize Law Library collections and research reports.

Performance Target 1: Increase discoverability of Law Library-generated research reports by preparing 2,000 reports (born-digital or digitized) for ingestion into Content Transfer Services (CTS) during fiscal 2020.

Performance Target 2: Expand the digitization of law collections to better meet the demand for online access to collections by continuing the digitization initiative, and digitizing 3,500 volumes of the U.S. Serial Set by September 30, 2020.

Accomplishment: During fiscal 2020, 2,572 Serial Set volumes were prepared for shipment to the vendor, 928 volumes short of the annual target. This accomplishment falls short of the annual goal of preparing 3,500 volumes due to COVID-19 related limitations on building and collection access. While working remotely, staff emphasized the quality review of digital bags to advance the project with limited on-site access. 2,692 Law Library Legal Reports were ingested in CTS, 692 reports over the annual target of 2000 reports. Law Library staff focused their efforts on born-digital reports to meet and exceed the annual target while working remotely during COVID-19.

Agency Performance Goal: Implement new features and content for Congress.gov in order to enhance the value of the web site as the sole legislative information platform serving congressional Members and staff.

Performance Target 1: OCIO will continue to develop and release site enhancements for Congress.gov in collaboration with the Congressional Research Service (CRS) and Law Library throughout fiscal 2020. Track usage, including views, visits, and downloads.

Performance Target 2: CRS will provide subject matter expert support for the development and release of site enhancements for Congress.gov in collaboration with OCIO and Law Library throughout fiscal 2020.

Accomplishment: The performance targets were achieved. There were 17 releases in fiscal 2020 that included numerous enhancements to Congress.gov based on congressional and public feedback. New content was added, including committee transcripts, committee prints, and the Congressional Record (Bound Edition). As well, the site was migrated to the Library's Data Center 2. LIS.gov was successfully retired on Nov. 22 from congressional view.

Agency Performance Goal: Modernize remaining Library of Congress Data Centers to standardize the enterprise infrastructure.

Performance Target: Implement software defined networking at Data Center 2 (DC2) to improve availability of IT systems and applications.

Accomplishment: The performance target was met. OCIO completed the migration of 15 petabytes of data to identified locations and off of legacy storage. Data is now on new storage hardware and in cloud storage, increasing our resiliency, and providing a ""Gold"" copy of our collections data that can be accessed and restored from the cloud if necessary.

Objective 2 | Use Connectors to Extend Reach

We will work with partners to promote our collections, experts, and services to their networks.

3 Performance Goals | 5 Performance Targets | 100% Met

Agency Performance Goal: Increase information sharing with CRS and the Congressional Relations Office (CRO).

Performance Target: Establish and implement a process for sharing information on congressional events at the Kluge Center.

Accomplishment: Quarterly updates were accomplished as appropriate. The Kluge Center held fewer congressional events in fiscal 2020 due to the pandemic, thus requiring less reporting to CRO and CRS. This was largely due to the fact that the relevant grants required in-person dinner events. These remain postponed in fiscal 2021, but the Kluge Center is making adjustments and will enhance its virtual programming for Congress in the months ahead. Keeping CRO and CRS apprised when the Center holds events for congressional staff and Members enables the Library to speak as one to Congress with respect to Kluge Center events.

Agency Performance Goal: Ensure new congressional staff are aware of how CRS can inform and support them in their new roles.

Performance Target: Conduct a policy seminar for new staff that is rated 7 out of 10 overall by at least 70% of participants.

Accomplishment: The fiscal 2020 performance target was achieved. CRS held the 2020 Issues and Policy Seminar on February 20 and 21, 2020. 97% of participants rated the seminar overall as effective in "improving your knowledge of the topics" as scaled 7 out of 10 or higher ("Very Effective" or "Effective").

Agency Performance Goal: Identify opportunities for Library Enterprises to increase sales and orders based on expansion and enhancement of services.

Performance Target 1: Identify and test new services and/or products to increase revenue.

Performance Target 2: Expand existing FEDLINK (Federal Library and Information Network) services by offering additional services and diversifying customer base.

Performance Target 3: Identify, initiate, and expand existing Federal Research Program Services.

Accomplishment: Business Enterprises (BE) purchased planogram software through SmartDraw. Staff began learning the software by setting up the stationery category. Business improvements from implementing the software are dependent upon BE's ability to establish a critical mass of categories. The souvenir and t-shirt categories have

been completed. These categories combined with stationery typically comprise over 40% of overall revenue. Once the Shop is operational again, we will be able to exercise changes and benchmark them against historical KPIs. Additionally, FEDLINK met its target. New product surveys demonstrated a higher than anticipated interest in library support services and paid training offerings. An assessment of Direct Express contract requests indicated a growing customer base from federal agency contracting offices and a 34% revenue increase over fiscal 2019. Increased business and transactions at the end of the fiscal year, resulting in FEDLINK realizing a 12% overall revenue increase. Lastly, the Federal Research program achieved its goal to obtain at least one inter-agency research agreement. Agreements were signed with (1) the Center for Global Health Engagement, which includes healthcare, program assessment, and data analysis components; (2) the Small Business Administration to conduct program assessment of COVID-19 relief programs for small business, which is dependent on data analysis; and (3) the U.S. Department of Housing and Urban Development to conduct program assessment of its EnVision Centers. These three engagements, which cover new areas of research in program assessment, data analysis, and healthcare, resulted in approximately \$550k in new revenue.

Objective 3 | Expand Physical Presence

We will proactively bring elements of the Library to the American people and enable broader use of our collections, experts, and services.

1 Performance Goal | 1 Performance Target | 100% Met

Agency Performance Goal: Increase Business Enterprises (BE) sales through improved Library Shop product licensing.

Performance Target: Expand existing BE services and consider potential new services.

Accomplishment: BE identified Bentley Global Arts Group as its first license partner in 2020. Bentley supports museum quality print reproductions by partnering with cultural institution establishing in- store print- on-demand kiosks and building exclusive branded web sites showcasing art/photography collections. BE established a contract with Bentley on March 9, prior to the Library and Bentley closing. BE launched "Printful," an on-demand assortment online in October with 10 seasonally selected Library images that will be used on custom designed/exclusive tote bags, mugs, and accessories. BE will also launch new on-demand "archival print program" in late December.



Strategic Goal 2 | Enhance Services

Create valuable experiences for every user to foster lifelong connections to the Library.

In fiscal 2020, 14 agency performance goals comprising 20 performance targets drove progress towards the Library's goal to Enhance Services to our users.

Objective 4 | Elevate Digital Experiences

We will invest in an end-to-end digital experience that improves online services, enhances discoverability, and facilitates the online curation of content to help all users derive more value.

7 Performance Goals | 10 Performance Targets | 40% Met | 20% Partially Met | 40% Not Met

Agency Performance Goal: The National Library Service for the Blind and Print Disabled (NLS) Braille and Audio Reading Download (BARD) products are more scalable, user-friendly, and flexible.

Performance Target 1: Build the cloud and migrate content to enhance the digital delivery of NLS content. Begin development of a microservices-based infrastructure that will re-architect BARD.

Performance Target 2: Develop and test cloud environment to make BARD products more scalable, user-friendly, and flexible.

Accomplishment: While important progress has been made, the performance targets for this work are behind schedule, and as a result, the fiscal 2020 goal to have an improved, cloud-based BARD capable of handling four times the current load in production has not been achieved. However, it is expected to be completed by the end of calendar year 2020 now that the new contract for the OCIO-managed BARD development team was awarded at end of Q4.

Agency Performance Goal: NLS will develop and execute a pilot to implement self-service capabilities.

Performance Target: Enhance patron self-service capabilities by enabling an intuitive access system. NLS patrons who sign up for Braille and Audio Reading Download (BARD) will not have to fill out an online application that the NLS network libraries will have to approve. Entire BARD patron application process will be eliminated.

Accomplishment: This target is behind schedule. Moving BARD to the cloud and achieving a fourfold capacity increase is the highest priority for the OCIO for the entirety of fiscal 2020, and their ability to work on other aspects of NLS modernization efforts was delayed. The new OCIO contract for BARD development team, which is required to begin work on this initiative, was awarded at end of Q4. As a result, work on this performance goal will be undertaken beginning in fiscal 2021.

Agency Performance Goal: NLS will pilot and rollout new Braille eReaders and accessories.

Performance Target: NLS will initiate the second phase of the Braille eReader pilot with the goal of distributing 2,000 devices.

Accomplishment: NLS successfully initiated the second phase of the Braille eReader pilot and distributed 2,000 eReader devices. NLS also successfully executed the fiscal 2020 New and Expanded Program Request funds of \$2.375M on moving this critical service for its patrons closer to a production operation. NLS expects to see full production of eReaders in the hands of all interested patrons in fiscal 2021.

Agency Performance Goal: NLS will pilot and prove concept of digital device as next-generation digital talking book machines and accessories.

Performance Target: Pilot and prove concept of digital device as next-generation digital talking book machines and accessories. Procure prototype devices for testing with NLS patrons to prove concept of digital device efficacy.

Accomplishment: NLS has not successfully piloted and proved the concept of this digital device as the next-generation digital talking book machine. NLS has procured the prototype devices for testing with NLS patrons, but has not been able to proceed due to backend systems remaining unavailable for testing. Delays caused by OCIO staff shortages and shifting priorities have resulted in a failure to move to field trial.

Agency Performance Goal: Enhance the Constitution Annotated (CONAN) experience to provide the latest legal analysis of the U.S. Constitution in a more user-friendly and dynamic manner.

Performance Target: CRS will review and revise approximately 440 pages of CONAN content to ensure it is ready for publication by September 30, 2020.

Accomplishment: This performance target was achieved. The CONAN web site's stability was improved and new features were added. CRS reviewed and revised several hundred pages of content in support of the website. Since its launch on September 17, 2019, the web site has had over a million visits and millions of page views.

Agency Performance Goal: Modernize the CRS mission-specific information systems to allow staff to more efficiently and creatively provide expert research and analysis to the Congress across a broad range of products and services while continuing to protect the security and confidentiality of Congressional data. The desired end state is an efficient, effective, and secure Integrated Research Information System (IRIS).

Performance Target 1: Continue development based on fiscal 2019 prototype testing and begin operational phase of content management, authoring, and publishing tools and processes.

Performance Target 2: Deliver a Method Minimum Viable Product (MVP) Pilot and complete the 1.0 MVP release.

Accomplishment: The performance targets were partially achieved. The Authoring & Publishing (Method) MVP Pilot and deployment to production has been delayed until software issues are remedied. CRS is working with OCIO and other internal organizations to assess the best path forward. The additional IRIS Program modernizations are proceeding consistent with plan. These include Taxonomy Tool implementation, Congressional Relationship Management, Text Analysis Program (Bill Summaries), Workforce Information Management, and CRS Architecture and Integration.

Agency Performance Goal: Improve initial software development of the Internships and Fellowships Program (IFP) Portal Back-End to double the number of representative workflows within the system resulting in an increase of both efficiency for Library staff administering and managing application processing for talent acquisition and usability for external applicants.

Performance Target: Complete the work of this two-year project to upgrade the IFP Portal by engaging in user testing and agile development.

Performance Target: Deliver the IFP portal tool by September 30, 2020.

Accomplishment: The targets were achieved. IFP collaborated with OCIO to continue developing a back-end system for the Internships and Fellowships Portal, resulting in a system that will automate the application and selection processes, and enable data analytics. Through the use of Agile software development, the team worked over the course of the year to arrive at five new workflows, and the system is now in production. A follow-on task order was awarded in mid-September 2020 to complete the final phase of development.

Objective 5 | Transform In-Person Experiences

We will focus on exhibitions, learning spaces, educational materials, and cultural programming to transform visitors into users of our services and contributors to our mission.

2 Performance Goals | 4 Performance Targets | 100% Met

Agency Performance Goal: Implement the Center for Exhibits and Interpretation's (CEI's) Visitor Experience Master Plan.

Performance Target 1: Plan and develop story, content, and organization of the Treasures Gallery and the Orientation Gallery.

Performance Target 2: Implement a prototyping initiative for Learning Lab and develop a design for a new Youth Center

Performance Target 3: Lead effort to standardize and coordinate a Library-wide volunteer program; including data collection, training, increased customer service components, and assessment.

Accomplishment: The performance targets were met. Last year, the Library moved forward with completing and obtaining an approved Visitor Experience Master Plan. This year, CEI leadership completed on-boarding the exhibit designers for the Treasures and Orientation Galleries. The Treasures Gallery Exhibit Designer and the Library conducted a research phase and began the process of concept design and content development. Kickoff meetings between the Library and the design team took place and the designer planned for and began their envisioning/research phase for the Orientation Gallery. The critical path schedule developed earlier this fiscal year has been the guiding tool for managing the different phases of the entire Visitor Experience Project. Using that as a roadmap, CEI has coordinated with Library's Integrated Support Services Directorate and the Architect of the Capitol to stay in coordination on the necessary moves of staff and the design and preparation work by the AOC. During regularly bi-weekly meetings, CEI has briefed the Library leadership team. In coordination with the Library's Center for Learning, Literacy, and Engagement (CLLE), development of the experience design plan for the Youth Center has proceeded on schedule.

Agency Performance Goal: CLLE will create a Public Audience learning and engagement framework in order to establish an audience-centric lifecycle for the Library of Congress.

Performance Target: Initiate a study of Library audiences and collect data related to visitor experiences and programming outcomes.

Accomplishment: The target was met. This fiscal year, CLLE continued to work with commissioned research and evaluation contractors (Morris Hargreaves McIntyre and Bluecadet) provided engagement and programming frameworks and models; offered presentations and workshops to staff and shared information broadly summarizing and activating the products delivered by these companies; led pan-institution conversations about public audience learning and engagement; reassessed and revised the approach of the Standing Events Committee (SEC) to better lead the conversation about an institution-wide programming strategy; and started an internal Digital Programming Best Practices working group with key public user-focused leaders to align thinking, share strategies and began coordinating efforts for an intentional, cohesive Library-wide audience despite global landscape due to COVID-19.

Objective 6| Develop User-Centered Content

We will develop content in a variety of formats and media to enhance the usability and accessibility of the Library's collections.

5 Performance Goals | 6 Performance Targets | 100% Met

Agency Performance Goal: Working in concert with Library Services and the Teaching with Primary Sources program, the CEI will develop and release curated content and programming to support the Visitor Experience Master Plan.

Performance Target: Develop a plan to build more digital offerings and ensure the Library's current and future exhibits are accessible digitally from anywhere in the country.

Accomplishment: The target was met. CEI's major 2020 public initiative was the Rosa Parks Exhibition which opened in December. CEI consulted and coordinated education and programming for this exhibition with CLLE. In addition, the exhibits office work closely with Library Services and the Exhibits curator to get the exhibit developed and finalized. The exhibit opened on time and was well received. Rosa Parks will remain open longer than originally anticipated so the public can have additional time to view the exhibit.

Agency Performance Goal: CLLE will redesign and coordinate the Library's programming architecture to be more strategic, organized, and disciplined, in order to further the Library's future programming efforts both internally and externally to the organization.

Performance Target: Implement at least two new models for pan-library programming (National Book Festival Presents and Thursday Late Night Programming) to expand Library audiences and deepen connections with the Library and its collections.

Performance Target: Design a framework for state networks by working with existing networks to learn about needs, to develop outreach models, and to compile reports.

Accomplishment: CLLE met its fiscal 2020 performance targets, redesigning and coordinating the Library's programming architecture to be more strategic, organized, and disciplined in order to further the Library's future programming efforts. CLLE renewed the year-long initiative to explore the thematic storytelling of America's change makers through music, films, performances, and public programs to work in tandem with scheduled exhibit openings, as well as crowdsourced programs and developed the next three – five years of annual programming themes, taking into consideration key Library initiatives and social and historical milestones. CLLE also extended the reach of the National Book Festival by starting the National Book Festival Presents author series,

which connected new audiences to the Library's collections. In response to the global COVID-19 pandemic, CLLE produced the National Book Festival as a completely virtual experience, swiftly pivoting resources and programming to meet the needs of a largely socially distanced world and bringing hundreds of hours of programming to public audiences in the comfort of their homes. Additionally, CLLE analyzed annual/recurring programs, heritage months, and daily observances related to the Library to better understand the programmatic cycle and transition to more proactive strategic planning. For example, CLLE developed a complete, six-month long calendar of events in advance of launch to better promote the programs and leverage available resources to maximize the programming calendar. Lastly, CLLE developed the "Live! at the Library"/Late Thursdays programming initiative and successfully responded to the pandemic-related building closure to ensure the Library could continue providing valuable resources, programs, and engagement opportunities in the digital space.

Agency Performance Goal: The Law Library will improve its services for Congress and other federal clients by providing the highest quality research products.

Performance Target: Maintain high levels (95% +) of customer satisfaction ratings.

Accomplishment: The target was met. All research products prepared by the Law Library's Global Legal Research Directorate (GLRD), regardless of their format and delivery method, were subject to the established quality review ensuring that all research responses were in line with Library of Congress standards and policies. The Law Library hired new research staff and contractors to ensure better responsiveness to users' needs. In addition, the Law Library initiated a new series of webinars and recorded presentations, and GLRD implemented suggestions expressed by congressional and other federal government requesters, adding new features to products which was met with increased user satisfaction and enhanced the scope of products offered to priority users. GLRD managers continued direct consultations with major requesters to address their needs. Feedback was regularly requested from Congressional and federal users, and amended to monitor the quality of newly introduced web products. Received surveys demonstrated a stable satisfaction rate at 97%.

Agency Performance Goal: Increase Congressional awareness of the full range of services available from the Law Library, including foreign and comparative legal research reports and the Public Services Reading Room.

Performance Target: Increase the number of congressional staff making first time use of GLRD research services by implementing innovative strategies and more efficient processes and ensuring that up to 25% of Congressional requests are received from first time users of GLRD services.

Accomplishment: The target was met. GLRD managers continued to implement the previously developed communications plan aimed at enhancing congressional

awareness of LLC services and products. This year's focus was on Members who introduced new bills. They and their legal staff were approached with information on possible assistance from the Law Library. Approximately 50% of Congressional requests were received due to recently implemented awareness building measures. Outreach efforts resulted in an increased number of returning requesters as well as first time users (approximately 60% of all requesters), and an increase in permissions to publish Law Library reports received from Congressional staff. Because of the pandemic, more services were offered online. Foreign law specialists and reference librarians were involved in the preparation of a new series of webinars, research trainings, and prerecorded presentations. The total number of Congressional requests in fiscal 2020 increased by about 5% compared to fiscal 2019. The Public Services Division responded to 670 Congressional reference requests.

Agency Performance Goal: Ensure that Congressional Members experience the highest levels of satisfaction with Congressional Research Service (CRS) products and services.

Performance Target: Devise a method to measure user satisfaction with CRS products and services.

Accomplishment: The performance target was achieved. CRS contracted with Gallup to survey Congressional user satisfaction with CRS products and services. Gallup fielded the survey, analyzed the findings and delivered results to CRS.



Strategic Goal 3 | Optimize Resources

Modernize, strengthen, and streamline our operational capabilities.

In fiscal 2020, 16 agency performance goals comprising 24 performance targets drove progress towards the Library's strategic goal to Optimize Resources.

Objective 7 | Align Core Library Activities

We will align and strengthen capabilities across the Library to achieve optimum operational efficiencies while providing enhanced user services.

2 Performance Goals | 5 Performance Targets | 100% Met

Agency Performance Goal: CLLE is established as a vital and visible part of the Library of Congress, in order to further advance the strategic goals of expanding access and enhancing services to our users.

Performance Target 1: Increase advanced planning and communication mechanisms within CLLE to better lead Library-wide programming efforts.

Performance Target 2: Strengthen CLLE financial models to allow for the development of sustainable project timelines and annual programming.

Performance Target 3: Initiate a Library wide conversation to establish and articulate programming goals that will insure cultural impact and foster literary capital. Create a highly engineered and targeted network of diverse programs throughout the Library that promote the value of reading and cement the concept that a widely read and informed public is the bedrock of a democratic society.

Performance Target 4: The Development Office will work with CLLE to define and implement a sustainable financial model to support CLLE programs and projects.

Accomplishment: The performance targets were met. CLLE developed a detailed realignment plan for implementation in fiscal 2021 and adhered closely to its established Directional Plan, continuing to socialize and gain buy-in for a more cohesive, intentional public audience outreach strategy. CLLE strategically launched the successful series “National Book Festival Presents” as a way to extend the successful National Book Festival brand, connect the author programs with Library collections, increase opportunities for funders to support a year-long series of programs and create more access for audiences to engage with the Library, authors, and other book lovers. CLLE imagined, developed, and very nearly launched a Thursday Nights at the Library (Live! at the Library) programming model, gathering more than six months of weekly programs in advance of the launch to better publicize vital Library program offerings; however, the initiative is on indefinite delay due to COVID-19. CLLE lead three key groups (the Standing Events Committee, the Digital Programming Best Practices Group, and the State Outreach Working Groups) in their efforts to develop best practices around key programming efforts. In Q3 and Q4 in particular, CLLE swiftly and deftly pivoted to an all-virtual programming model, standing up the [Loc.gov/engage](https://loc.gov/engage) page, offering online office hours, webinars, author talks, live chats, panels, at-home workshops and activities, and other critical resources for families in quarantine nationwide. These activities combined to firmly establish CLLE as a vital and visible part of the Library.

Agency Performance Goal: The Digital Strategy Directorate (DS) will pursue the highest priority digital activities that enable the Library to achieve its unique mission.

Performance Target: By September 30 2020, DS will plan and continue targeted programs to increase the Library's digital capacity through experimentation, resources, information exchange, and knowledge of the Digital Strategy.

Accomplishment: The target was achieved. During fiscal 2020, DS met the performance target of planning and continuing targeted programs to increase the Library's digital capacity through experimentation, resources, information exchange, and knowledge of the digital strategy. Activities that increased the Library's digital capacity included work on the Computing Cultural Heritage Collections in the Cloud project, the

By the People crowdsourcing program, Innovator in Residence projects, Newspaper Navigator and Citizen DJ, machine learning explorations, and improving born-digital collection access, as well as planning for the next fiscal year's Human in the Loop and Experimental Access projects. DS also hosted Library Junior Fellows, Digital Transformation workshops, a pop-up lab for arrears processing, and summer learning groups, as well as released publications on digital scholarship, machine learning, and crowdsourcing. These experiments, resources, and information exchanges increased the Library's digital capacity in the areas of sharing collections at scale, engaging the public through crowdsourced transcription, inspiring innovative and creative uses of the Library's digital collections, applying machine learning to improve access, exploring speech-to-text transcription of audio-visual materials, supporting digital scholarship, and expanding access to 3D collection objects. Additionally, these activities promoted knowledge of the Library's Digital Strategy goals of improving the availability of digital collections, engaging audiences, and investing in a culture of innovation.

Objective 8 | Modernize Operations

We will share information, apply best practices, and use data across the Library to drive user-centered enhancements that will deliver the highest returns while balancing staff workloads.

12 Performance Goals | 16 Performance Targets | 75% Met | 12.5% Partially Met | 12.5% Not Met

Agency Performance Goal: Execute year one of a two-year plan to migrate the Library's Audio-Visual collections data from the existing platform to the new AV Collections Management System (AVCMS) platform.

Performance Target 1: Award contract for the AVCMS and develop project plan for data migration and new workflow.

Performance Target 2: Provide an AVCMS to allow Library of Congress staff to manage all metadata and workflows for audio-visual and other collection materials; ensure full incorporation of the Library's metadata schema within the system; and provide the ability to find, locate and retrieve collection materials.

Accomplishment: The targets were met. Following the contract award to Axiell Group AB in April, the government and vendor developed a project plan for the first two years of the three-year effort. The first two years of the plan will culminate in the new system going live in spring of 2022, two years after the award date, with AVCMS including the capabilities of the current system, the Packard Campus Workflow Application (PWCA) preservation workflows and the Veterans History Project system. Year three will include launch of the public access listening and viewing and file management components of AVCMS. Library Services is now six months into this two year effort, and has working groups identifying User Acceptance Testing criteria, mapping clusters of data from

source systems to the new target database, and working with Axiell to design and document the “to be” workflows for all stages of the acquisition, preservation and access lifecycle. These activities are outlined in Axiell's project schedule, which is updated regularly. This project remains on schedule for a spring 2022 go-live date.

Agency Performance Goal: Support implementation of a new Library Services Platform.

Performance Target: Assist OCIO in evaluating responses to Request for Information (RFI) and preparing a funding request.

Accomplishment: Library Services submitted all NEPR documentation for a new Library Collections Access Platform (L-CAP), including cost estimates for Library Services and OCIO, to the Office of the Chief Financial Officer on Sept. 29.

Agency Performance Goal: Broaden Library Service's (LS) capability to perform end-to-end monitoring of its collection services activities.

Performance Target: Complete development, testing, and piloting of an efficient, flexible, and consistent methodology that addresses the Inspector General's recommendation to broaden LS capability to perform end-to-end monitoring of its collection services activities.

Accomplishment: In support of the goal, the Library met the primary objective of finalizing a methodology. The Library did not complete all planned pilots fully because the Library's pandemic response made it impossible to complete some field tests. However, sufficient work was completed to identify a process for moving forward. In addition to potential continued disruptions due to the pandemic, data-informed monitoring will require ongoing, concerted efforts to improve data input and collection tools.

Agency Performance Goal: Streamline Copyright Office processes, practices and policies to promote timely and reliable services.

Performance Target: Prepare the Copyright Office's move from the Deposit Copy Storage Unit in Landover, MD to the interim warehouse facility in Cabin Branch, MD by the end of fiscal 2020.

Accomplishment: Although plans were delayed 6 months due to COVID-19 work restrictions, the Office has initiated a contract to move 90,000 boxes from the Landover storage facility to the new interim storage warehouse at Cabin Branch in 45 days beginning in fiscal 2021. Moving deposit copies to this new facility meets federal records storage guidelines and authorized requestors will see faster retrieval times and next day delivery services as a result.

Agency Performance Goal: Implement the NLS Business and IT Modernization.

Performance Target 1: Implement the fiscal 2020 NEPR for modernization, focusing on building out the cloud infrastructure, migrating BARD products and services to the cloud, and digital delivery of content to various devices. Perform robust analysis of business functions, operating models, and process improvement.

Performance Target 2: Modernize NLS operations through the use of cloud infrastructure, modern content delivery technology, and a services-based architecture.

Accomplishment: While important progress has been made, this APG is behind schedule. Work on the smart speaker project, including various use cases are 90% and are expected to be completed during early Q1 fiscal 2021. The Production Inventory Control system (PICS-2) project has experienced delays, but is now scheduled for production by end of Q2 fiscal 2021. Now that the contract for the new BARD development team (funded with fiscal 2020 NEPR funds) has been awarded, NLS expects critical work on the new BARD 2.0 to begin in earnest.

Agency Performance Goal: Identify opportunities, mechanisms, and tools to collect and utilize data to make decisions which lead to increased efficiency and higher client satisfaction.

Performance Target: Create and charter a standing body to oversee CRS data collection and analysis processes.

Accomplishment: The fiscal 2020 performance target was partially achieved. CRS has changed the approach to this initiative due to external risk factors and contracted with experts to establish a data collection and analysis framework aligning with an industry standard methodology. CRS staff are working with a contractor to provide inputs necessary to develop and deploy a data framework applicable to CRS.

Agency Performance Goal: Improve accessibility of Contracts and Grants Directorate's (CGD) documents and reliability of CGD work product by implementing an electronic Document and Records Management System (eDRMS).

Performance Target: Implement an eDRMS and transition to a digital records management framework and structure to enhance collaboration across the acquisition workforce, streamline paper-based processes and realize cost-savings and efficiencies through elimination of paper-based contract files.

Accomplishment: In 2020, CGD successfully transitioned to paperless files, digitized 72,000 images into an electronic repository, and implemented effective internal and management controls and procedures to continue operations unabated in a 100% remote work environment. CGD developed an electronic Document and Records

Management System (eDRMS) with interfaces to the Library of Congress Budget System (LCBS) and the Momentum Financial system to provide greater insight into contract operations from the early budget planning stages through execution and completion. The eDRMS is designed to support CGD's document and records management needs while providing scalability and functionality for an expanded collaborative workflow for use by additional service units in acquisition planning and contract execution. CGD developed a data visualization dashboard to enhance communications and improve data-driven decision-making throughout the acquisition lifecycle, including Key Performance Measures to effectively manage contract operations at the Library.

Agency Performance Goal: Improve central financial management by implementing additional Legislative Branch Financial Management System (LBFMS) capabilities and consolidating with other systems.

Performance Target 1: Support the assimilation of the Federal Library and Information Network (FEDLINK) into LBFMS to ensure efficient and effective financial management and tracking of resources.

Performance Target 2: Develop and pilot requirements for the use of U.S. Treasury's G-Invoicing system by Sept. 30.

Accomplishment: The targets were met. Supporting FEDLINK's integration into LBFMS ensures efficient and effective financial management and tracking of resources, and assimilation support and efforts will continue in fiscal 2021. The Library's Financial Services Directorate (FSD) developed 10 reports and supported a contractor with the development of 10 reports in fiscal 2020, and enhancements for FEDLINK and assimilation to Momentum is ongoing and will continue in fiscal 2021 with the hiring of FEDLINK's new business manager. Additionally, FSD began implementation preparation to deploy U.S. Treasury's G-Invoicing system for the Library by October 1, 2022. FSD completed in fiscal 2020 a high-level G-Invoicing business process document for a pilot and discussed this within FSD and with CGD, however the Treasury's mandated change during the year resulted in a change in the implementation target to hold off on the G-Invoicing implementation pilot to fiscal 2021. FSD is revising the Library's implementation plan and intends to ready for a pilot before the end of fiscal 2021.

Agency Performance Goal: Increase the productivity and effectiveness of the Financial Services Directorate (FSD) through reengineered and automated business processes and strengthen controls.

Performance Target: Assess at least two (2) business processes by Sep. 30 to identify and prioritize recommendations to improve processes, including opportunities for reengineering or automation.

Accomplishment: The performance target was met. Three (3) business processes studies were completed in fiscal 2020. This included a business process reengineering (BPR) study to assess recommendations for the Legislative Branch Financial Management System (LBFMS) budget execution processes which identified opportunities to improve business operations and create a standardization process that supports the unique and diverse missions of the LBFMS community. Another BPR study will be conducted on general-ledger processes in the LBFMS in fiscal 2021. Two additional FSD business process studies and analysis, one on Administrative Working Fund (AWF) and one on Financial Reporting processes, provided future state recommendations to increase productivity and effectiveness of the Financial Services Directorate through re-engineered and streamlined business processes. The AWF study identified best practices that will inform a future state for the Library AWF process. The Financial Reporting process study results will be used as a basis for future hiring, aggregation of staff positions by function, and facilitate process improvement and efficiencies.

Agency Performance Goal: Improve data-driven decision making across service units through better access to COO data analytics and dynamic reporting capabilities.

Performance Target: Scale a Human Capital Directorate (HCD) dashboard across the Library.

Accomplishment: The performance target was achieved. In fiscal 2020, HCD collected requirements for and built: (1) Workforce Performance Management data visualizations (integrating EmpowHR and USA Performance systems data); (2) Hiring Management data visualizations (integrating EmpowHR and Hiring Management System (HMS) data); and (3) Pandemic Work Hours data visualizations (requested by senior management to understand employee usage of different types of pandemic leave, as well as hours, worked during the COVID-19 pandemic). In developing data visualizations, HCD conducted user experience and training, received user feedback, incorporated the user feedback into updated visualizations, and re-deployed the data visualizations to the HCD Executive Dashboard.

Agency Performance Goal: Improve agency IT financial data content and financial governance processes to optimally fund the agency's IT-enabled business priorities.

Performance Target 1: Improve agency data content associated with fiscal 2020 IT financial execution and fiscal 2021 IT financial planning.

Performance Target 2: Improve agency's fiscal 2020, 2021 and 2022 IT financial planning process.

Accomplishment: The targets were achieved. The Technology Business Management (TBM) tool received a one-year Authorization to Operate in late July 2020. The tool is planned to be the authoritative source for IT budget and acquisition status for fiscal 2021. Additionally, OCIO manages its budget within the TBM tool and uses it to forecast

labor during the year of execution. With the implementation of the TBM tool, starting in fiscal 2021 the Library can report on the planned versus actual change the business and run the business investments by leveraging data feeds from the Library's financial system.

Agency Performance Goal: Improve IT security monitoring and assessment in order to safeguard the Library's IT systems and data.

Performance Target: Continuously monitor, test, and manage incidents as well as anticipate and counter evolving cyber-based threats throughout fiscal 2020. At least 80% of Library systems are continuously monitored.

Accomplishment: The target was partially met. The Library's IT Security improved throughout fiscal 2020 and is set up to provide a strong platform for protecting Library assets whether it is within Data Center 2/Data Center 4 (DC2/DC4) or Data Center 5 (Cloud). 76.1% of Library systems are in continuous monitoring. The goal of reaching ongoing authorization has been very successful but still additional work is needed to be done to improve it in fiscal 2021.

Objective 9 | Invest in Talent for the Future

We will uncover and address capability gaps; train and retain our experts; and recruit new talent to augment our knowledge, skills, and abilities.

1 Performance Goal | 1 Performance Target | 100% Met

Agency Performance Goal: Enable CRS employees to maintain and increase their skills and expertise by increasing their access to and participation in training and development opportunities.

Performance Target: Produce recommendations for management on potential changes to in-house training programs (writing, presentations, mentoring, onboarding, Section Research Managers and Section Heads) and current training programs offered by contractors (leadership, writing, presentation).

Accomplishment: The fiscal 2020 performance target was achieved. To enhance and expand development and training opportunities for CRS staff, CRS Operations applied a training evaluation strategy to (1) collect feedback, (2) analyze data, and (3) modify training. The training evaluation findings for onboarding, writing training, presentation training, leadership training, and diversity and inclusion training were shared with the Associate Director for Operations and the CRS Director via memo.

Objective 10 | Diversify and Expand Funding

We will more effectively articulate the Library's value to attract additional resources from Congress, private donors, and others.

1 Performance Goal | 2 Performance Targets | 100% Met

Agency Performance Goal: Maintain and grow a strong donor base for the Library of Congress.

Performance Target 1: Solicit and close \$30M in new gifts through the solicitation, cultivation, and stewardship of current and prospective donors for Library priorities to include the Visitor Experience Master Plan, National Book Festival, Gershwin, etc.

Performance Target 2: Invigorate Madison Council membership and grow membership by 10% by September 30, 2020.

Accomplishment: The Development Office raised just short of the planned \$30M fundraising goal in fiscal 2020 as the pandemic hindered the office's ability to hold in person events and meetings for cultivation and solicitation of gifts. Cumulative totals for the fiscal year equaled \$29.7M (\$9.75M cash & equivalents, \$19.96M in pledge balances). Year-end numbers do not reflect the verbal commitment for \$1M from the Dwight D. Opperman Foundation made Sept. 30, 2020 for which a signed gift agreement is pending. The Development Office crafted and executed a comprehensive communication plan to maintain engagement with Madison Council members and facilitate the cultivation of the Thomas Jefferson Building Visitor Experience Master Plan and campaign support. In November the Library hosted 42 members at the Fall Madison Council Meeting. At the same time, Development Office management expanded opportunities for current members to engage with each other, Council prospects, and Library officials through regional events (e.g., San Francisco), signature Washington D.C. events (e.g. Gershwin honoree dinner on March 3, 2020), and through virtual events in the spring and summer months. As a result of these engaging events, along with a comprehensive communications plan, the end of fiscal 2020 saw Madison Council membership at an all-time high of 67 paying members, a 10% increase over fiscal 2019 (with the addition of 12 members and a decrease of 6 members).



Strategic Goal 4 | Measure Impact

Use data to measure our impact on the world around us and share a powerful story.

In fiscal 2020, five agency performance goals comprising five performance targets drove progress towards the Library's goal to Measure Impact.

Objective 11 | Understand Our Users

We will use data to better understand our users and their needs and measure how effectively we deliver services, while appropriately safeguarding user privacy.

1 Performance Goal | 1 Performance Target | 100% Met

Agency Performance Goal: Expand and diversify the user base of events sponsored by the Kluge Center.

Performance Target: Continue the collection of data on Kluge Center event attendees and other users; develop an outreach plan for expanding and diversifying the user base.

Accomplishment: In the transition to the all-virtual programming environment, the Kluge Center has attracted many times more users at its events than when holding in-person events. Every event attracted well over a thousand viewers (occasionally multiple thousands), outstripping the typical 80-100 person attendance pre-pandemic. Clearly the Center is reaching more people. The Center is in the process of putting in place survey instruments that, among other things, will identify the types of viewers we are attracting.

Objective 12 | Communicate Impact

We will measure impact in order to demonstrate value to all stakeholders and share our story in compelling, creative ways.

No performance goals in fiscal 2020.

Objective 13 | Promote a Culture of Continuous Improvement

We will become an insight-driven organization, using data to plan, set goals and targets, and strengthen performance management.

4 Performance Goals | 4 Performance Targets | 50% Met | 25% Partially Met | 25% Not Met

Agency Performance Goal: Improve the Library's ability to identify and minimize the effect of strategic and operational risks in the execution of its mission.

Performance Target: The Library assesses its baseline progress in implementing its risk management and internal control activities and develops an initial draft process improvement plan by September 30, 2020.

Accomplishment: This target was partially achieved. The Office of Strategic Planning and Performance Management (SPPM) completed an assessment of integrated risk management and internal control (iRIC) activities in August of 2020. This progress assessment was accompanied by an improvement plan for fiscal 2021 and beyond, based upon the gaps identified in the assessment. While the assessment and improvement plan were completed on time, SPPM's intention to circulate the

improvement plan to the Library's Planning, Performance, and Risk Working Group (PRG) prior to the end of the fiscal year was delayed due to an audit of iRIC. Overall, the assessment of progress found that the Library has made significant progress towards maturing its risk management activities and, by leveraging the recommendations in the improvement plan, the Library can expect to reach the next level of program maturity by early fiscal 2022.

Agency Performance Goal: Improve the Library's response to threats, incidents, and emergencies by increasing staff readiness.

Performance Target: Develop by September 30, 2020, a training survey to capture training needs from staff, develop written lesson plans for classes taught, update materials used in training and drills, and design both a paper-based and online training class attendance tracking tool.

Accomplishment: The performance goal for fiscal 2020 was not achieved because of the readjustment of resources during the COVID-19 Pandemic. Emergency Preparedness personnel were devoted to higher priority emergency management matters instead of progress towards reducing risks associated with staff emergency training shortfalls. The Emergency Preparedness Program was able to achieve the first performance target of developing a staff survey. In May 2020, an EP Staff survey was completed and ready to be advertised and deployed, but due to the COVID-19 situation, the survey was put on hold until staff return to normal operations. Many of the survey questions relate to the workplace, and if staff are not physically working in the buildings they will be less inclined to participate in the survey. Post-pandemic, staff resources can be redirected to releasing the survey and reviewing results to improve EP training to increase staff readiness response to threats, incidents, and emergencies.

Agency Performance Goal: Enhance customer support through improved ISS services.

Performance Target: Improve Library customer service satisfaction of demand work order performance for timeliness and performance quality by 8% over the fiscal 2019 baseline.

Accomplishment: During fiscal 2020, when paper and shredding bins were requested, ISS was able to supply paper within 25 days of request versus a standard of 30 days; a 17% decrease in paper delivery time. Shredding bins were delivered within 1.6 days of request vs a standard of 2 days, a 20% decrease in bin delivery time. No requests were received during the third quarter of fiscal 2020.

Agency Performance Goal: Improve management and early identification of resources available for contract obligation through revised acquisition planning and risk mitigation.

Performance Target: Procurements are planned and identified on the acquisition forecast; RQs are submitted with sufficient lead time; acquisition

packages are complete and accurate; and solicitations are issued promptly to facilitate timely award.

Accomplishment: The target was achieved. CGD implemented systemic monitoring of acquisition risks through a dashboard published in the Library's Confluence space to identify and manage risks in the acquisition process, including RQ quality, milestone tracking, workload, and de-obligations. The fiscal 2020 continuous-resolution and the COVID-19 pandemic resulted in under execution in the first two quarters with 9.23% and 36.51% in the first two quarters, pushing the majority of the obligations to the last two quarters. Risk management activities enabled CGD to meet or exceed targets for procurement lead time in all categories of a competitive acquisition.

Internal Control Program, Systems, Controls, and Legal Compliance

The Library of Congress continues to make progress in maturing the agency's Integrated Risk Management and Internal Control (iRIC) framework, completing another fiscal year of risk identification, analysis, and mitigation activities, while identifying an improvement plan for fiscal year 2021 and beyond. This framework is governed by LCR 1-630, "Integrated Risk Management and Internal Control," which was published on January 3, 2019. This regulation states that:

The Library will implement and maintain an Integrated Risk Management and Internal Control Framework. The Framework will support management's commitment to implementing sound management practices to identify, assess, monitor and report on risks and internal control activities. The objectives of implementing the Framework include:

- A. Effective management of risks that may impact achievement of Library goals,
- B. Effective and efficient operations,
- C. Reliable financial and non-financial (including performance) reporting, and
- D. Compliance with applicable laws and standards.

Fiscal year 2020 marked the third year for implementation of the Library's iRIC framework. During this third year, the Library made significant strides in maturing its risk management and internal control activities as evidenced by the following accomplishments and continuing activities:

- Continued service unit head accountability for assessment, identification, and management of risk and internal controls within their unit to agency guidelines;
- Continued integration of risk discussions with Executive Committee performance meetings as well as within unit quarterly performance meetings;
- Preparation and distribution of biannual risk status reports to the Executive Committee, Operations Committee, and the cross-agency Planning, Performance, and Risk Working Group;
- Implementation of Planning, Performance, and Risk diagnostic sessions with every service unit to improve the identification and analysis of risks for FY 2021;
- Release of revised and expanded iRIC guidance for Library staff;
- Continued integration of the iRIC strategic and operational risk management and reporting framework into the Library's broader Planning and Performance Management Framework through the diagnostic sessions and Directional Planning activities;
- Reassessment of the Library's implementation of risk management and internal control best practices, as compared with the standards set by the Office of Management and Budget and the Government Accountability Office;
- Development of an iRIC Improvement Plan to guide continued program maturity for FY 2021 and beyond; and

- Documentation of the Library's strategic and operational risk assurance for fiscal 2020.

The shift to working remotely significantly altered the Office of Strategic Planning and Performance Management's (SPPM's) fiscal 2020 planned approach to risk framework skill building among service unit staff. Given the change in operations, SPPM canceled plans to implement a series of group risk training sessions and instead leveraged the small group (1-3 service unit members) diagnostic sessions (noted above) and additional tailored coaching conversations to address immediate iRIC knowledge gaps and quarterly reporting concerns. In parallel, the office redesigned its iRIC training materials and session plans to be able to offer virtual training experiences to service units early in FY21.

By the end of fiscal year 2020, service units reported 49 strategic and 40 operational risks in the Library-wide Risk Register. Overall, the Library-wide average Annual Performance Goal-related risk score (strategic risks) for fiscal 2020 Q4 was 4.8.¹ This is equal to the average in fiscal 2019 (4.8). Using the score of 4.8 as the Library's average strategic risk posture, four service units come in higher than the Library average: Law Library (5.8), Office of the Librarian (6.5), Library Collections and Services Group (LCSG) (8.8), Office of the Chief Information Officer (5.4), and Library Services (4.5). Four of these scores constitute a **MODERATE** risk posture, while rounding LCSG's average up to 9 shifts it into a **HIGH** risk posture. This is the result of one **CRITICAL** risk associated with the Braille and Audio Reading Download (BARD) expansion led by the National Library Service for the Blind and Physically Handicapped (NLS) in LCSG.

The count of operational risks decreased slightly from fiscal 2019 to fiscal 2020, from 42 to 40 risks. Unlike strategic risks, which are tied to time-bound activities or agency-level goals, operational risks are generally timeless and therefore not expected to see much variation year to year. The objective of the risk program is not to eliminate operational risks, but to reduce them to an acceptable level. A majority of the 40 operational risks reported fell into one of four risk types: Compliance (8 risks), Safety and Security (7), Reputational (5), and Planning (4). These risk types include two of four new risk types implemented in the Library's Compass system framework in Q4. As detailed in SPPM's iRIC Improvement Plan, interviews with Library staff and analysis of Library risks revealed that the risk type categories in Compass did not adequately capture all of the threats that service units were identifying. The new risk types include Data Management, Planning, Resource Management, and Safety and Security. Of these four, only Data Management had no risks reassigned to it. Safety and Security in particular saw seven risks reassigned to it, which reflects the lack of physical safety and security-relevant risk types (non-IT/cyber) in the previous iteration of iRIC. As the Library improves its ability to identify and categorize risk, it will empower leadership to take an enterprise-view of risks, allowing them to better compare similar risks from service unit to service unit.

Limitations of the Financial Statements

The Library's financial statements are the culmination of a systematic accounting process. The statements have been prepared to report the financial position and results of operations of the Library of Congress, pursuant to the hierarchy of accounting principles and standards set forth in Note 1 to the Financial Statements. While these statements have been prepared from the books and records of the Library, they are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

¹ Low risk = 1-2; Moderate risk = 3-8; High risk = 9-12, Critical risk = 16. It is not possible to achieve a score equal to, or between 13 and 15.

THE LIBRARY OF CONGRESS

Consolidated Balance Sheets

As of September 30, 2020 and 2019

(in thousands)

	FY 2020	FY 2019
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 390,937	\$ 372,571
Investments (Note 3)	32,632	30,806
Accounts Receivable, Net (Note 4.A)	71	72
Advances and Prepaid Expenses (Note 1.I)	10,973	11,310
Total Intragovernmental	434,613	414,759
Cash and Other Monetary Assets (Note 1.G)	70	221
Pledges Receivable – Donations (Note 4.B)	14,696	5,407
Investments (Note 3)	154,861	145,307
Inventory (Note 1.K)	388	322
Property and Equipment, Net (Note 5)	83,109	70,462
Beneficial Interest in Perpetual Trust (Note 1.R.3)	2,985	2,827
Accounts Receivable, Net (Note 4.A)	309	770
Library Collections (Note 1.M)		
TOTAL ASSETS	\$ 691,031	\$ 640,075
LIABILITIES		
Intragovernmental:		
Accounts Payable and Accrued Funded Payroll, Benefits	\$ 5,343	\$ 4,007
Advances from Others	8,515	22,124
Accrued Unfunded Workers' Compensation (Note 8)	1,400	1,385
Other Intragovernmental Liabilities (Note 10)	1	4
Total Intragovernmental	15,259	27,520
Accounts Payable and Accrued Funded Payroll, Benefits	73,726	60,846
Deposit Account Liability	8,231	8,264
Accrued Unfunded Annual and Compensatory Leave	34,342	25,751
Actuarial Unfunded Workers' Compensation (Note 8)	7,097	6,968
Other Liabilities (Note 10)	5,541	7,370
TOTAL LIABILITIES	\$ 144,196	\$ 136,719
Commitments and Contingencies (Note 9)		
Net Position		
Unexpended Appropriations – All Other Funds	\$ 214,997	\$ 204,352
Cumulative Results of Operations – All Other Funds	68,698	59,645
Total Net Position – All Other Funds	283,695	263,997
Cumulative Results of Operations – Dedicated Collections (Combined) (Note 17)	263,140	239,359
Total Net Position – Dedicated Collections (Combined) (Note 17)	263,140	239,359
TOTAL NET POSITION	\$ 546,835	\$ 503,356
TOTAL LIABILITIES AND NET POSITION	\$ 691,031	\$ 640,075

The accompanying notes are an integral part of these financial statements.

THE LIBRARY OF CONGRESS
Consolidated Statements of Net Costs
For the Years Ended September 30, 2020 and 2019

(in thousands)

	FY 2020	FY 2019
NET COSTS BY PROGRAM AREA		
Library Collections and Services Group		
Library Services:		
Program Costs	\$ 464,358	\$ 399,191
Less: Earned Revenue	(3,813)	(4,263)
Net Program Costs	460,545	394,928
Law Library:		
Program Costs	33,222	29,549
Less: Earned Revenue	(45)	(181)
Net Program Costs	33,177	29,368
Copyright Office:		
Program Costs	112,135	96,913
Less: Earned Revenue	(40,824)	(40,941)
Net Program Costs	71,311	55,972
Congressional Research Service:		
Program Costs	178,582	171,928
Less: Earned Revenue	(284)	(400)
Net Program Costs	178,298	171,528
Office of the Librarian Direct Programs:		
Program Costs	44,371	100,764
Less: Earned Revenue	(513)	(3,192)
Net Program Costs	43,858	97,572
Chief Operating Officer Direct Programs:		
Program Costs	76,586	78,910
Less: Earned Revenue	(68,810)	(70,397)
Net Program Costs	7,776	8,513
	\$ 794,965	\$ 757,881

The accompanying notes are an integral part of these financial statements.

THE LIBRARY OF CONGRESS
Consolidated Statements of Changes in Net Position
For the Years Ended September 30, 2020 and 2019

(in thousands)

	FY 2020			FY 2019		
	Dedicated Collections (Combined)	All Other Funds (Combined)	Consolidated Total	Dedicated Collections (Combined)	All Other Funds (Combined)	Consolidated Total
UNEXPENDED APPROPRIATIONS						
Beginning Balances	\$ 0	\$ 204,352	\$ 204,352	\$ 0	\$ 191,096	\$ 191,096
Budgetary Financing Sources:						
Appropriations Received	0	726,059	726,059	0	696,112	696,112
Other Adjustments	0	(7,141)	(7,141)	0	(7,366)	(7,366)
Appropriations Used	0	(708,273)	(708,273)	0	(675,490)	(675,490)
Total Budgetary Financing Sources	0	10,645	10,645	0	13,256	13,256
TOTAL UNEXPENDED APPROPRIATIONS	\$ 0	\$ 214,997	\$ 214,997	\$ 0	\$ 204,352	\$ 204,352
CUMULATIVE RESULTS OF OPERATIONS						
Beginning Balances	\$ 239,359	\$ 59,645	\$ 299,004	\$ 226,581	\$ 44,130	\$ 270,711
Budgetary Financing Sources:						
Appropriations Used	0	708,273	708,273	0	675,490	675,490
Non-exchange Revenue	603	0	603	904	(1)	903
Donations of Cash or Securities	18,391	0	18,391	11,652	0	11,652
Realized Gains on Investments and Other	5,123	0	5,123	4,305	0	4,305
Other Financing Sources (Non-exchange):						
Donations of Property and Services	702	0	702	600	0	600
Imputed Financing	1,582	87,049	88,631	2,366	90,722	93,088
Unrealized Gains on Investments and Other	6,075	0	6,075	136	0	136
Total Financing Sources	32,475	795,322	827,798	19,963	766,211	786,174
Net Cost of Operations	(8,695)	(786,269)	(794,964)	(7,185)	(750,696)	(757,881)
Net Change	23,781	9,053	32,834	12,778	15,515	28,293
CUMULATIVE RESULTS OF OPERATIONS	\$ 263,140	\$ 68,698	\$ 331,838	\$ 239,359	\$ 59,645	\$ 299,004
NET POSITION	\$ 263,140	\$ 283,695	\$ 546,835	\$ 239,359	\$ 263,997	\$ 503,356

The accompanying notes are an integral part of these financial statements.

THE LIBRARY OF CONGRESS
Combined Statements of Budgetary Resources
For the Years Ended September 30, 2020 and 2019

(in thousands)

	FY 2020	FY 2019
BUDGETARY RESOURCES		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 151,205	\$ 140,908
Appropriations (discretionary and mandatory)	747,062	721,469
Spending authority from offsetting collections (discretionary and mandatory)	146,261	151,749
TOTAL BUDGETARY RESOURCES	\$ 1,044,528	\$ 1,014,126
STATUS OF BUDGETARY RESOURCES		
New Obligations and upward adjustments, total (Note 18)	\$ 891,971	\$ 868,660
Unobligated balance, end of year:		
Exempt from apportionment, unexpired accounts	130,640	124,035
Expired unobligated balance, end of year	21,917	21,431
Unobligated balance, end of year (Total)	152,557	145,466
TOTAL BUDGETARY RESOURCES	\$ 1,044,528	\$ 1,014,126
OUTLAYS, NET		
Outlays, net (total) (discretionary and mandatory)	\$ 720,638	\$ 695,954
Distributed offsetting receipts (-)	(729)	(620)
AGENCY OUTLAYS, NET (DISCRETIONARY AND MANDATORY)	\$ 719,909	\$ 695,334

(The Library has no non-budgetary credit program financing accounts; all amounts above are budgetary.)

The accompanying notes are an integral part of these financial statements.

NOTE 1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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A. Reporting Entity

The Library of Congress (the Library), a legislative branch agency of the U.S. government, was established in 1800 primarily to provide information to the Members and committees of the U.S. Congress. Since then, the Library has been assigned other major missions such as serving as the de facto national library, administering the U.S. copyright laws, providing cataloging records to the nation's libraries, and coordinating a national program to provide reading material for blind and physically handicapped residents of the U.S. and its territories and U.S. citizens residing abroad. The Library also provides services to other federal agencies and administers various gift programs and funds accepted and controlled by the Library of Congress Trust Fund Board (TFB).

The Library's programs and operations are subject to oversight by the Joint Committee on the Library, the oldest joint committee of the Congress, which is comprised of members of the U.S. House of Representatives and Senate. The Library is also subject to oversight by the U.S. House of Representatives Committee on House Administration and U.S. Senate Committee on Rules and Administration. The U.S. Copyright Office works closely with the Judiciary Committees of the House and Senate, which have oversight of copyright laws. The Library relies primarily on appropriated funds to support its programs and operations. Budget requests are subject to review by the House and Senate Appropriations Subcommittees on Legislative Branch Appropriations. The Library also receives funds from other agencies for services provided under the Economy Act and other statutes. In addition, the Library administers several fee-for-service revolving fund programs and receives donations from the public, which are classified as gifts or funds accepted and controlled by the TFB, which consists of the Librarian of Congress (who is Chairman and Secretary of the TFB), the Chairman and Vice-Chairman of the Joint Committee on the Library, the Secretary of the Treasury (or an assistant secretary designated in writing by the Secretary of the Treasury), and ten members appointed by the President (two), the U.S. House of Representatives (four), and the U.S. Senate (four).

Entity activities are those for which the Library has the authority to use the assets. Non-entity activities consist primarily of deposit accounts that are not available for use by the Library.

B. Basis of Presentation

The accompanying financial statements report the financial position, net costs, changes in net position, and budgetary resources of the Library for fiscal years 2020 and 2019. These consolidated and combined financial statements include the accounts of all programs under the Library's control, which have been established and maintained to account for the resources of the Library. They were prepared from the Library's financial management system in accordance with Generally Accepted Accounting Principles (GAAP).

Fiduciary assets are not assets of the Library of Congress or the federal government and are not recognized on the Balance Sheet, Statement of Net Cost, or Statement of Net Position (See Note 20).

Material intra-Library transactions and balances have been eliminated from the Consolidated Balance Sheets, the Consolidated Statements of Net Cost, and the Consolidated Statements of Changes in Net Position. The Statement of Budgetary Resources is presented on a combined basis; therefore, intra-Library transactions and balances have not been eliminated from this statement.

As a legislative branch agency, the Library is not required to follow the executive agency accounting principles established by the Comptroller General under 31 U.S.C. §3511 or the standards developed by the Federal Accounting Standards Advisory Board (FASAB). As a legislative branch entity, the Library is not currently required to prepare general purpose financial reports and is not subject to any requirements by the FASAB's sponsors to follow FASAB GAAP. However, for purposes of financial management and reporting, the Library has issued Library of Congress Regulation LCR 6-110, Financial Services, which

adopts FASAB standards for financial reporting and internal controls in a manner consistent with a legislative agency, and insofar as practical, conforms to GAAP for federal agencies. The Library maintains its fund balances with the Department of the Treasury and submits information required to incorporate its financial and budgetary data into the overall federal government structure. The Library has not adopted the Federal Financial Management Improvement Act of 1996, the Federal Managers Financial Integrity Act, the Government Performance and Results Act, and the GPRA Modernization Act, as these standards are not applicable to the Library. However, the Library uses these sources as guidance and reference in its operations.

For fiscal 2020 (and 2019) the statements include 4 (4) appropriations; 26 (25) revolving and gift revolving programs; 44 (48) reimbursable programs; 108 (106) TFB programs; and 155 (147) gift programs, respectively.

C. Basis of Accounting

In accordance with LCR 6-110 Financial Management, the Library's financial statements conform to accounting principles generally accepted in the United States of America as promulgated by FASAB. Although the FASAB sponsors do not prescribe accounting standards for the legislative branch, the American Institute of Certified Public Accountants has designated FASAB Standards as GAAP for federal reporting entities and these are appropriate accounting standards for legislative agencies to adopt when preparing GAAP-based general purpose financial statements.

The statements were also prepared based on guidance published in the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements. The Library is not required to adopt this circular, and accordingly has elected to use the disclosures management deems necessary for the fair presentation of financial statement information.

The accounting structure of the Library is designed to reflect both accrual and budgetary accounting. 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. The budgetary accounting, on the other hand, is designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The budgetary accounting facilitates compliance with legal constraints on and controls over the use of federal funds.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

D. Revenues and Other Financing Sources

Appropriations

The Library receives the majority of its funding to support its programs through four appropriations that include both annual and no-year funding. The appropriated funds may be used, within statutory limits, for operating and capital expenditures including equipment, furniture, and furnishings. Appropriations are recognized as revenues at the time they are expended. The four appropriations for fiscal 2020 and 2019 are:

- Library of Congress, Salaries and Expenses (annual and no-year)
- Copyright Office, Salaries and Expenses (annual and no-year)
- Congressional Research Service, Salaries and Expenses (annual)
- Books for the Blind and Print Disabled, Salaries and Expenses (annual and no-year)

Earned Revenues

Additional amounts are obtained through reimbursements from services performed for other federal agencies as authorized by the Economy Act and the Library's annual appropriations legislation. In addition, the Library operates several self-sustaining revolving fund programs that generate revenues from the sale of various products and services to the public and federal customers. Revolving fund and reimbursable program revenue is recognized when goods have been delivered or services rendered.

Under the authority of 2 U.S.C. §182, the Cooperative Acquisitions Revolving Fund was established on October 1, 1997, and is the program under which the Library acquires foreign publications and research materials on behalf of participating institutions on a cost-recovery basis (over time). 2 U.S.C. §182 was amended for the establishment of revolving funds for Audio-Visual Duplication Services, Gift Shop operations, Decimal Classification, Document Reproduction and Microfilm Services, Special Events and Programs, Federal Library and Information Network (FEDLINK) and Federal Research program.

- The Audio-Visual Duplication Services program provides audio and video duplication and delivery services which are associated with the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia.
- Work and funding for Decimal Classification has ceased.
- The Gift Shop program operates a gift shop and other sales of items associated with collections, exhibits, performances, and special events at the Library.
- The Document Reproduction and Microfilm Services program provides document reproduction and microfilming services.
- Special Events and Programs revolving fund performs services related to the hosting of special events and programs by the Librarian in Library facilities.
- The FEDLINK program is the program of the Library under which procurement of publications and library support services, along with related accounting, education and support services are provided to federal government entities, tribal governments and the District of Columbia.
- The Federal Research program provides research reports, translations, and analytical studies for federal government entities and the District of Columbia.

The revolving fund programs report, but are not required to recover, unreimbursed inter-entity costs (imputed costs).

Imputed Financing Sources

Beginning in 2019 and in accordance with FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 55, FASAB's SFFAS 30, "Inter-Entity Cost Implementation which amended SFFAS 4, Managerial Cost Accounting Standards and Concepts," was rescinded. Consistent with accounting standards, only certain inter-entity costs are now recognized for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. The costs are recognized as imputed costs in the Statement of Net Cost and are offset by imputed financing source revenue in the Statement of Changes in Net Position. Such imputed costs and revenues relate to business-type activities, employee benefits and claims to be settled by the Treasury Judgement Fund and any other unreimbursed material costs.

SFFAS 55 provides for continued recognition of significant inter-entity costs by business-type activities but no longer requires entities to recognize the full costs of services received from other federal reporting entities even if there was no requirement to reimburse the providing reporting entity for full cost of services for non-business type entities.

The Library has recorded only certain expenses for the material unreimbursed full costs of goods and services that it receives from other legislative branch agencies (e.g., the Architect of the Capitol and the Government Publishing Office) and executive branch agencies (e.g., the Office of Personnel Management (OPM) and the Department of the Treasury). Since these costs are not actually paid to the

other agencies, an imputed financing source is recorded to offset the costs that are financed by the other federal agencies.

In fiscal year 2020 & 2019, the Library performed a modified application of indirect rates for collection of overhead charges, which granted waivers for indirect cost charges to all revolving funds. A consulting firm was hired to conduct a study of the existing Indirect Cost Methodology for calculation of indirect costs and processes for cost recovery. The results of this study will inform FSD on future rate calculations to ensure a more transparent process to the providers and the recipients. In lieu of the change, the Library did not collect funds from the revolving funds for support services nor did it record imputed financing sources or costs as it was considered insignificant.

Donation and Interest Revenue –

The Library receives monetary gifts from donors and receives interest on invested funding. The Library may also receive gifts of donated property or services, including revenue generating gifts recorded as donated royalties. The Library records these in-kind donations as donated revenue in the year earned and an offsetting expense in the same year.

During fiscal year 2020 and 2019, donors provided in-kind donations for the Library's annual book festival. At times, the Ira and Leonore Gershwine Trust Fund has provided in-kind materials and services to the Library.

The Library received gifts subject to meeting certain conditions.

E. Gift and TFB Programs

The Library administered gift and TFB programs with combined net asset value of approximately \$203.9 million and \$191.9 million during fiscal years 2020 and 2019, respectively. Funds are restricted as to their use, which must be in accordance with the terms of the gift agreement. In general, TFB programs are either partially restricted (principal may be spent) or permanently restricted endowments (principal may not be spent). Additional restrictions may be imposed on TFB programs by the terms of an agreement or donor's will. Library fund managers administer and oversee the gift and TFB programs to ensure they are used as directed by the donors and in accordance with Library policy.

F. Fund Balance with Treasury

The amount shown as Fund Balance with Treasury represents the balances of the appropriated, reimbursable, gift and TFB programs, revolving, and deposit programs that are on deposit with the U.S. Treasury.

G. Cash and Other Monetary Assets

Cash and other monetary assets are defined as all cash not held by the U.S. Treasury. This category includes deposits in transit, cash on hand and imprest funds. The Library receives and utilizes foreign currencies in carrying out operations abroad as it conducts business through six overseas offices. Foreign currency balances at year-end are immaterial to the financial statements.

H. Investments (Net)

Gift and TFB Programs - The TFB determines the investment policy for the Library's gift and TFB programs. The policy provides the following options for investment of TFB programs:

- a permanent loan with the U.S. Treasury
- a pool of U.S. Treasury market-based securities

- an investment pool consisting of the following stock, index and money market funds. The investment vehicles approved by the TFB's Investment Committee, as delegated by the Board, during fiscal 2020 are:
 - American Funds EuroPacific Growth F3 Fund
 - BlackRock Event Driven Equity Institutional Fund
 - BlackRock Strategic Income Opportunities K Fund
 - DFA Emerging Markets Value (I) Fund
 - Dodge & Cox Global Stock Fund
 - Dodge & Cox Income Fund
 - DSM Touchstone Large Co. Growth Institutional Fund
 - First American Government Obligation Z Fund
 - FPA Crescent Fund
 - Harbor Diversified International All Cap Retire Fund
 - HS Management Large Growth Account
 - Legg Mason BW Global Opps Bond IS Fund
 - Loomis Sayles Strategic Alpha Y Fund
 - Metropolitan West Total Return Bond I Fund
 - Payden Limited Maturity Fund
 - PIMCO Short-Term Institutional Fund
 - State Street Real Asset CTF
 - State Street Russell 3000 NL CTF

And during fiscal 2019:

- American Funds EuroPacific Growth F3 Fund
- BlackRock Strategic Income Opportunities K Fund
- DFA Emerging Markets Value (I) Fund
- Diamond Hill Mid-Cap Account
- Dodge & Cox Global Stock Fund
- Dodge & Cox Income Fund
- DSM Touchstone Large Co. Growth Institutional Fund
- First American Government Obligation Z Fund
- FPA Crescent Fund
- Harbor Diversified International All Cap Retire Fund
- HS Management Large Growth Account
- Legg Mason BW Global Opps Bond IS Fund
- Loomis Sayles Strategic Alpha Y Fund
- Metropolitan West Total Return Bond I Fund
- Payden Limited Maturity Fund
- PIMCO Short-Term Institutional Fund
- State Street Real Asset CTF
- State Street Russell 3000 NL CTF
- Templeton Global Bond R6 Fund

The policy for gift programs allows for investment in the same manner as TFB programs.

Under 2 U.S.C. §158, up to \$10 million of the Library's TFB programs may be invested with the U.S. Treasury as a permanent loan at a floating rate of interest, adjusted monthly, but no less than 4% per annum. The permanent loan is an interest bearing investment recorded at cost, which is market value.

Treasury securities are intended to be held to maturity, are valued at cost, and are adjusted for the amortization of discounts and premiums. Interest is computed using the straight-line method, which approximates the effective interest method.

Stock and money market funds are stated at current market value and are considered available for sale. Unrealized gains and losses are recognized and recorded as a component of non-exchange revenue in the Statement of Changes in Net Position. Realized gains and losses are recognized as non-exchange revenue in the Statement of Changes in Net Position.

All gift and TFB program investments are obtained and held by the gift and TFB programs under conditions set forth in the respective gift and TFB instruments.

Deposit Funds - Pursuant to 17 U.S.C. 708 (d), funds deposited by copyright applicants are invested based on the unearned balance available, by the U.S. Copyright Office in U.S. Treasury securities. Treasury securities are intended to be held to maturity, are valued at cost and are adjusted for the amortization of discounts and premiums. Interest is computed using the straight-line method, which approximates the effective interest method. These investments will be held until the deposit fees are earned and income accrues to the benefit of the Copyright Office.

I. Accounts Receivable and Prepayments

Accounts receivable primarily resulted from billings to other federal agencies under interagency agreements for contracting and/or accounts payable services related to database retrieval and other library services. The Library has established a percentage allowance for doubtful accounts against non-federal accounts receivable, based on past collection experience.

Prepayments are payments made to cover certain periodic expenses before those expenses are incurred – prepayments were provided to another government agency for services related to storage facility modifications, lease, operations and maintenance costs. The Library will reduce the prepayments and recognize costs as the funds are expended by the other agency.

J. Pledges Receivable

Contributions of unconditional promises to give (pledges) to the Library and the Library of Congress TFB are recognized as donated revenue in the period the pledge is received. They are recorded at their estimated present value using a market-based discount rate. Accretion of the discount in subsequent years is also recorded as donated revenue. Substantially all of the Library's pledges are from major corporations or donors. The Library regularly monitors the status of all pledges and adjusts accordingly; therefore, no allowance for uncollectible pledges has been established.

K. Inventory and Related Property

The Library's inventories are primarily comprised of materials used to reproduce printed materials; sound recordings for both internal and external sales; and sales shop merchandise for resale. Sales shop merchandise is valued at cost or market, whichever is lower. The recorded values of inventory and operating materials are adjusted for the results of periodic physical counts.

L. Property and Equipment

The Library capitalizes furniture and equipment at cost if the initial acquisition cost is \$50,000 or more (\$25,000 in fiscal years 2013 and prior). Depreciation is computed on a straight-line basis using estimated useful lives.

Property and equipment accounts are maintained in three categories of programs: appropriated, reimbursable and revolving. The appropriated programs category includes all property and equipment used by the Library for general operations. Property and equipment purchased by the Integrated Support Services Administrative Working Fund are recorded in the reimbursable programs. Property and equipment purchased by FEDLINK, the Federal Research program, Document Reproduction and Microfilm Services, Audio-Visual Duplication Services, and the Cooperative Acquisitions Program are recorded in the revolving programs.

The Library occasionally acquires property and equipment by direct gift or by purchase from funds donated for a specific purpose or project. Because property is generally not restricted for use to gift and trust activities, property accounts are not maintained in the gift and TFB programs. Capitalized property and equipment acquired through gifts are recognized as donated revenue in the gift and TFB programs and transferred to the Library's appropriated programs, once the costs are complete and the property is placed in service. The Library records the donated property and equipment at its fair market value at the time of the gift.

Operating equipment is amortized over a 3- to 20-year period. Software includes software purchased from outside vendors and software defined as "internal use software" in accordance with SFFAS No. 10, "Accounting for Internal Use Software." Software is recorded with an estimated useful life of three years or more and a value of at least \$750,000 (\$250,000 per item acquired in fiscal years 2011 to 2013, \$100,000 per item acquired in fiscal years 1998 to 2010).

Leased equipment meeting the criteria for capitalization in accordance with Statements of Federal Financial Accounting Standards is included in property and equipment.

Land and buildings are excluded from the Library's property and equipment accounts because they are under the custody and control of the Architect of the Capitol. This arrangement encompasses four Capitol Hill buildings (the Thomas Jefferson, James Madison, John Adams Buildings, and the Special Facilities Center), a secondary storage facility at Fort Meade, Maryland, and the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia. The Architect receives an appropriation from the Congress to fund maintenance, care, and operations of the Library's buildings and grounds. Costs associated with the acquisition and maintenance of these buildings is accounted for by the Architect. However, the Library has recorded the inter-entity cost and related imputed financing source in its books. The Library does capitalize and depreciate leasehold improvements to its facilities as long as the improvements were made using the Library's funding sources and the acquisition cost is at least \$250,000 (\$100,000 for fiscal years 2013 and prior).

M. Library Collections and Heritage Assets

The Library classifies its collections as Heritage Assets, that is, assets with historical, cultural, educational, artistic or natural significance. The Library's mission is to make its resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations.

The Library's collection development policies are designed to fulfill its responsibilities to serve (1) the Congress and United States government as a whole, (2) the scholarly and library communities, and (3) the general public. Written collection policy statements ensure that the Library makes every effort to possess books and other library materials necessary to the Congress and various offices of the United States government to perform their duties; an extensive record, in a variety of formats, documenting the

life and achievement of the American people; and a universal collection of human knowledge embodying, the records of other societies, past and present.

Copyright deposits are a major source of the Library's collections of Americana. The Library also acquires materials by purchase, transfer from other federal agencies, gift, domestic and international exchange, or by provisions of state and federal law. Many of these materials are foreign publications. Various preservation methods are used to maintain the collections, and disposals occur only for the exchange and gift of unwanted or duplicate copies. The Library had 92 collections as of September 30, 2020, and 90 collections as of September 30, 2019 managed by its custodial units.

The collections are organized into major categories based primarily on how the Library manages the collections. The units which managed the collections are Library Services and Law Library in 2020 and 2019.

	September 30, 2019	Added	September 30, 2020
Library Services	84	2	86
Law Library	4	0	4
Shared Custody (LS & LL)	2	0	2
Total	90	2	92

The cost of acquiring additions to the collections is expensed, in the period incurred, in the Statement of Net Cost (See Note 12). Supplemental information regarding the condition and preservation of the collections is included with the Assessment of Condition of Heritage Assets.

N. Deferred Maintenance and Repairs

The costs of maintenance and repairs are not included in the cost of capitalized property. Deferred maintenance and repairs (DM&R) are those which are delayed for a future period. Library buildings are considered owned by the Architect of the Capitol and any associated DM&R is measured and reported by that agency. The Library policy is to ensure critical systems are maintained and operated in a safe and effective manner. The Library has maintenance agreements for most equipment and for software licensed and not owned by the Library. The Library does not defer any material amount of maintenance for equipment, furniture or software. Therefore, no periodic assessment is performed.

Impaired equipment or furniture having a significant and permanent decline in the service utility of the item is disposed of. The Library does not retain any material amount of impaired general PP&E property.

Management considers the content of the Library's collections as Heritage Assets in whatever form. An assessment of the condition of Heritage Assets is included in the Management Report section of these financial statements.

O. Liabilities

Liabilities represent the amounts that are likely to be paid by the Library as a result of transactions that have already occurred. Liabilities for which an appropriation has not been enacted, or which are the results of deposit account activities, are classified as liabilities not covered by budgetary resources. For accrued unfunded annual leave, compensatory time earned, workers' compensation and capital lease liabilities, it is not certain that appropriations will be enacted to fund these amounts.

Advances from Others are funds received for the revolving programs that have not yet been earned.

Deposit Liabilities are customer funds on deposit for Copyright, Document Reproduction and Microfilm Services, and Cataloging Distribution Service products and services.

Accrued Annual and Compensatory Leave - The Library's basic leave policy is contained within Title 5, Part III, of the U. S. Code, Uniform Annual and Sick Leave Regulations of the Office of Personnel Management, and the decisions of the Comptroller General. Generally, each employee may carry forward a maximum of 240 hours of annual leave per calendar year. Annual leave is accrued as it is earned and the liability is adjusted at the end of each fiscal year based on annual leave earned and taken. Annual leave earned in excess of the maximum permitted carryover is forfeited. Each year, the balance in the accrued annual leave account is also adjusted to reflect current pay rates.

Employees' compensatory time earned but not taken is also accrued at year-end. An employee may accumulate a maximum of 40 hours of compensatory time during the fiscal year. Compensatory leave earned will remain on the employee's leave record for use up to a maximum of 26 pay periods from the pay period in which it was earned. Any compensatory leave not used beyond the 26 pay periods will be forfeited.

Sick leave and other types of non-vested leave are expensed as taken.

P. Federal Employee Retirement Benefits

The Library contribution costs (both funded and unfunded) to the various employee retirement programs are described below. The accrued funded contributions due at the end of the fiscal year are reported as liabilities covered by budgetary resources.

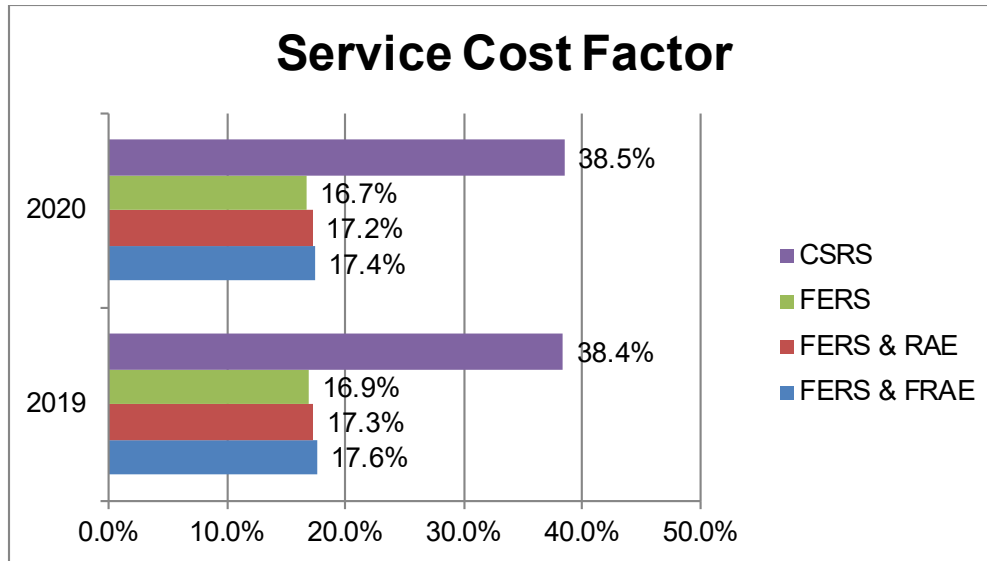
Approximately 7% of the Library's employees participated in the Civil Service Retirement System (CSRS) during fiscal years 2020 and 2019, to which the Library makes contributions equal to 7.0% of pay. Of those participating in CSRS, approximately 20% and 15% during fiscal year 2020 and 2019 are also covered by Social Security (FICA), for which the Library's contribution is slightly less.

Approximately 89% and 91% of the Library's employees were covered by the Federal Employees Retirement System (FERS) during fiscal years 2020 and 2019, respectively, to which the Library's normal contribution was 16% for fiscal year 2020 and 13.7% for fiscal year 2019. Of those participating in FERS during fiscal years 2020 and 2019, approximately 33% and 29%, respectively, were under the revised annuity (FERS-Revised Annuity Employees (RAE) and FERS-Further Revised Annuity Employees (FRAE)) rates effective May 2020, to which the agency contribution rate was 14.2% for fiscal year 2020 and 11.9% for fiscal years 2019. Additionally, for employees under FERS, the Library contributes an automatic 1% of employee's pay, plus matches employee Thrift Savings Plan (TSP) contributions up to 4% of pay (matched dollar-for-dollar on the first 3% of pay and 50 cents on the dollar for the next 2% of pay). Under FERS, the employee is also covered by FICA to which the Library contributes the employer's matching share of 6.2%.

Approximately 4% and 3% of the Library's employees were covered only by FICA during fiscal years 2020 and 2019, to which the Library contributes the employer's matching share of 6.2% of earnings up to \$132,900.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of Social Security, FERS and CSRS is not allocated to individual Federal departments and agencies. However, in accordance with SFFAS No. 5, "Accounting for Liabilities of the Federal Government," current year expenses were recorded for the service cost of the Library's employee retirement benefits.

The service cost factor is applied to the annualized employee pay, less the Library's funded contributions, to derive the imputed retirement pension cost being financed directly by OPM. This unfunded cost was offset by an imputed financing source.



Q. Federal Government Transactions

The financial activities of the Library interact with and depend on other federal government agencies. Thus, the Library's financial statements do not reflect all financial decisions and activities applicable to it as if it were a stand-alone entity. The financial statements do not contain the cost of activities performed for the benefit of the entire government, nor do they include the agency's share of the federal deficit or of public borrowings, including interest thereon. However, expenses have been recognized for expenses incurred by certain other agencies on behalf of the Library. Typically, this includes grounds and buildings maintenance, utilities and renovation costs funded by Architect of the Capitol, settlement of claims and litigation paid by the Treasury's Judgment Fund and the partial funding of employee benefits by OPM.

The Library's program for the blind and print disabled participates in the U.S. Postal Service's (USPS) "Matter for Blind and Other Handicapped Persons" program (39 U.S.C. §§3403 - 3406). This Postal Service program receives an appropriation from Congress to provide free postage for qualifying organizations, programs, and individuals such as mail from war zones, letters from blind people to anyone, and organizations that work for the blind. The Library's National Library Service for the Blind and print disabled uses this free matter program for mailing all books and equipment to its participating lending libraries and patrons. No cost for this has been determined, nor included in the Library's financial statements as the Library views the relationship with the USPS and state and local libraries as a partnership and not inter-entity costs.

Services Provided to other Federal Agencies:

- The Library is authorized to provide to other federal libraries and agencies services such as automated library information and other database retrieval services through database vendors and in-house research studies. These services are provided on a cost reimbursement basis and are billed in advance of providing the services. At year-end the Library estimates the amount received in advance (Advances from Others - Intragovernmental) and the amount to be received for services provided (Accounts Receivable - Intragovernmental).
- The Library is authorized to provide to other legislative branch agencies accounting services and/or financial system hosting services. These services are provided on a cost reimbursement basis in accordance with the Economy Act.

Services Provided by other Federal Agencies:

Four governmental agencies provide administrative services to the Library on a reimbursable basis.

- The Department of Agriculture's National Finance Center (NFC) processes the Library's personnel, payroll, and employee benefits accounting transactions.
- The Library utilizes the services provided in the Department of States' International Cooperative Administrative Support Services (ICASS) system to support the Library's six overseas field offices.
- General Services Administration (GSA) provides building and vehicle leasing services for the Library.
- Architect of the Capitol provided services related to a storage facility modification, lease and maintenance.

The Defense Counterintelligence and Security Agency (DCSA) provides background check investigations Federal excepted service employees, applicants for Federal employment, consultants, contractors, and volunteers for the Library of Congress.

R. Related Party Organizations

The Library lends support to several related organizations, projects, and programs from which it receives benefits in various forms. The following is a list of these organizations or programs:

Telephone Pioneers of America - The Telephone Pioneers is a large industry-related organization that voluntarily repairs sound reproduction machines for the blind and physically handicapped program. Approximately 1,500 Telephone Pioneers (retirees from AT&T and other telecom companies) and Elfuns (General Electric volunteers) donate their time to repair the machines.

Library of Congress Child Care Association (LCCCA) - The LCCCA is a nonprofit corporation under the District of Columbia's Nonprofit Corporation Act. It was granted 501(c)(3) status by the Internal Revenue Service on August 31, 1992, and currently operates as the "Little Scholars Child Development Center." The center is located on the ground floor of the Library's Special Facilities Center, 601 East Capitol Street, District of Columbia. The center provides childcare for Library employees and other federal and non-federal employees. Its operations, management, and employees are the responsibility of the LCCCA and not the Library. However, the Library and the Architect of the Capitol support the center with equipment, free space, cleaning and maintenance of grounds and building, utilities, local telephone service, and security. The value of the services provided by the Library cannot be readily determined. In addition, the Library, in accordance with Public Law 106-554, pays the government contributions for individuals receiving health, life, and retirement benefits provided by the Office of Personnel Management. The Library provides an official who is a non-voting representative on the center's Board of Directors and who acts as a liaison with the Library.

The Archer M. Huntington Charitable Trust – Beneficial Interest in Perpetual Trust - This charitable trust was established in 1936 and is controlled and invested by the Bank of New York. The assets of the endowment are not a part of the TFB and the board's only control over its investment activities is through the Librarian of Congress' role as trustee. The trust is defined as a split-interest agreement. The Library is entitled to one-half of the income from the trust for perpetuity, which is used to support a rotating consultantship to bring "distinguished men of letters . . ." to the Library. Currently, the income assists in the funding of a "Poet Laureate" position, the acquisition of materials for the Library's Hispanic collections, and the promotion of activities of the Hispanic Division, particularly those that relate to Spain, Portugal and Latin America.

In accordance with FASB ASC 958-605-30-14, in fiscal years 2020 and 2019, the Library recorded the fair value of the beneficial interest in this perpetual trust. The fair value of a perpetual trust held by a third party can generally be measured using the fair value of the assets contributed to the trust, unless other facts and circumstances indicate the amount of the beneficial interest is substantially different. The Library has the irrevocable right to receive one-half of the income earned on these trust assets in perpetuity, but the Library will never receive the assets held in trust.

Ira and Leonore Gershwin Trust Fund and Related Charitable Trust - Under the will of Mrs. Leonore Gershwin, the TFB is the beneficiary of 37.5% of Mrs. Gershwin's "1987 Trust." The will established the Trust for The Library of Congress which was accepted by the TFB in January 1992. The primary purpose of the trust is to perpetuate the names and works of George and Ira Gershwin through all resources of the Library. The trust does not belong to the Library but is a separate entity administered by trustees. The net income of the trust is distributed to the Library's Ira and Leonore Gershwin Trust Fund yearly or upon request by the Library. The balance of the principal of the charitable trust will be distributed to the Library in 2033, fifty years after the date of death of Ira Gershwin.

In accordance with ASC 820-10-55, the Library has used the expected present value (EPV) Method 2, to record the fair value of this pledge receivable. The fair value is based on the present value (discounted) anticipated annual cash flows, discounted through 2033, when the trust will be liquidated.

S. Public Private Partnerships

SFFAS No 49 Public Private Partnerships Disclosure Requirements is effective for fiscal 2019. Federal Public-Private Partnerships (P3s) are defined as risk sharing arrangements lasting more than five years. Such arrangements provide a service or an asset for government and/or general public use where in addition to sharing of resources, each party shares in the risks and reward of the arrangement or transaction. Risk-sharing exists when a federal entity shares risks and rewards with a private sector entity whenever the benefits of the arrangement or transaction accrue to both the private sector entity and the federal entity and (1) the federal entity is at risk of loss or (2) the private sector entity's ability to perform is at risk and success of the arrangement or transaction depends upon the federal entity's intervention.

The Library did not identify any public private partnerships for 2020.

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.

NOTE 2	FUND BALANCE WITH TREASURY
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Status of Fund Balance with Treasury

	(in thousands)	
	FY 2020	FY 2019
Unobligated Balances – Available	\$ 105,024	\$ 100,994
Unobligated Balances – Unavailable	33,753	32,282
Obligated Balances Not Yet Disbursed	251,520	239,004
Non-budgetary	640	291
TOTAL	\$ 390,937	\$ 372,571

As of September 30, 2020 and 2019, the gift and TFB programs fund balance with Treasury included \$10 million invested in the permanent loan, which is included in fund balance with Treasury, at interest rates of 4.0% for both fiscal years.

NOTE 3	INVESTMENTS, NET
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Investments as of September 30, 2020 and 2019, are as follows:

	(in thousands)		
FY 2020	Intragovernmental Investments (Non-Marketable, Market-Based)	Other Investments (Private Sector)	Total
Face Value	\$ 32,636	\$	\$ 32,632
Cost		141,401	141,401
Unamortized Premium/(Discount), Net	(4)		(4)
INVESTMENTS, NET	\$ 32,632	\$ 141,401	\$ 174,029
MARKET VALUE	\$ 32,958	\$ 154,861	\$ 187,819

	(in thousands)		
FY 2019	Intragovernmental Investments (Non-Marketable, Market-Based)	Other Investments (Private Sector)	Total
Face Value	\$ 30,883	\$	\$ 30,883
Cost		139,174	139,174
Unamortized Premium/(Discount), Net	(77)		(77)
INVESTMENTS, NET	\$ 30,806	\$ 139,174	\$ 169,980
MARKET VALUE	\$ 31,462	\$ 145,307	\$ 176,769

A. Intragovernmental Investments

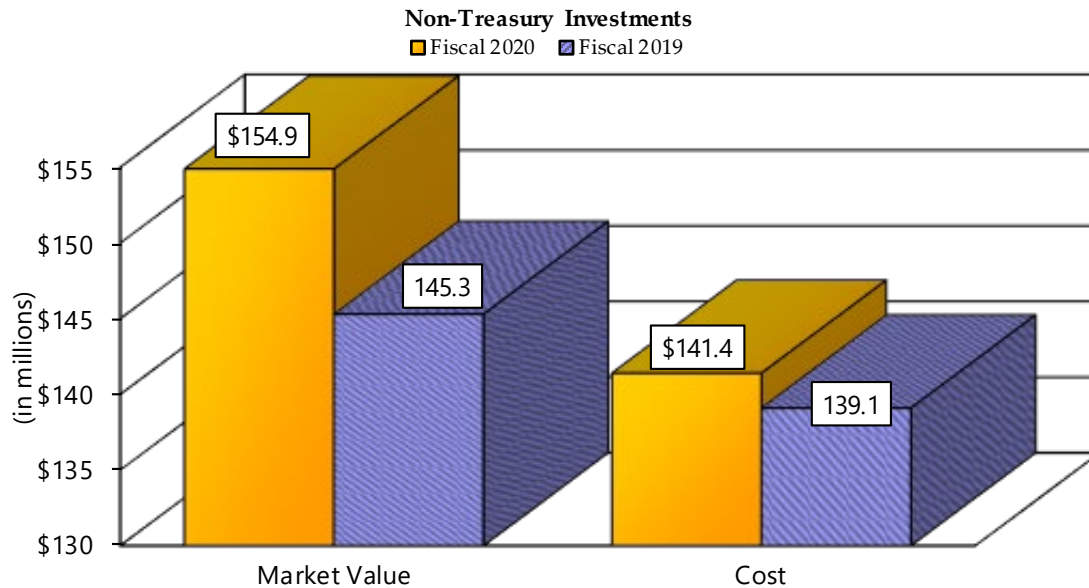
Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. TFB fund investment maturity dates for bills held during fiscal years 2020 and 2019 range from October 03, 2019 to December 17, 2020 and October 04, 2018 to December 19, 2019, respectively, and

interest rates for the same bills held during the same fiscal years range from 0.00% to 1.65% and 1.76% to 2.425%, respectively.

B. Other Investments

Other investments are the Library's non-Treasury investments in the private sector (See Note 1.H). Cost was derived from the investments made plus reinvested gains, dividends, and interest.

Balances as of September 30, 2020 and 2019, are as follows:



NOTE 4	RECEIVABLES
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The breakdown of consolidated gross and net accounts receivable as of September 30, 2020 and 2019 are as follows:

A. Accounts Receivable

	(in thousands)	
	FY 2020	FY 2019
Intragovernmental:		
Accounts Receivable, Gross	\$ 71	72
ACCOUNTS RECEIVABLE, NET	\$ 71	72
With the Public:		
Accounts Receivable, Gross	315	771
Less: Allowance for Doubtful Accounts	(6)	(1)
ACCOUNTS RECEIVABLE, NET	\$ 309	\$ 770
TOTAL ACCOUNTS RECEIVABLE, NET	\$ 380	\$ 842

B. Pledges Receivable

As of September 30, 2020 and 2019, the Library had unconditional pledges of contributions totaling \$21.8 million and \$6.8 million, which were discounted through fiscal 2033 at market discount rates and included in the statement of financial position at their discounted value of \$14.7 million and \$5.4 million, respectively.

The amounts due in future years, as of September 30, at their current discounted value are:

	(in thousands)	
	FY 2020	FY 2019
2020	0	1,493
2021	7,190	550
2022	3,047	226
2023	2,886	140
2024	140	96
2025 and thereafter	1,432	2,902
TOTAL	\$ 14,696	\$ 5,407

NOTE 5	PROPERTY AND EQUIPMENT
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Property and equipment that were capitalized as of September 30, 2020 and 2019, are as follows:

(in thousands)

Classes of Property and Equipment	FY 2020			FY 2019		
	Acquisition Value	Accumulated Depreciation / Amortization	Net Book Value	Acquisition Value	Accumulated Depreciation / Amortization	Net Book Value
Operating Equipment	\$ 78,141	\$ 63,682	\$ 14,459	\$ 97,409	\$ 77,333	\$ 20,076
Software	105,808	71,412	34,396	95,598	70,938	24,660
Furniture & Furnishings	2,668	1,647	1,021	2,713	1,584	1,129
Leasehold Improvements	64,570	43,797	20,773	63,533	40,517	23,016
Leasehold Improvements-In Progress	12,460	0	12,460	1,581		1,581
TOTAL	\$ 263,647	\$ 180,538	\$ 83,109	\$ 260,834	\$ 190,372	\$ 70,462

NOTE 6	NON-ENTITY ASSETS
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Entity assets are those assets that the Library has authority to use for its operations. Non-entity assets are those held by the Library but are not available for use in its operations.

(in thousands)

	FY 2020	FY 2019
Intragovernmental Non-Entity Assets	\$ 0	\$ 0
Accounts Receivable-With the Public	1	3
Total Non-Entity Assets	\$ 1	\$ 3
Total Entity Assets	\$ 691,030	\$ 640,072
TOTAL ASSETS	\$ 691,031	\$ 640,075

NOTE 7	LEASES
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A. Capital Leases

The Library did not have assets under capitalized leases as of September 30, 2020 and 2019.

B. Operating Leases

The Library leases office space and vehicles from the General Services Administration and warehouse space from the Architect of the Capitol. The Library has a service contract with a non-federal vendor to provide a tier 3 level data center facility. Additionally, the Library's overseas field offices lease operating space from the Department of State. Lease costs for office space, warehouse space, vehicles and equipment for fiscal years 2020 and 2019 amounted to \$14.2 million and \$14.8 million, respectively.

Estimated future minimum lease payments under multiyear operating leases having an initial or remaining non-cancelable lease term in excess of one year at September 30, 2020 and 2019 are as follows:

		(in thousands)	
Federal Leases		FY 2020	FY 2019
2021		\$1,865	\$1,793
2022		\$1,883	\$1,811
2023		\$1,902	\$1,829
2024		\$1,872	\$1,848
2025 and thereafter		\$24,492	\$26,500
TOTAL ESTIMATED FUTURE LEASE PAYMENTS		\$ 32,014	\$ 33,782

* Estimated future minimum lease payments re-stated to correct an error from the non-cancelable lease term for Cabin Branch Logistics.

NOTE 8**WORKERS' COMPENSATION**

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for Library employees under FECA are administered by the Department of Labor (DOL) and later billed to the Library.

The Library is using estimates provided by DOL to report the FECA liability. The Library accrued \$1.4 million of unbilled or unpaid workers' compensation costs as of September 30, 2020, and \$1.4 million for 2019. The amount owed to DOL is reported on the Library's Balance Sheet as an intragovernmental liability. The Library also established an estimated unfunded liability payable to employees, for future costs based on historical claims rates. The estimated future unfunded liability is \$7.1 million and \$7.0 million as of September 30, 2020 and 2019, respectively, and is based on a ten-year projection. This liability is recorded on the Balance Sheet as a liability with the public.

NOTE 9**CONTINGENT LIABILITIES**

Several claims against the Library relating to employment matters are pending at the administrative level or in court. The estimated loss for the claims that are probable is \$680,000. Therefore, an accounting entry for the estimate was posted. The estimated loss for claims that are reasonably possible is \$1,000,000. Therefore, an estimate was not posted but was disclosed in the notes to the financial statement. Management believes the possible loss for all other claims is remote or immaterial with respect to the Library's financial statements. Under law, any claims finally adjudicated or settled at the administrative level would be paid from the Library's funds and any claims litigated in court would be settled by the Treasury's Claims, Judgments and Relief Act Fund.

NOTE 10	OTHER LIABILITIES
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Other Liabilities as of September 30, 2020 and 2019, are comprised of the following:

	(in thousands)	
	FY 2020	FY 2019
Other Liabilities-Intragovernmental:		
Liability to Treasury General Fund	\$ 1	\$ 4
Total Intragovernmental	1	4
Contingent Liabilities (Note 9)	680	314
Liability for Clearing account	5	19
Deferred Credits	0	0
Advances From the Public	4,855	7,037
Total With the Public	5,540	7,370
TOTAL	\$ 5,541	\$ 7,374

NOTE 11	LIABILITIES COVERED AND NOT COVERED BY BUDGETARY RESOURCES
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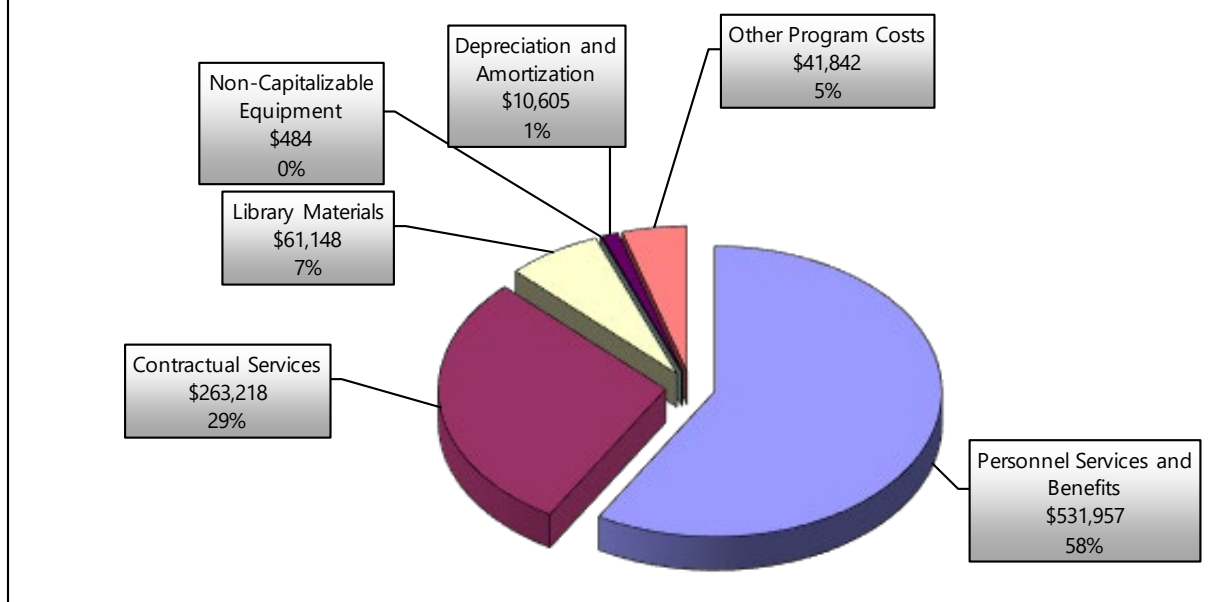
	(in thousands)	
	FY 2020	FY 2019
Liabilities Covered by Budgetary Resources	\$ 100,677	\$ 102,301
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental	1,400	1,385
With the Public	42,119	33,033
TOTAL	\$ 144,196	\$ 136,719

Liabilities covered by budgetary resources include accounts payable, advances from others, accrued funded payroll and benefits, custodial liabilities, deposit account liabilities, advances from the public, and deferred credits.

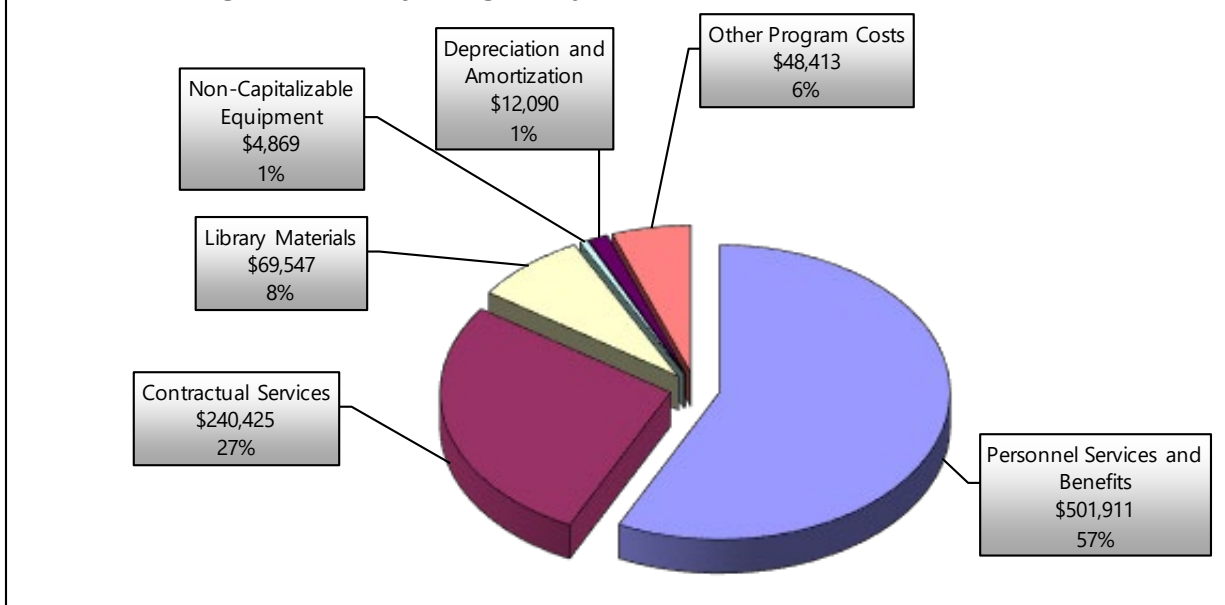
Liabilities not covered by budgetary resources include accrued unfunded annual and compensatory leave, accrued unfunded workers compensation, and other unfunded liabilities.

NOTE 12**PROGRAM COSTS BY BUDGET OBJECT CLASSIFICATION**

(in thousands)

Fiscal 2020 Program Costs by Budget Object Classification

(in thousands)

Fiscal 2019 Program Costs by Budget Object Classification

The Library's collections are classified as Heritage Assets. \$28.4 million and \$32.8 million of the amount designated as Library Materials above represents the fiscal years 2020 and 2019 cost incurred by the Library for Heritage Assets.

NOTE 13**PROGRAM COSTS AND EARNED REVENUE
BY FUNCTIONAL CLASSIFICATION****A. Program Costs by Functional Classification**

	(in thousands)	
	FY 2020	FY 2019
Commerce and Housing Credit	\$ 75,123	\$ 63,755
Education, Training, Employment, and Social Services	700,326	688,736
General Government	133,804	124,764
TOTAL	\$ 909,253	\$ 877,255

B. Earned Revenue by Functional Classification

	(in thousands)	
	FY 2020	FY 2019
Commerce and Housing Credit	\$ 40,615	\$ 40,650
Education, Training, Employment, and Social Services	73,479	78,549
General Government	195	175
TOTAL	\$ 114,289	\$ 119,374

NOTE 14**EXCHANGE REVENUES**

In accordance with LCR 6-110, Financial Management, the Library must comply with any OMB circular or bulletin if it is specifically prescribed in (1) an LCR, (2) an FSD Directive, or (3) if required by law. OMB Circular No. A-25, User Charges, does not fall into any of these three categories, but may be used by the Library as a useful point of reference. OMB Circular No. A-25 requires that user charges be sufficient to recover the full costs to the federal government. Full costs include all direct and indirect costs to any part of the federal government of providing the good or service, including unreimbursed inter-entity costs.

Were the Library to increase fees and prices to recover full costs to the government for providing goods and services in its business-like activities, this would in some cases reduce the quantity of goods and services demanded. It is not practicable to provide reasonable estimates regarding (1) revenue foregone from charging fees that do not recover full costs to the government and (2) to what extent the quantity of goods and services demanded would change as a result of changes in prices and fees. Under the Copyright Act, the Copyright Office is required to collect fees for the filing of copyright registrations. The Act does not require the recovery of the full costs of operations, but rather the Register of Copyrights is authorized to adjust fees for registration of claims, the recordation of documents, and the provision of services at a level not more than necessary to recover reasonable costs incurred for services plus a reasonable adjustment for inflation, after having conducted a study of the costs incurred for services by the Copyright Office for such services. Fees should also be fair and equitable and give due consideration to the objectives of the copyright system.

NOTE 15**PROGRAM COSTS AND EARNED REVENUE
FOR REVOLVING FUND PROGRAMS**

		(in thousands)	
		FY 2020	FY 2019
Audio-Visual Duplication Services:	Program Cost	\$ 60	\$ 69
	Less: Earned Revenue	(130)	(109)
	Net Program Cost	(70)	(40)
Cooperative Acquisitions Program:	Program Cost	1,914	2,781
	Less: Earned Revenue	(2,085)	(2,962)
	Net Program Cost	(171)	(181)
Document Reproduction and Microfilm Services:	Program Cost	385	610
	Less: Earned Revenue	(317)	(442)
	Net Program Cost	68	168
Gift Shop Operations:	Program Cost	986	1,935
	Less: Earned Revenue	(873)	(2,067)
	Net Program Cost	113	(132)
Federal Research:	Program Cost	2,688	2,221
	Less: Earned Revenue	(2,534)	(2,313)
	Net Program Cost	154	(92)
FEDLINK:	Program Cost	64,910	61,671
	Less: Earned Revenue	(62,884)	(63,067)
	Net Program Cost	2,026	(1,396)
Special Events:	Program Cost	1,995	4,260
	Less: Earned Revenue	(123)	(1,767)
	Net Program Cost	1,872	2,493
Total Program Cost		72,938	73,547
Less: Total Earned Revenue		(68,946)	(72,727)
TOTAL PROGRAM COSTS		\$ 3,992	\$ 820

These programs are discussed further in Note 1.D.

NOTE 16 CLASSIFICATION OF PROGRAM COSTS

(in thousands)

FY 2020	Intragovernmental		Public		Total
	Production	Non-Production	Production	Non-Production	
Library Services	\$ 131,433	\$ 35	\$ 332,857	\$ 33	\$ 464,358
Law Library	8,499	7	24,715	0	33,221
Copyright Office	29,601	24	82,534	(24)	112,135
Congressional Research Service	37,871	26	140,685	0	178,582
Office of the Librarian Direct Programs	6,483	11	37,877	0	44,371
Office of the Chief Operating Officer Direct Programs	3,276	2	73,308	0	76,586
TOTAL	\$ 217,163	\$ 105	\$ 691,976	\$ 9	\$ 909,253

(in thousands)

FY 2019	Intragovernmental		Public		Total
	Production	Non-Production	Production	Non-Production	
Library Services	\$ 118,735	\$ 19	\$ 279,890	\$ 547	\$ 399,191
National and International Outreach Program	7,508	2	22,036	3	29,549
Law Library	25,147	17	71,691	58	96,913
Copyright Office	37,900	49	133,958	21	171,928
Office of the Librarian Direct Programs	15,284	12	85,456	12	100,764
Office of the Chief Operating Officer Direct Programs	3,521	6	75,372	11	78,910
TOTAL	\$ 208,095	\$ 105	\$ 668,403	\$ 652	\$ 877,255

NOTE 17**FUNDS FROM DEDICATED COLLECTIONS**

SFFAS No. 43, "Funds from Dedicated Collections: Amending the SFFAS #27, Identifying and Reporting Earmarked Funds," defines funds from dedicated collections as those being financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues. The Library's consolidated financial statements include the results of operations and financial position of its funds identified as funds from dedicated collections. The Library's funds from dedicated collections are presented among the following classifications:

- Collections of fees authorized annually for use by appropriations act for:
 - The Cataloging Distribution Service (CDS), the distribution arm for the Library of Congress bibliographic data and related technical publications. Pursuant to 2 U.S.C. §150, CDS sells its products to libraries throughout the United States and around the world and charges "...a price which will cover their costs plus ten per centum added." CDS earned revenues were \$2.3 million and \$2.6 million for fiscal years 2020 and 2019, respectively; and,
 - The Copyright Office, pursuant to 17 U.S.C. §708(d), is authorized to collect fees for the registration of a copyright claim and other copyright recordation and filing activities. Fees collected for these services were \$36.4 million and \$35.0 million for fiscal years 2020 and 2019, respectively. The Copyright Office is also authorized pursuant to 17 U.S.C. §708(a) to collect fees from certain cable and satellite carriers for the filing of statements of account (SOA). The SOA filing fees offset certain administrative costs of the Copyright Office Licensing Division. The Copyright Office collected \$2.7 million and \$4.2 million in licensing SOA filing fees for fiscal years 2020 and 2019, respectively.
- Public Revolving Funds authorized by 2 U.S.C. §182 for the Cooperative Acquisitions, Audio-Visual Duplication Services, Gift Shop operations, Decimal Classification, Document Reproduction and Microfilm Services, and Special Events and Programs (these programs are discussed further in Notes 1.D. and 15);
- Gift and TFB Programs authorized by 2 U.S.C. §§154-163 (and discussed further in Note 1.E.). Gift and TFB Programs cash donations and other realized revenues were \$14.2 million and \$16.9 million for fiscal years 2020 and 2019, respectively;

The federal government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited into the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the Library as evidence of its receipts. Treasury securities are an asset to the Library and a liability to the U.S. Treasury. Because the Library and the U.S. Treasury are both parts of the government, these assets and liabilities offset each other from the standpoint of the government as a whole. For this reason, they do not represent an asset or a liability in the U.S. government-wide financial statements. Treasury Securities provide the Library with authority to draw upon the U.S. Treasury to make future expenditures. When the Library requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way the government finances all other expenditures.

Fiscal data as of and for the year ended September 30, 2020, is summarized below. Intra-agency transactions have not been eliminated in the amounts presented below.

	(in thousands)				
FY 2020 (Combined)	Offsetting Collections Programs	Public Revolving Programs	Gift and TFB Programs	Copyright Licensing Expenses	Total Dedicated Collections
Balance Sheet:					
Fund Balance with Treasury	\$ 42,599	\$ 13,730	\$ 14,056	\$ 0	\$ 70,385
Investments in U.S. Treasury Securities	0	0	25,071	0	25,071
Other Assets	3,525	555	172,542	465	177,087
TOTAL ASSETS	\$ 46,124	\$ 14,285	\$ 211,669	\$ 465	\$ 272,543
Liabilities	\$ 3,327	\$ 5,132	\$ 479	\$ 465	\$ 9,403
Cumulative Results of Operations	42,797	9,153	211,190		263,140
TOTAL LIABILITIES AND NET POSITION	\$ 46,124	\$ 14,285	\$ 211,669	\$ 465	\$ 272,543
Statement of Net Cost:					
Program Costs	\$ 37,663	\$ 5,406	\$ 9,716	\$ 2,651	\$ 55,436
Less: Earned Revenue	(38,727)	(5,363)	0	(2,651)	(46,741)
NET COST OF OPERATIONS	\$ (1,064)	\$ 43	\$ 9,716	\$ 0	\$ 8,695
Statement of Changes in Net Position:					
Net Position, Beginning	\$ 40,360	\$ 9,093	\$ 189,906	\$ 0	\$ 239,359
Net Cost	1,064	(43)	(9,716)	0	(8,695)
Non-Exchange Revenues and Donation Receipts	0	0	18,994	0	18,994
Other Financing Sources	1,373	103	12,006	0	13,482
Change in Net Position	2,437	60	21,284	0	23,781
NET POSITION, ENDING	\$ 42,797	\$ 9,153	\$ 211,190	\$ 0	\$ 263,140

Fiscal data as of and for the year ended September 30, 2019, is summarized below.

	(in thousands)				
FY 2019 (Combined)	Offsetting Collections Programs	Public Revolving Programs	Gift and TFB Programs	Copyright Licensing Expenses	Total Dedicated Collections
Balance Sheet:					
Fund Balance with Treasury	\$ 36,690	\$ 14,318	\$ 13,728	\$ 0	\$ 64,736
Investments in U.S. Treasury Securities	0	0	22,998	0	22,998
Other Assets	4,144	977	153,661	0	158,782
TOTAL ASSETS	\$ 40,834	\$ 15,295	\$ 190,387	\$ 0	\$ 246,516
Liabilities	\$ 474	\$ 6,202	\$ 481	\$ 0	\$ 7,157
Cumulative Results of Operations	40,360	9,093	189,906	0	239,359
TOTAL LIABILITIES AND NET POSITION	\$ 40,834	\$ 15,295	\$ 190,387	\$ 0	\$ 246,516
Statement of Net Cost:					
Program Costs	\$ 32,407	\$ 9,842	\$ 13,323	\$ 4,245	\$ 59,817
Less: Earned Revenue	(37,613)	(10,717)	(57)	(4,245)	(52,632)
NET COST OF OPERATIONS	\$ (5,206)	\$ (875)	\$ 13,266	\$ 0	\$ 7,185

Statement of Changes in Net Position:					
Net Position, Beginning	\$ 33,290	\$ 7,849	\$ 185,442	\$ 0	\$ 226,581
Net Cost	5,206	875	(13,266)	0	(7,185)
Non-Exchange Revenues and Donation Receipts	0	0	12,556	0	12,556
Other Financing Sources	1,864	369	5,174	0	7,407
Change in Net Position	7,070	1,244	4,464	0	12,778
NET POSITION, ENDING	\$ 40,360	\$ 9,093	\$ 189,906	\$ 0	\$ 239,359

NOTE 18	BUDGETARY RESOURCES
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Budgetary resources are classified as follows:

(in thousands)

	FY 2020			FY 2019		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
Budgetary Resources:						
Unobligated balance brought forward, October 1	\$ 38,779	\$ 106,687	\$ 145,466	\$ 42,314	\$ 84,638	\$ 126,952
Recoveries of unpaid prior year obligations	5,827	5,102	10,929	9,419	9,763	19,182
Other changes in unobligated balance (+ or -)	(6,523)	1,333	(5,190)	(6,396)	1,170	(5,226)
Unobligated balance from prior year budget authority, net	38,082	113,123	151,205	45,337	95,571	140,908
Appropriations (discretionary and mandatory)	726,059	21,003	747,062	696,112	25,357	721,469
Spending authority from offsetting collections (discretionary and mandatory)	0	146,261	146,261	(17)	151,766	151,749
TOTAL BUDGETARY RESOURCES	\$ 764,141	\$ 280,387	\$1,044,528	\$ 741,432	\$ 272,694	\$ 1,014,126

Status of Budgetary Resources:						
New Obligations and upward adjustments	\$ 718,520	\$ 173,451	\$ 891,971	\$ 702,653	\$ 166,007	\$ 868,660
Unobligated balance, end of year:						
Exempt from apportionment, unexpired accounts	25,743	104,897	130,640	17,995	106,040	124,035
Expired unobligated balance, end of year	19,878	2,039	21,917	20,784	647	21,431
Total unobligated balance, end of year	45,621	106,936	152,557	38,779	106,687	145,466
TOTAL BUDGETARY RESOURCES	\$ 764,141	\$ 280,387	\$1,044,528	\$ 741,432	\$ 272,694	\$ 1,014,126

(in thousands)

	FY 2020			FY 2019		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
Change in Obligated Balance:						
Unpaid obligations:						
Unpaid obligations, brought forward, October 1 (gross)	\$ 193,222	\$ 50,399	\$ 243,621	\$ 189,714	\$ 53,563	243,277
New Obligations and upward adjustments	718,520	173,452	891,972	702,653	166,007	868,660
Outlays (gross) (-)	(711,162)	(146,099)	(857,261)	(689,726)	(159,408)	(849,134)
Recoveries of prior year unpaid obligations (-)	(5,827)	(5,102)	(10,929)	(9,419)	(9,763)	(19,182)
UNPAID OBLIGATIONS, END OF YEAR (GROSS)	194,753	72,650	267,403	193,222	50,399	243,621
Uncollected Payments:						
Uncollected customer payments from federal sources, brought forward, October 1 (-)	0	(4,618)	(4,618)	(17)	(3,892)	(3,909)
Change in uncollected customer payments from federal sources (+ or -)	0	(11,588)	(11,588)	17	(726)	(709)
UNCOLLECTED CUSTOMER PAYMENTS FROM FEDERAL SOURCES, END OF YEAR (-)	0	(16,206)	(16,206)	0	(4,618)	(4,618)
OBLIGATED BALANCE, START OF YEAR (NET)	193,222	45,781	239,003	189,697	49,671	239,368
OBLIGATED BALANCE, END OF YEAR (NET)	\$ 194,753	\$ 56,444	\$ 251,197	\$ 193,222	\$ 45,781	\$ 239,003

Budget Authority and Outlays, Net:						
Budget authority, gross (discretionary and mandatory)	\$ 726,059	\$ 167,265	\$ 893,324	\$ 696,095	\$ 177,123	\$ 873,218
Actual offsetting collections (discretionary and mandatory) (-)	(617)	(136,006)	(136,623)	(971)	(152,209)	(153,180)
Change in uncollected customer payments from federal sources (discretionary and mandatory) (+ or -)	0	(11,588)	(11,588)	17	(726)	(709)
Recoveries of prior year paid obligations (discretionary and mandatory)	617	1,333	1,950	971	1,169	2,140
Budget authority, net (discretionary and mandatory):	\$ 726,059	\$ 21,004	\$ 747,063	\$ 696,112	\$ 25,357	\$ 721,469
Outlays, gross (discretionary and mandatory)	\$ 711,162	\$ 146,099	\$ 857,261	\$ 689,726	\$ 159,408	\$ 849,134

(in thousands)

	FY 2020			FY 2019		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
Actual offsetting collections (discretionary and mandatory) (-)	(617)	(136,006)	(136,623)	(971)	(152,209)	(153,180)
Outlays, net (discretionary and mandatory)	710,545	10,093	720,638	688,755	7,199	695,954
Distributed offsetting receipts (-)	0	(729)	(729)	0	(620)	(620)
AGENCY OUTLAYS, NET (DISCRETIONARY AND MANDATORY)	\$ 710,545	\$ 9,364	\$ 719,909	\$ 688,755	\$ 6,579	\$ 695,334

A. For TFB programs, approximately \$11.8 million and \$10.9 million of unobligated authority for fiscal years 2020 and 2019, respectively, at the donor's request, is restricted from being spent on program costs (income from investing restricted donations under the Library's real rate of return policy can be spent on program costs). These amounts are invested either in the permanent loan or in Treasury securities. An additional \$86 million and \$87.1 million of restricted authority has been obligated and expended to invest in non-Treasury securities for the fiscal years 2020 and 2019, respectively.

B. Obligated undelivered orders, end of period:

(in thousands)

	FY 2020	FY 2019
Paid	\$ 23,919	\$ 20,119
Unpaid	187,727	178,768
TOTAL UNDELIVERED ORDERS, END OF PERIOD	\$ 211,646	\$ 198,887

C. Obligations incurred – Amounts Exempt from Apportionment:

(in thousands)

	FY 2020	FY 2019
Direct – Appropriated	\$ 718,521	\$ 702,653
Direct – Non Appropriated	21,393	23,923
subtotal Direct obligations incurred	739,914	726,576
Reimbursable – Non Appropriated	152,057	142,083
TOTAL OBLIGATIONS INCURRED	\$ 891,971	\$ 868,659

NOTE 19**BUDGET AND ACCRUAL RECONCILIATIONS**

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays.

For the year ended September 30, 2020

	Intra-governmental	With the Public	Total FY 2020
NET COST	\$150,984	\$643,981	\$794,964
Components of Net Cost That Are Not Part of Net Outlays			
Property, Plant, and equipment depreciation	0	(10,605)	(10,605)
Property, plant, and equipment disposal & revaluation	0	20,071	20,071
Royalties Receipts	0	4,918	4,918
Increase/(decrease) in assets:			
Accounts Receivable	465	(461)	4
Other Assets	3,799	0	3,799
(Increase)/decrease in liabilities:			
Accounts Payable	14,313	(12,129)	2,184
Salaries and Benefits	(1,369)	(3,848)	(5,217)
Other Liabilities (unfunded leave, unfunded FECA, Actuarial FECA)	(14)	(9,082)	(9,096)
Other Financing Sources:			
Federal costs paid by other agencies and imputed to this agency	(88,631)	0	(88,631)
Other Financing	0	(702)	(702)
TOTAL COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS	\$ (71,437)	\$ (11,838)	\$ (83,275)

Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	\$ 1,037	\$ 2,141	\$ 3,178
Acquisition of Inventory	0	69	69
Acquisition of Other Assets	0	5,116	5,115
Other	(141)	(1)	(142)
Total Components of Net Outlays That Are Not Part of Net Cost	896	7,324	8,220
NET OUTLAYS	\$ 80,442	\$ 639,467	\$ 719,909

For the year ended September 30, 2019

	Intra-governmental	With the Public	Total FY 2020
NET COST	\$141,096	\$616,785	\$757,881
Components of Net Cost That Are Not Part of Net Outlays			
Property, Plant, and equipment depreciation	0	(12,090)	(12,090)
Property, plant, and equipment disposal & revaluation	0	14,015	14,015
Royalties Receipts	0	4,929	4,929
Increase/(decrease) in assets:			
Accounts Receivable	(3,877)	115	(3,762)
Other Assets	16,911	(55)	16,856
(Increase)/decrease in liabilities:			
Accounts Payable	5,595	(4,900)	695
Salaries and Benefits	(502)	(1,909)	(2,411)
Other Liabilities (unfunded leave, unfunded FECA, Actuarial FECA)	(1)	(1,281)	(1,282)
Other Financing Sources:			
Federal costs paid by other agencies and imputed to this agency	(93,088)	0	(93,088)
Other Financing	0	(600)	(600)
TOTAL COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS	\$ (74,962)	\$ (1,776)	\$ (76,738)

Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	\$ 21	\$ 9,291	\$ 9,312
Acquisition of Inventory	0	44	44
Acquisition of Other Assets	0	4,848	4,848
Other	0	(13)	(13)
Total Components of Net Outlays That Are Not Part of Net Cost	21	14,170	14,191
NET OUTLAYS	\$ 66,155	629,179	\$ 695,334

NOTE 20**Fiduciary Activity and Net Assets**

SFFAS No. 31, "Accounting for Fiduciary Activities," defines fiduciary activities as those federal government activities that relate to the collection or receipt, and the subsequent management, protection, accounting, investment and disposition of cash or other assets in which non-federal parties have an ownership interest that the federal government must uphold.

Fiduciary assets are not assets of the Library of Congress or the federal government and accordingly are not recognized on the balance sheet or other principal financial statements of The Library of Congress or the federal government.

The Library of Congress Copyright Office Licensing Division (USCO) administers the compulsory and statutory licenses covered by the Copyright Act (17 U.S.C.). The Licensing Division receives royalty fees from cable television operators for retransmitting television and radio broadcasts, from satellite carriers for retransmitting "super station" and network signals, and from importers and manufacturers for distributing digital audio recording technologies (DART). Refunds may arise when a cable, satellite, or DART remitter inadvertently overpays or is otherwise entitled to a refund. Additional royalty fees may also be requested from the remitter when necessary. The Licensing Division invests the licensing royalty fees in market-based U.S. Treasury notes and bills. Because these investments are held in a fiduciary capacity for the copyright owners, income does not accrue to the Library's benefit.

Controversies regarding the distribution of the royalties are resolved by the CRJ. The CRJ have full jurisdiction over setting royalty rates and terms and determining distributions. Decisions may be appealed to the United States Court of Appeals for the District of Columbia Circuit.

Investments - Copyright royalties collected by the Copyright Office on behalf of copyright owners are invested, net of service fees, in U.S. Treasury securities. Treasury securities are intended to be held to maturity, are valued at cost and are adjusted for the amortization of discounts and premiums. Interest earned is computed using the straight-line method, which approximates the effective interest method. Interest income accrues to the benefit of the copyright owners. To ensure liquidity for distributions, royalty fees collected are generally first invested in U.S. Treasury notes with maturities of approximately one year. If funds are not immediately needed to fulfill a distribution order issued by the CRJ, funds from maturing securities are generally reinvested in U.S. Treasury bills with maturities of six to eight weeks.

Intragovernmental Investments - Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. Fiduciary funds investment maturity dates for fiscal years 2020 and 2019 range from November 5, 2020 to August 31, 2021 and November 21, 2019 to August 31, 2020, respectively. The yields on investments that matured in fiscal years 2020 and 2019 range from 0.01 percent and 1.974 percent from 1.917 percent to 2.603 percent respectively.

Fiduciary Activity consists of the following:

	(in thousands)	
	FY 2020	FY 2019
Beginning Fiduciary Net Assets	\$ 1,451,161	\$ 1,313,736
Royalty fees received	237,088	242,349
Investment earnings	13,292	30,524
Total Inflows to Fiduciary Net Assets	250,380	272,873
Distributions to copyright owners	(265,599)	(130,697)
Refunds of royalty fees	(51)	(506)
Net royalty fees retained for administrative costs	(2,651)	(4,245)
Total Outflows from Fiduciary Net Assets	(268,301)	(135,448)
Increase/(Decrease) in Fiduciary Net Assets	(17,921)	137,425
ENDING FIDUCIARY NET ASSETS	\$ 1,433,240	\$ 1,451,161

Net Fiduciary Assets consist of the following:

	(in thousands)	
	FY 2020	FY 2019
Fiduciary Assets		
Fiduciary Fund Balance with Treasury	\$ 81	\$ 218
Investments in U.S. Treasury securities, net	1,432,694	1,450,943
Other Assets	465	0
TOTAL FIDUCIARY NET ASSETS	\$ 1,433,240	\$ 1,451,161

NOTE 21	Incidental Custodial Collections
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Custodial collections are amounts the Library receives for remittance to the General Fund of the Treasury. The Library does not recognize revenue for these collections but transfers the funds to the Treasury. These receipts are usually immaterial and include unclaimed money or refunds, cancelled fund receivable collections, and other incidental collections.

(in thousands)		
	FY 2020	FY 2019
Miscellaneous Cash Collections:		
Unclaimed Money, Collections of Receivables from Cancelled Accounts and General Fund Proprietary Receipts, Not Otherwise Classified:	\$ 2,997	\$ 4,340
Total Net Custodial Collections	2,997	4,340
Transferred to the General Fund of the Treasury	(2,997)	(4,340)
Total Net Custodial Outflows	(2,997)	(4,340)
NET CUSTODIAL ACTIVITY	\$ 0	\$ 0

NOTE 22	COVID-19 Activity
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No significant amount of the Library of Congress budget was used for COVID-19.

An additional amount of \$700,000 was awarded from the CARES Act for the Library of Congress S&E to remain available until September 30, 2020 for the purpose, to prevent, prepare for, and respond to coronavirus, domestically or internationally, to be made available to the Little Scholars Child Development Center. Pursuant to Sec. 19004, the Library of Congress shall reimburse Little Scholars Child Development Center for salaries for employees incurred from April 1, 2020, to September 30, 2020, for employees of such Center who have been ordered to cease working due to measures taken in the Capitol complex to combat coronavirus, not to exceed \$113,000 per month, from amounts in the appropriations account "Library of Congress—Salaries and Expenses".

Little Scholars Child Development Center	
Payroll Activity from April 1 – September 30, 2020	\$666,671
Payroll Reimbursement from Emergency Fund	(\$666,511)
Unreimbursed amount because over \$113,000 per month	\$ 160

Out of the \$700,000 Library received from the CARES Act, the Library disbursed \$666,511 to cover salaries for the Little Scholars Child Development Center's employees. The \$33,489 balance remaining will not be executed due to \$113,000 per month maximum allowed for reimbursement.

THE LIBRARY OF CONGRESS

Management Report

Fiscal Year Ended September 30, 2020

Assessment of Condition of Heritage Assets

The Library has the largest collection in the world, including materials in over 470 languages and various media. Providing access to this collection inevitably puts it at risk and could impair the Library's ability to serve the Congress and other users in the future. However, the collection exists to be used, and management accepts the responsibility of mitigating risk to the collection at the same time it fulfills its goal of providing access to it.

As of September 30, 2020, the collection was determined to be in a useable condition for fulfilling the Library's service mission. During fiscal 2020, only a very small number of items were removed from the collection because of severe damage or deterioration, and a small percentage of materials were kept under usage restrictions to limit the risk of further damage or deterioration. The ultimate useful life of a library item varies by its medium (e.g., book, film, tape, manuscript, disk), and the manner in which it is used and stored.


The Library employs a variety of methods to prolong the useful life of its materials, including:

- Establishment of appropriate environmental storage conditions
- Use of binding or other methods to house items
- Reformatting of collection items to other media
- Conservation treatments to ameliorate damage or deterioration
- Mass deacidification of print materials, with the modifications noted below
- Use of surrogates in serving the collection to the public
- Scientific analysis of materials to understand and mitigate inherent risks

The Library has inadequate temperature and humidity control in some collection storage areas; inadequate space for appropriate storage of some collection materials; and insufficient resources for meeting all treatment, reformatting, and cataloging needs. This condition cannot be fully addressed with current funds and physical plant. The move of collection materials into the storage facility at Fort Meade, Maryland, is serving to remedy many of these difficulties for books and paper-based materials, and the acquisition of the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia, was a major step in the preservation of analog motion picture and audio formats.

In fiscal 2020, the Library determined that it would soon complete all priority treatment areas for deacidification and that funds should be rebalanced to support formats not suitable for deacidification, especially in the areas of special collections and digital preservation. As deacidification is phased out, continuing investment in the Library's environmentally controlled storage facilities at Ft. Meade will provide a more cost effective long term method of preservation for its collections overall.

MEMO

Date June 21, 2021
To Dr. Carla Hayden
Librarian of Congress
From Kurt W. Hyde 
Inspector General
Subject Results of the Library of Congress' FY 2020 Financial Statements
Audit, Report No. 2020-FN-101

The attached reports present the results of the annual audit of the Library of Congress' (Library) financial statements for fiscal years (FY) 2020 and 2019.

We contracted with the independent certified public accounting firm of Kearney & Company (Kearney) for the FY 2020 audit. The contract required that Kearney perform the audit in accordance with *Government Auditing Standards*; the Office of Management and Budget Bulletin 19-03, *Audit Requirements for Federal Financial Statements*; and the GAO/CIGIE *Financial Audit Manual*.

Results of Independent Audit

Financial Statements

For the twenty-fifth consecutive year, we are pleased to report that the auditors issued an unmodified (clean) opinion on the Library's financial statements. In its audit, Kearney found that the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Further details are in the *Independent Auditor's Report*.

Report on Internal Controls over Financial Reporting

Kearney's consideration of internal controls over financial reporting (including the safeguarding of assets) resulted in a material weakness concerning the Library's complex and untimely financial reporting process resulting in

accounting errors.¹ Details for this finding are in the *Independent Auditor's Report on Internal Control over Financial Reporting*.

Compliance with Laws and Regulations

Kearney found no instance of noncompliance with laws and regulations tested. Details of its tests are in the *Independent Auditor's Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements*.

Office of the Inspector General Oversight of Kearney

In connection with the contract, we reviewed Kearney's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with *Government Auditing Standards*, was not intended to enable us to express, and we do not express, opinions on the Library's financial statements, conclusions about the effectiveness of internal controls, or conclusions on compliance with laws and regulations. Kearney is responsible for the attached auditor's report dated May 14, 2021, and the conclusions expressed in the report.² However, our review disclosed no instances where Kearney did not comply, in all material respects, with U.S. generally accepted government auditing standards.

cc: Principal Deputy Librarian
Chief Operating Officer
Acting Comptroller
Chief Financial Officer
General Counsel

Attachments

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

² In accordance with U.S. generally accepted government auditing standards, Kearney's report is dated as of the last day of its fieldwork. Kearney's final report was delivered to the Office of the Inspector General on May 21, 2021.

INDEPENDENT AUDITOR'S REPORT

To the Inspector General and Librarian of the Library of Congress

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Library of Congress (Library), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as the "financial statements") for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Library as of September 30, 2020 and 2019, and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Management Report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements; accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and OMB Bulletin No. 19-03, we have also issued reports, dated May 14, 2021, on our consideration of the Library's internal control over financial reporting and on our tests of the Library's compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters for the year ending September 30, 2020. 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 internal control over financial reporting or on compliance and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 19-03 and should be considered in assessing the results of our audits.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia
May 14, 2021

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Inspector General and Librarian of the Library of Congress

We have audited, 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. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of the Library of Congress (Library) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's financial statements and we have issued our report thereon dated May 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 19-03. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings, that we consider to be a material weakness.

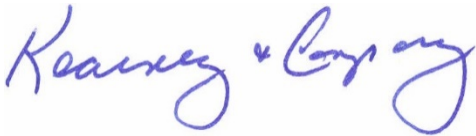
We noted certain additional matters involving internal control over financial reporting that we will report to the Library's management in a separate letter.

The Library's Response to Findings

The Library does not have a response to the findings identified in Kearney & Company, P.C.'s (Kearney) audit at this time, but it will respond to the findings identified in our audit at a later date. The Library's response was not subjected to the auditing procedures applied in our audit of the financial statements; accordingly, we do not express an opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 19-03 in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is stylized and cursive.

Alexandria, Virginia
May 14, 2021

Schedule of Findings

Material Weakness

I. Complex and Untimely Financial Reporting Process (*Repeat Condition*)

Background: As a Legislative Branch agency of the Federal Government, the Library of Congress (Library) is not required to comply with the requirements of the Chief Financial Officers (CFO) Act of 1990. However, for purposes of financial management and reporting, the Library has issued Library of Congress Regulation (LCR) 6-110, *Financial Management*, which states: “The Financial Services Directorate (FSD) will establish and maintain procedures to ensure that all of the Library’s financial activities are conducted in a manner consistent with a legislative branch agency, are in accordance with applicable laws and regulations, follow generally accepted accounting and internal control principles, and are managed with integrity and reliability.”

To this end, the Library adopted Federal Accounting Standards Advisory Board (FASAB) standards for financial reporting in a manner consistent with a Legislative Branch agency and, wherever practical, the Library conforms to Generally Accepted Accounting Principles (GAAP) for Federal agencies. As part of the Library’s adoption of FASAB and GAAP, it prepares an annual set of financial statements and related notes and is responsible for ensuring controls are operating effectively and implementing a reporting timeline that provides timely and relevant distribution of financial results. In addition to these actions and responsibilities, the Library also submits itself to an independent financial statement audit.

Condition: While the Library has chosen to prepare financial statements and submit itself to an independent financial statement audit, it has not implemented processes or enforced a timeline to prepare its financial statements in a timely and efficient manner. While most Federal agencies, specifically the Executive Branch, as well as some Legislative Branch agencies, prepare and issue their financial statements and complete their audits by mid-November, or one and a half months, after the fiscal year (FY) close, the Library, in recent years, has taken up to six to seven months to complete its annual financial report. This extended timeline has also had an impact on the audit timeline, as the Library was unable to provide sufficient documentation to complete its audit timely. The following table lists the Library’s audit report date from FYs 2016 to 2020:

FY	Audit Report Date
2016	March 14, 2017
2017	April 16, 2018
2018	April 5, 2019
2019	April 3, 2020
2020	May 14, 2021

Additionally, the Library took greater than eight months to formally issue its FY 2019 financial statements report after the completion of the audit. The FY 2019 financial statements report was formally released on December 17, 2020, more than one year after the FY-end.

When completing the FY 2020 financial statements and related audit, the quality of financial reporting supporting schedules and documentation decreased, as more errors were noted than in the prior two years. Additionally, there were increased delays, for as long as three months, in providing documents requested in the audit, as some supporting schedules had to be reworked to correct errors identified by management. Similarly, there were delays in providing responses to audit follow-up questions, also as long as three months, because personnel responsible for answering the questions did not have the adequate information or knowledge to provide a response (specifically, in the Investment and Expense area, where audit follow-up questions went unanswered for months, or where staff provided inaccurate responses to follow-up questions).

Since FY 2016, the Library has had an outstanding audit finding related to the improper recording of gains and losses on its non-Treasury investments. Since then, the Library has taken steps to address this finding to include performing a reconciliation of investment accounts. In FY 2020, the Library's FSD performed a reconciliation of non-Treasury investments balances, as well as the related unrealized gain and loss accounts. However, this reconciliation did not include all investment accounts, and the reconciliation did not include any explanations for variances noted. Furthermore, staff responsible for posting realized and unrealized gain amounts to the financial management system are using internally developed spreadsheets as support and were unable to trace and agree these transactions to third-party documentation or answer questions related to these transactions.

During the FY 2020 audit, an issue identified in the Library's expense account took over three months to resolve. After various communications and follow-up with the auditor, Library staff came to the realization that an expense transaction related to an Interagency Agreement (IAA) between two offices within the Library was improperly recorded to the operating expense account in FY 2020 when the cash was transferred internally and should not have been expensed until FY 2021 when the expense was incurred. Because this was an IAA, the incorrect expense amount was offset by an incorrect revenue amount of equal value, both of which were eliminated at the statement level; therefore, this mistake did not have an impact on the overall financial statements. However, because the IAA was incorrectly recorded as an expense at the time the money was transferred, this contributed to the Library's confusion and the delays in determining what was recorded and how this transaction should have been recorded.

In many cases, a key manager in the FSD reviewed and reworked supporting schedules prior to providing them to the auditors or, in the case of follow-up questions related to the investment and expense issues, had to research the answer, and provide responses because the staff under them was unable to provide an adequate or accurate response. This contributed to delays, as it created a bottleneck in responding to audit requests.

Based on discussions with management, the Library is continuing its attempts to address the issues related to complex financial reporting by bringing in new staff to fill vacancies and

increase skillsets within the FSD. However, while the new staff does possess accounting and financial reporting skills, there is a general lack of knowledge of the Library's processes and systems amongst the new staff and a lack of bandwidth, making it difficult for them to provide timely and adequate financial information. This lack of knowledge is, in part, due to the lack of documented procedures and desk guides for new staff to use and learn from, as well as the loss of institutional knowledge through attrition.

Cause: As noted in prior years, while the Library's financial processes are documented in cycle memos, there are very few standard operating procedures (SOP) or desk guides that provide step-by-step guidance on how to perform financial processes. This lack of documented procedures makes it difficult for FSD staff to understand how and/or why transactions are processed, making the review of transactions more difficult and less effective. Additionally, the recent attrition in FSD has resulted in the loss of institutional knowledge within FSD, and the current staff does not have the bandwidth or training to complete all tasks necessary to complete the financial statement reporting process timely.

FSD completed a financial reporting process review, but it has not fully implemented the recommended changes to realign functions and bring on the necessary staff with the knowledge and skillsets necessary to complete financial reporting tasks. While FSD management made an effort to perform reviews of financial transactions and schedules this year and last, it created a bottleneck in the process, which resulted in delays in completing financial reporting tasks and providing audit documentation.

FSD has stated that other priorities, such as month-end close, sometimes cause delays in completing the year-end close and preparing the financial statements report. Additionally, there is a bottleneck in finalizing the financial statements report, as there is a key manager in FSD responsible for managing the review of the financial statements and collecting and incorporating all comments made by offices across the Library.

FSD does have internal deadlines to complete year-end close activities, but because the Library is not required and has not chosen to enforce a deadline to complete its financial statements and financial statement audit, as other Federal agencies are, Library staff have no incentive to prioritize the completion of the financial statements report over other tasks. Despite early and frequent communication between the audit team and top management within FSD about the excessive delays in responding to audit requests, there were minimal attempts on FSD's part to make the completion of the financial statements or the audit a top priority.

Effect: Improper recording of unrealized and realized investment gains and losses and improper recording of cash transfers as expenses may result in misstatements on the Statement of Changes in Net Position. Without clearly documented guidance on how to record these transactions, staff is more likely to make mistakes when recording, especially if they are not adequately trained or are rushed to complete task because they are tight on bandwidth. Additionally, without adequate reviews of detailed transactions or adequate time to perform high-level review and analysis of financial reporting results, the Library is at increased risk that uncorrected errors in financial

reporting or gaps in internal controls may go unnoticed by management. This will result in increased audit findings and potential errors in the financial statements.

Lastly, when the financial statements report is issued more than a year after the conclusion of the FY, it decreases the likelihood that management and other stakeholders, such as potential donors, will use financial data to make decisions as the data becomes outdated before it is issued. These delays also have the potential to interfere with the daily and monthly financial statement tasks, as FSD spends more than half of the year preparing the annual financial statements report. When the financial statement audit is not completed until far into the following FY, the Library is not able to timely implement corrective actions and process changes to address issues identified during the audit.

Recommendations: Kearney & Company, P.C. (Kearney) recommends that the Library perform the following:

1. Document all steps needed to report financial transactions in desk guides or procedures documents.
2. Perform an assessment of who should be performing the processes and when they should be performed, such that procedures are pushed down to the lowest level feasible and done when appropriate to allow for a detailed review below the management level, where possible, and take any necessary action to ensure that staffing levels and skillsets are sufficient to perform the processes and procedures.
3. Develop and establish high-level analytical procedures at the supervisor and manager level, as well as ensure adequate resources are available at the supervisor and manager level and trained appropriately to execute analytical procedures and ensure the identification and correction of errors in financial reporting processes.
4. Establish and enforce a timeline to prepare and issue the annual financial statements and related notes within a reasonable period, such as two months after the close of the FY.
5. Continue to implement recommendations from the reporting process review to realign functions within the FSD and bring on the necessary staff with the knowledge and skillsets needed to complete the financial reporting task.
6. Establish and document procedures to perform a quarterly reconciliation of non-Treasury investments, to include reconciling all general ledger accounts related to investments and realized and unrealized gains and losses. Any variances noted in the reconciliation should be investigated and explained within the reconciliation. Management should review the reconciliation to ensure it is complete and accurate and that the Library has properly recorded investment balances at year-end and realized and unrealized gain and losses throughout the year.
7. Train FSD accounting staff responsible for posting investment transactions to the financial management system on how to calculate gain and loss amounts so that they can ensure gains and losses are reported accurately and in compliance with GAAP.
8. Update the posting models in Momentum to ensure cash transfers are properly recorded and that expenses are not recorded until the expense is incurred.
9. Ensure that the process to record capital expenditures, from the requisition through the life of the asset, is documented. This documentation should include all methods

commonly used by the Library to acquire capital assets, such as assets purchased through IAAs. This documentation should also include a process to perform periodic reconciliations of ongoing projects to construct or create capital assets to ensure the completeness of the Library's Internal Use Software in Development balance, as well as other Construction in Progress balances.

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APPENDIX A: STATUS OF PRIOR-YEAR DEFICIENCY

In the *Independent Auditor's Report on Internal Control over Financial Reporting* included in the audit report on the Library's FY 2019 financial statements,¹ we noted several issues that were related to internal control over financial reporting. The status of the FY 2019 internal control finding is summarized in *Exhibit 1*.

Exhibit 1: Status of Prior-Year Finding

Control Deficiency	FY 2019 Status	FY 2020 Status
Complex and Untimely Financial Reporting Process	Significant Deficiency	Material Weakness

¹ Library of Congress Financial Statements Fiscal Year 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,
REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS**

To the Inspector General and Librarian of the Library of Congress


We have audited, 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. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of the Library of Congress (Library) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's financial statements, and we have issued our report thereon dated May 14, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Library. However, providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 19-03.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 19-03 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.



Alexandria, Virginia
May 14, 2021