

LIBRARY
LIBRARY
OF CONGRESS

FINANCIAL STATEMENTS

REPORT

For the Fiscal
Year 2022





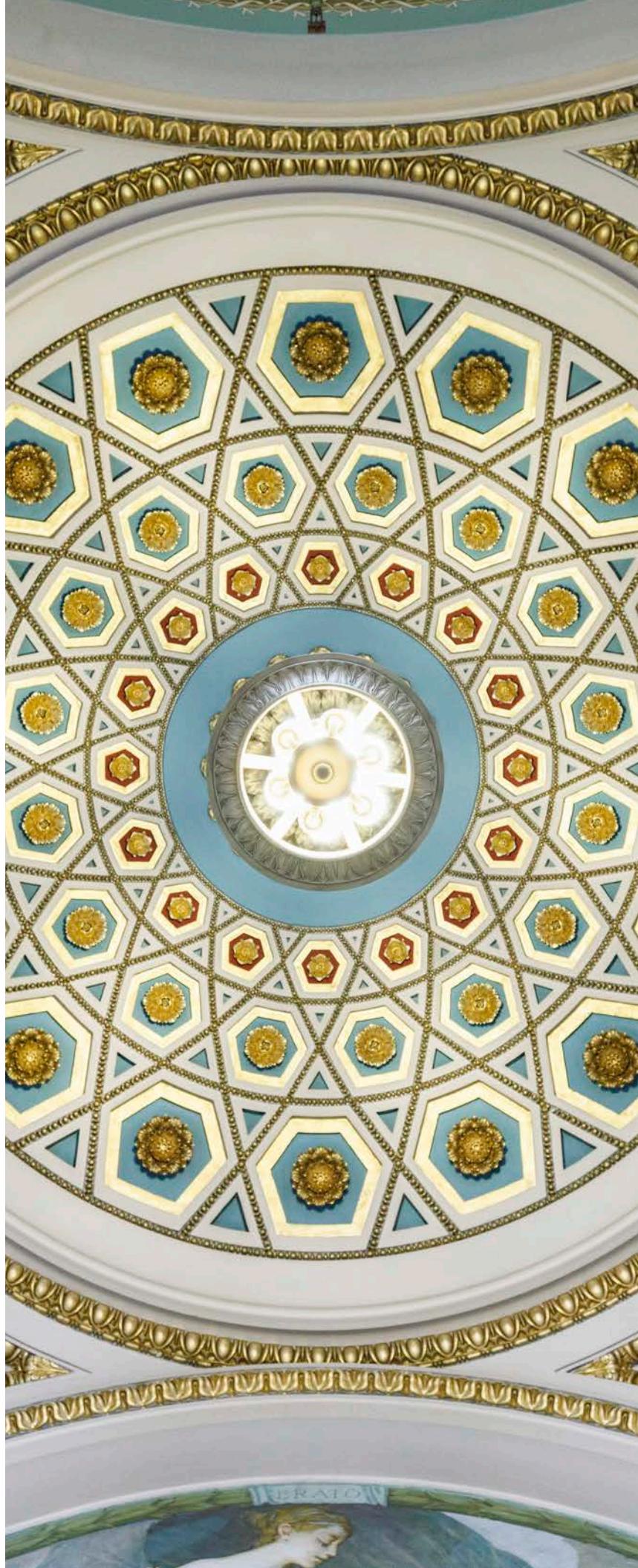
Library of Congress Financial Statements

For the Fiscal Year 2022

On the cover: The Thomas Jefferson Building in late afternoon light, February 8, 2023. *Shawn Miller*

Inside front cover: Ground floor hallway, Library of Congress. *Shawn Miller*

This page: Ceiling detail, north hallway, Library of Congress. *Shawn Miller*



Library of Congress
101 Independence Avenue, S.E.
Washington, D.C. 20540

For the Library of Congress online, visit [loc.gov](https://www.loc.gov).



THE LIBRARIAN OF CONGRESS

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

Mr. Speaker and Madam President:

It is my pleasure to submit to you the Library's fiscal 2022 financial statements and accompanying opinion of the independent auditors, KPMG LLP. For the twenty-seventh 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 \$822.0 million including \$98.9 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 \$117.4 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 2022 financial statements and auditors' opinion.

Sincerely,

Carla Hayden
Librarian of Congress

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction.....	7
The Library of Congress and Its Mission	7
Strategic Plan.....	7
Brief History	8
The Library of Congress Today	12
Overview of Financial Statements	13
Performance Targets and Accomplishments.....	19
Internal Control Program, Systems, Controls and Legal Compliance	35
Limitations of the Financial Statements	36

FINANCIAL STATEMENTS AND NOTES

Consolidated Balance Sheets.....	39
Consolidated Statements of Net Cost.....	40
Consolidated Statements of Changes in Net Position	41
Combined Statements of Budgetary Resources	42
Notes to the Consolidated Financial Statements	45

REPORT OF INDEPENDENT AUDITORS

Results of the Library of Congress Financial Statements Audit	75
Independent Auditors' Report	77
Management Response to Independent Auditors' Report.....	83

MANAGEMENT REPORT

Assessment of Condition of Heritage Assets.....	84
----------------------------------------------------	----



Visitors walk through the main lobby of the Washington Convention Center as the 2022 Library of Congress National Book Festival concludes, September 3, 2022. *Shawn Miller*

Management's Discussion and Analysis - Unaudited

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 2022.

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:



Expand Access: To make our unique collections, experts, and services available when, where, and how users need them.



Enhance Services: To create valuable experiences for every user to foster lifelong connections to the Library.



Optimize Resources: To modernize, strengthen, and streamline our operational capabilities.



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
	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, 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)



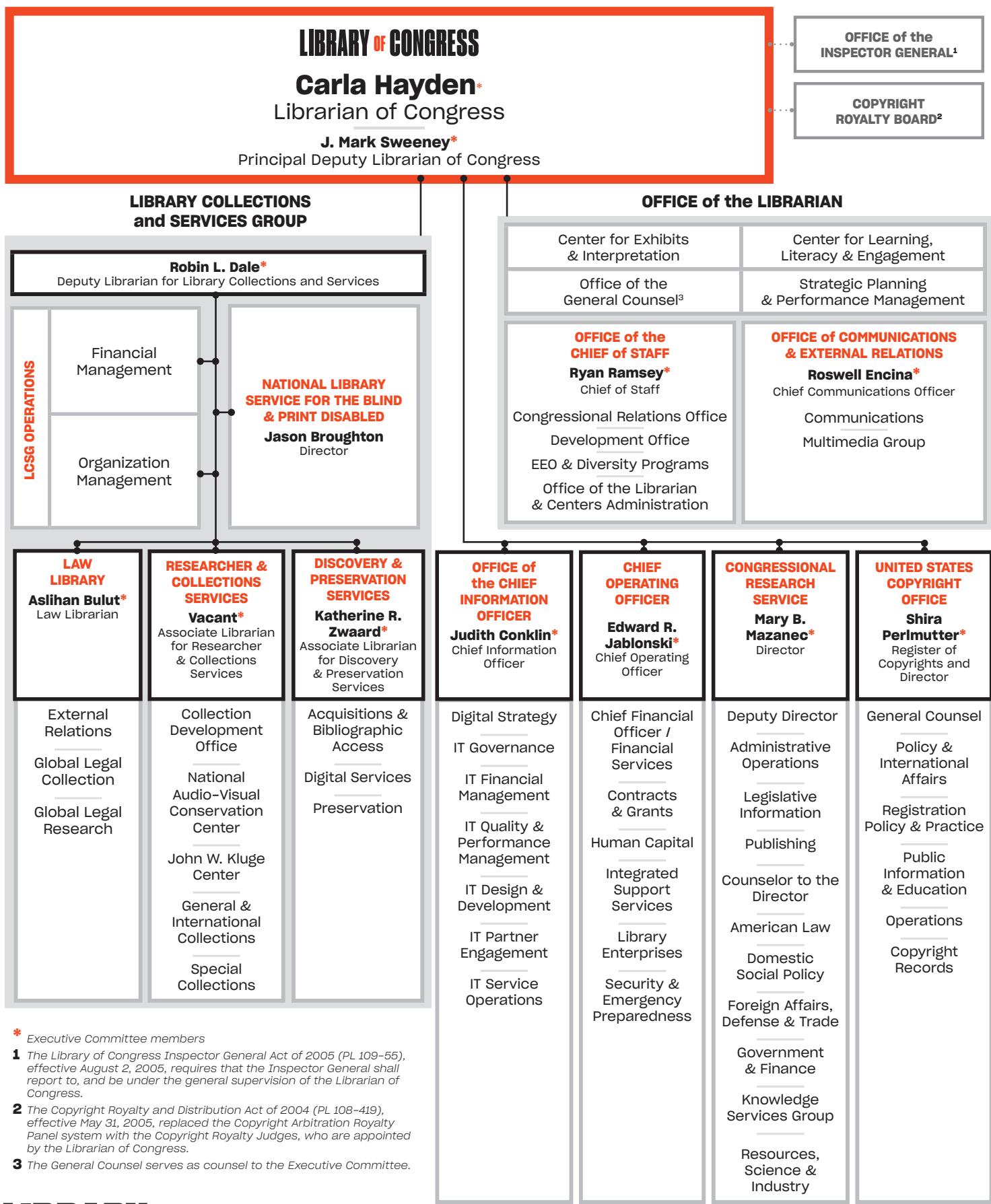
Columns rise above the staircase to the Main Reading Room observation area.
Shawn Miller



Librarian of Congress
Carla Hayden throws
the first pitch for the
Washington Nationals'
game against the
Oakland A's during
Library night at
Nationals Park, August
30, 2022. *Shawn Miller*

ORGANIZATION CHART

As of September 30, 2022



The Library of Congress Today

The Library of Congress takes seriously its sacred obligation to serve as a beacon of knowledge, inspiration and innovation as we serve Congress and the American people. Just as the Library's iconic Thomas Jefferson Building demonstrated the optimism and ambition when it was completed 125 years ago, today, the Library embodies the spirit of innovation as our nation continues its pursuit of a more perfect union.

The gilded Torch of Knowledge that surmounts the Jefferson Building serves as striking visual representation of the Library's efforts to share its universal and enduring source of knowledge and creativity with Congress and the American people.

Particularly at this pivotal time in our national experience, the Library is pursuing new opportunities for even more Americans to engage with the Library of Congress and to add their perspectives to the Library's collections, allowing the national library to share a more inclusive American story. Using outreach,

technology innovation, and archives development for, and by, Black, Indigenous, and communities of color, the Library will continue to grow and reflect the diversity that our nation embodies.

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. Six 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.

Visitors take in the view of the Main Reading Room during special open house hours as part of the ongoing Live! At the Library weekly series, July 21, 2022. *Shawn Miller*



When the pandemic emerged in March 2020, the Library closed to the public and 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 June 2020, 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.

As conditions improved in late spring of 2021, the Library continued its gradual return of staff to on-site operations and gradually opened limited on-site resources to the public. Many staff continued supporting Library operations with enhanced telework flexibilities still in place during 2022.

Overview of Financial Statements

For fiscal years 2022 and 2021, the Library has prepared Consolidated Balance Sheets, Consolidated Statements of Net Cost, 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, 2022 and 2021. 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	2022	2021
Entity Assets	\$842.7	\$802.4
Total Assets	\$842.7	\$802.4
Liabilities and Net Position		
Liabilities Covered by Budgetary Resources	\$101.7	\$105.3
Liabilities Not Covered or Requiring Budgetary Resources	49.5	54.0
Total Liabilities	151.2	\$159.3
Net Position	691.5	643.1
Total Liabilities and Net Position	\$842.7	\$802.4

The Library's assets total \$842.7 million for fiscal year 2022 and \$802.4 million for fiscal year 2021. Entity assets increased by \$40.3 million during fiscal year 2022. The primary increase in assets are from the increase in appropriated funds and an increase in obligated balances not yet disbursed, which increased the Fund Balance with Treasury, and an increase in software development projects. The Library's liabilities total \$151.2 million and \$159.3 million for fiscal

years 2022 and 2021, respectively. The primary decrease in accounts payable and accrued leave benefits.

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 costs of the Library's buildings and grounds with the exception of leasehold improvements. By law, these buildings and grounds are under the structural and mechanical care of the Architect of the Capitol.

Consolidated Statements of Net Cost

The purpose of the Consolidated Statements of Net Cost 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, 2022 and 2021. The statements present the net costs of our programs: \$822 million and \$809.3 million for the fiscal years 2022 and 2021, respectively. Net costs increased by \$12.7 million during fiscal year 2022. Net costs include allocated management support costs and revenues (e.g., human resources, financial services, facility services), in part related to the additional maintenance required under COVID.

Library Collections and Services Group

The Library Collections and Services Group (LCSG), with net program costs of \$524.3 million and \$506.8 million for fiscal years 2022 and 2021 respectively, is the Library's largest organization.

The LCSG comprises the service units and programmatic offices that are responsible for acquiring, stewarding, describing, and sharing the Library's vast collection, to include Discovery & Preservation Services (DPS), the Law Library (LAW), Researcher & Collection Services (RCS) and the National Library Service for the Blind and Print Disabled (NLS).

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

At the beginning of fiscal year 2022, Library Services was divided into

two service units: Researcher & Collections Services and Discovery & Preservation Services.

Researcher & Collections Services – Established in fiscal 2022, Researcher & Collections Services (RCS) service unit brings together the Collection Development Office (CDO), Special Collection Directorate (SCD), General & International Collections Directorate (GICD), the National Audio-Visual Conservation Center (NAVCC), and the John W. Kluge Center (Kluge). RCS leads the core researcher, reference, scholarly, and public-service work of the National Library, as well as collection development, and selected processing and preservation activities. The Kluge Center, CDO, NAVCC are organized and associated with the Associate Librarian's Office for RCS.

Discovery & Preservation Services – Established in fiscal 2022 and led by the Associate Librarian for Discovery & Preservation Services (ALDPS), the Discovery & Preservation Services (DPS) service unit brings together the Acquisitions and Bibliographic Access (ABA) Directorate, the Digital Services Directorate (DSD), and the Preservation Directorate (PRES). Its central charge is to improve user discovery and stewardship by leveraging new metadata, digitization, and preservation workflows as digital and physical collections expand.

LCSG 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 2022, the Library Services responded to nearly 111,271 information requests a year from across the nation.

During the year, more than 221,067 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 fulfilled 6,072 free interlibrary loan requests from across the nation and fulfilled 5,288 requests for book loans from the congress. The Library issued 30,490 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 preservation, collections management, and conservation services; conducts research into collection materials and preservation methods; emphasizes preventative strategies including proper environmental storage, collections safe-handling, and emergency preparedness; conserves and preserves materials in all major formats held by the Library; 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 \$30.4 and \$29.0 million for fiscal years 2022 and 2021, respectively.

The Law Library is the nation's custodian of a legal and legislative collection of over 6 million items, including 2.91 million bound volumes, and global legal materials in various formats. In fiscal 2022, 6,676 physical items were circulated on-site to the Law Library patrons. The Law Library advanced several digitization projects of its collection materials, including the U.S. Congressional Serial Set, the Historical Legal Reports Archive, and a new project, the U.S. Supreme Court Records and Briefs. The Law Library prepared 4,777 volumes of the Serial Set for digitization. Since the project launched in FY 2019, 10,826 Serial Set volumes have been prepared for digitization, 72% of the total volumes to be digitized. Law staff prepared 2,146 Historical Legal Reports, which resulted in 3,329 reports displayed online as Legal Reports (Publications of the Law Library of Congress). The Law Library prepared to launch the U.S. Supreme Court Records and Briefs digitization project by inventorying the collection, planning a proof-of-concept pilot, and drafting a project plan. The inventory will guide the planning and costs of this decade-long digitization project.

Its mission is to provide authoritative legal research, reference, and instruction services and access to an unrivaled collection of U.S., foreign, comparative, and international law for more than 300 legal systems and foreign and international jurisdictions and the U.S. states and territories. The Law Library provides a direct research service to the Congress in foreign, comparative, and international 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.

Research and Reference - The Law Library of Congress is one of the LCSG's service units and, pursuant to the Act of July 14, 1832, Ch. 221, 4 Stat. 579, it is the only Library's service unit to serve all three branches of government.

In fiscal 2022, the Law Library's Public Services Division (PSD) and two Foreign, Comparative and International Law (FCIL) divisions responded to a total of 11,623 research and reference inquiries from all categories of users. Of this total, 10,471 inquiries were about U.S. and foreign law received from executive branch agencies, the courts, members of the U.S. bar, and the global public. The remaining 1,152 inquiries were from Congressional offices and legislative branch agencies.

A further breakdown of the total number of inquiries by individual divisions in the Global Legal Research Directorate (GLRD) reveals that the PSD responded to 10,710 reference and research requests including 853 from Congress and legislative branch agencies, 123 from the federal judiciary, 308 from federal executive agencies, 134 from state and local government institutions, and 9,292 from the



The Library of Congress celebrates the 125th anniversary of the Jefferson Building with an open house and party, November 3, 2022.
Shawn Miller

public. The two FCIL divisions answered 913 non-U.S. law research and reference questions from all categories of LOC users, including 299 from Congress and legislative branch agencies, 378 from federal executive agencies, 9 from the Supreme Court and federal judiciary, and 227 from the public.

GLRD staff provided 101 webinars, briefings, orientations, and online presentations for Congressional users, federal government attorneys, and general public with 5,028 attendees, including 22 in-person classes and tours for 292 people. 36 of the 79 webinars were offered through the Legal Research Institute attracting 4,069 attendees.

Additionally, 291 reports on legal developments around the world were published in the Global Legal Monitor, Law Library's online legal news product, with an average of 100,000 page views per month. The Law Library's products were referenced around 10 times a month in various U.S. and foreign publications. In response to requests from the Congressional Office for International Leadership, and House Democracy partnership, the Law Library staff met with 13

foreign parliamentary and Rule of Law delegations and briefed them on Law Library's resources and services.

National Library Service for the Blind and Print Disabled

The National Library Service for the Blind and Print Disabled remains under the Library Collections and Services Group but still maintains its own appropriation and facility. The National Library Service for the Blind and Print Disabled manages a national reading program for blind and print disabled people - circulating approximately 23 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, 24 sub-regional libraries, 15 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 is composed of three separate program areas:

(1) Copyright Basic, which funds most of the Office's core operations, including the majority of payroll-related expenses. These operations are funded with a combination of appropriated dollars and authority to spend fee revenue, with fees constituting a majority of this funding (approximately 55%); (2) Copyright Licensing, which is derived completely from licensing royalty collections otherwise payable to copyright owners and filing fees paid by cable and satellite licensees pursuant to statutory licenses administered by the Office; and (3) the Copyright Royalty Board (CRB).

The Copyright Office, administers the U.S. copyright registration system and related programs, assists with the administration of statutory licenses, provides copyright law and policy advice and analysis to the Congress and federal departments and agencies, and provides public information and education on

copyright. The Copyright Office reported net program costs of \$67.5 million and \$56.0 million for fiscal years 2022 and 2021, respectively.

In fiscal year 2022, the Copyright Office registered 484,589 copyright claims; transferred to or facilitated online access of 626,595 works to the Library at a value of \$48,163,162; recorded 14,714 documents affecting 1,165,653 titles of works; and responded to more than 286,150 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), as established by Congress in chapter 8 of the Copyright Act, is provided with budget and formulation support on behalf of the Library of Congress. The CRB is composed of three Copyright Royalty Judges appointed by the Librarian of Congress. It 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 \$172.2 million and \$184.8 million for fiscal years 2022 and 2021, 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 \$47.4 million and \$3.8 million for fiscal years 2022 and 2021 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 \$10.6 million and \$8.0 million for fiscal years 2022 and 2021, 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. The Library's special events and programs activities are under CLLE. 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.

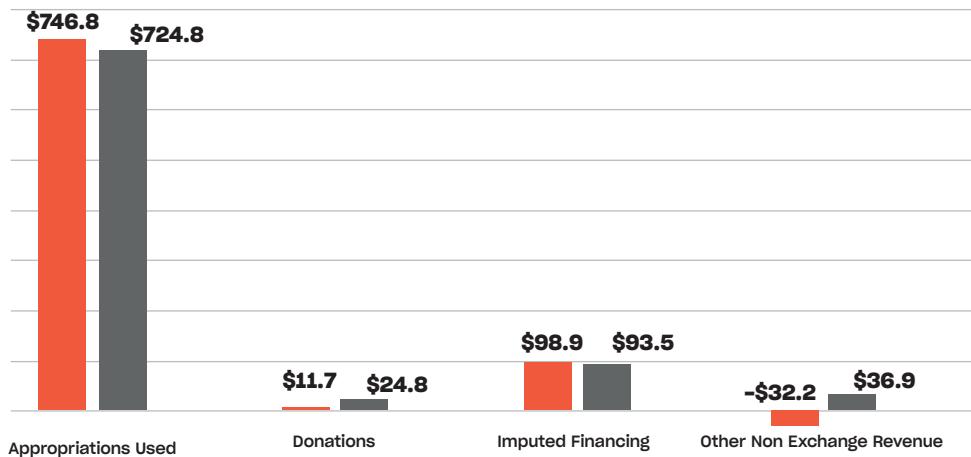
Consolidated Statements of Changes in Net Position

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 \$825.2 million and \$880.0 million for fiscal years ended September 30, 2022 and 2021, respectively.

■ Fiscal Year 2022 ■ Fiscal Year 2021

Consolidated Statements of Changes in Net Position

Total Financing Sources
(in millions)



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 Print Disabled.

Appropriations used during the fiscal years ended September 30, 2022 and 2021 totaled \$746.8 million and \$724.8 million or 91% and 82.4% of all financing for fiscal years 2022 and 2021, respectively. The increase is due to 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 \$98.9 million and \$93.5 million (imputed financing) for fiscal years 2022 and 2021, respectively. The support provided included structural care and maintenance of the Library's buildings and grounds (\$62.8 million and \$60.4 million), employee benefits (\$31.4 million and \$30.4 million), acquisitions exchange services (\$0.85 million and \$0.78 million), collections security services (\$3.3 million and \$1.9 million), and legal services (\$0.46 million and \$0.01 million). Other non-exchange revenues are negative for fiscal year 2022, primarily due to the unrealized loss 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 \$1.21 billion and \$1.123 billion for the fiscal years ended September 30, 2022 and 2021, respectively, of which \$872.3 million and \$811.5 million were from appropriated funds and \$333.8 million and \$312.0 million were from non-appropriated funds for fiscal years ended September 30, 2022 and 2021, respectively.

Total net outlays of \$770.7 million and \$719.8 million were incurred with the outlays of appropriated funds (\$744.1 million and \$714.8 million) combined with net outlays of the non-appropriated funds (\$26.5 million and \$5.0 million) in fiscal years 2022 and 2021.

Performance Targets and Accomplishments

This section of the Financial Statements presents the Library's agency performance goals and related performance targets for fiscal 2022.

On October 1, 2018, the Library released its strategic plan Enriching the Library Experience. Intended to transform the Library into a more user-centered, digitally-enabled, and data-driven organization, the plan presented four strategic goals: Expand Access, Enhance Services,

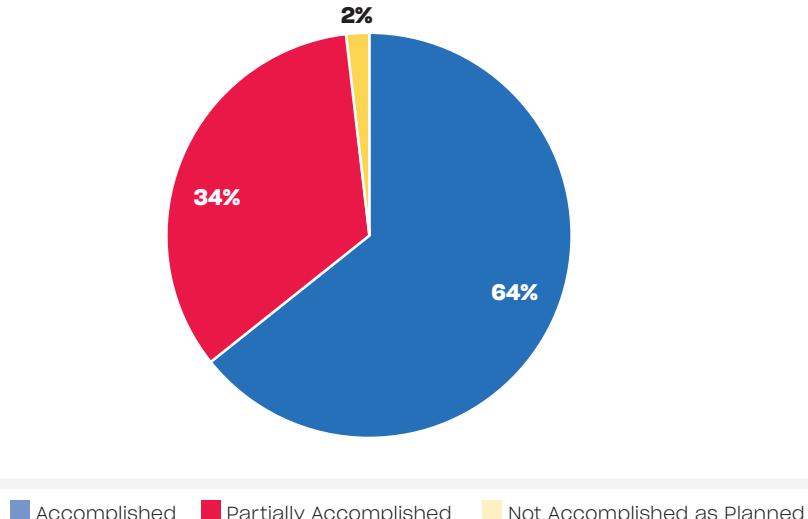
Optimize Resources, and Measure Impact.

In fiscal 2022, the Library of Congress established 56 agency performance goals with 107 associated performance targets to drive progress to its four strategic goals. Of those 56 performance

goals, 36 (64%) were accomplished as planned, 19 (34%) were partially accomplished as planned, and 1 (2%) was not accomplished as planned.

The Library's fiscal 2022 performance goals, targets, and accomplishments are reported below, organized by strategic goal.

Agency Performance Goals





STRATEGIC GOAL 1 Expand Access

We will make our unique collections, experts, and services available when, where, and how users need them.

17 Performance Goals 15 (88%)

Accomplished 12 (12%) **Partially Accomplished**

Agency Performance Goal:

Communication to new audiences expands awareness and understanding, leading to more Americans connecting to the Library of Congress.

Performance Target 1: Twenty million or more impressions have been made in new audiences who are resistant to coverage in the outlets that usually cover the Library. This is equivalent to double or more than the total coverage for a number of LOC stories (10 million for the appointment of the register of Copyrights, 6.5 million for the Literacy Awards, etc.).

Performance Target 2: The social media accounts managed by the Office of Communications will engage Facebook users, accomplishing an average daily reach of at least 25,000 views as measured monthly. Using the Library's Twitter handle, the library will engage at least 50,000 users on average each month. The Library will continue to develop an audience on Instagram by posting at least 25 posts per month.

Accomplishment: For all the initiatives measured in fiscal 2022, there were 6,109 stories in small or local media outlets. Total potential reach for these stories was 148.4 million impressions. In fiscal 2022, the Library's reach on Facebook was 1,482,301 engaged users. On Twitter, there were 2.824 million engagements during that time and 524 posts published on Instagram.

Agency Performance Goal: The Kluge Center will maintain or increase event attendee satisfaction across event formats.

Performance Target: Maintain or increase attendee satisfaction over the fiscal 2021 baseline of 85%.

Accomplishment: The Kluge Center met its agency performance goal. In fiscal 2022, the Kluge Center offered more than 25 events highlighting its scholars, featured experts, and authors on a range of timely topics for public and congressional audiences. Increased social media promotion extended advertising of these events to wider audiences. Event survey results indicated high levels of satisfaction, exceeding Kluge's 85% baseline among attendees for these events.

Agency Performance Goal: The Kluge Center will increase awareness of the Kluge Prize.

Performance Target: Establish a baseline for media mentions of the Kluge Prize and develop an expanded Kluge Prize promotion strategy.

Accomplishment: The Kluge Center met this agency performance goal, working alongside the Office of Communications to develop and implement an expanded communications plan for the Kluge Prize. From June through the end of fiscal 2022, the 2022 Kluge Prize was covered in 345 media stories for a total of 720 million potential impressions and an advertising equivalence of \$18 million.

Agency Performance Goal: Improve discoverability and access to the

Law collection by applying the Library of Congress Classification System to books in the collection.

Performance Target: Classify 13,000 titles from the obsolete LAW shelving system into K Class.

Accomplishment: Law Library staff and contractors classified 13,258 titles from the obsolete LAW shelving system into the K class of the Library of Congress classification system, exceeding the fiscal 2022 target by 2%. Many of these titles were not previously represented in the online catalog. Application of the K classification system to these titles has improved patron discoverability by adding subject data to bibliographic records, and allows browsing by shelf order in the online catalog.

Agency Performance Goal: Provide a safer workplace by replacing compact shelving in Law Stacks.

Performance Target: Begin Phase 1 of shelving replacement in Quad B.

Accomplishment: This project was on schedule at the conclusion of the fiscal year. Collection items were moved to swing space in advance of shelving demolition and removal, Architect of the Capitol staff have completed sprinkler system upgrades, and the Law Library has accepted the final construction documents from the vendor.

Agency Performance Goal: Strategically digitize Law materials to better meet user needs.

Performance Target 1: Prepare 3,000 volumes for digitization.

Performance Target 2: Prepare to launch the digitization of the U.S. Supreme Court Records and Briefs by inventorying the collection, assessing materials that we wish to acquire to bolster the collection, plan a proof-of-concept pilot to digitize this collection, and draft a project plan by September 30, 2022.

Performance Target 3: Prepare 2,000 reports for ingestion into CTS.

Accomplishment: During fiscal 2022, Law Library staff and contractors reviewed Serial Set volumes for completeness and condition, tracked volumes through the review process, and prepared 4,777 volumes for digitization; 6,129 volumes were shipped to the vendor. In a collaborative effort with the Digital Collection Management & Services Division, OCIO, and Integrated Library System colleagues, work has been underway this year to develop document-level access and facet searching for this collection. This is different from the volume-level access, as found with the inaugural volumes on the website and added to the Law Library's website, law.gov. In addition, 2,146 GLRD legal reports were ingested in CTS (107.3% of the annual goal of 2,000 reports ingested). The legal reports are displayed on the Library's website as Legal Reports (Publications of the Law Library of Congress). By the end of fiscal 2022, the displayed collection consisted of 3,329 digitized and born-digital reports available to the public. Planning commenced for the Supreme Court Records and Briefs digitization project. Law Library staff inventoried the collection beginning with the years 2000-2012, the latest bound volumes, and inventoried 2,909 volumes or 59.8% of this initial group. The final Supreme Court Project Plan was finalized and submitted for review and includes cost estimates

(staff, contract, and financial) to undertake the proof-of-concept pilot and the full digitization of the Supreme Court Records and Briefs project of over 27,000 volumes during the next decade.

Agency Performance Goal: Provide online access to collections in preferred formats through the production of master files for digitized items.

Performance Target: The Library produces 9.04 million master files for digitized items.

Accomplishment: The Library met this target and produced 9,256,259 master digital files [Digital Collection Management & Services Division (DCMS): 2,717,232, National Audiovisual Conservation Center (NAVCC): 71,323, and Preservation Directorate: 6,467,704]. For DCMS, pandemic-related mitigations and construction in the Digitization Services Section (DSS) Digital Scan Center led to interruptions in access to Library materials for digitization and limited the use of digitization resources. Improved processes for the FSA Safety Film Collection, Geography & Maps Division, and Division requests has dramatically increased production speed and quality. The numbers for NAVCC include ingest of files produced by the NAVCC preservation labs, the American Archive of Public Broadcasting (AAPB), and the American Folklife Center digitization project.

Agency Performance Goal: Expand user access to high-value digital content with rights restrictions acquired by the Library.

Performance Target: The Library provides users with access to additional rights-restricted content in Stacks, including at least 20,000 new eBooks, 10,000 new newspaper

issues, and at least 100,000 new eJournal articles.

Accomplishment: Stacks now connects to the Digital Collections Repository (Paprika), allowing restricted content received through this system to display in Stacks. Work continues to enhance Digital Collections Repository processes to replicate current Content Transfer System processes. In addition, Stacks now supports Photos, Prints, and Drawings and CD-ROMs and Disks as presentation formats and renders RTF files, MSG files, BMP files, and EML files. Multiple enhancements to the Stacks user experience were also implemented including: gallery and grid view for search results, continued enhancements to display born-digital manuscript collections, standardized format labels, and character folding. During fiscal 2022, 34,382 eBooks and 156,594 newspaper issues were added to Stacks, exceeding the annual targets for both formats.

Agency Performance Goal: Retire the Library's microform reformatting program and fully transition to a digital reformatting program by the close of fiscal 2024.

Performance Target: The Library increases the number of digital objects created through preservation reformatting efforts during the fiscal year by 33%, and reduces the number of microfilm frames produced by 50%, compared to the prior fiscal year.

Accomplishment: Preservation reformatting has produced 5,525,962 master files of foreign newspapers as of September 30, 2022; and 1,000,000 frames of microfilm in the same period. This means 80% of reformatting services is now in digital production, achieving a 50% reduction in microfilm, compared to the prior year and program targets.

Agency Performance Goal: Advance the BIBFRAME (Bibliographic Framework) initiative to a more stable platform and broader application to facilitate use of Library data in the linked open-data environment.

Performance Target 1: The Library enables the BIBFRAME descriptive cataloging environment to include more descriptions for special categories of materials through ongoing refinements and updates, with 80% of issues reported by staff tracked and resolved within 60 days.

Performance Target 2: The Library transitions the BIBFRAME 2.0 Pilot to an actual descriptive cataloging operation, producing a total of at least 15,000 BIBFRAME descriptions by trained cataloging staff during the year, and providing other libraries and developers with a testbed of Library BIBFRAME descriptions that they can use to test their own schemas and profile editors.

Performance Target 3: The Library demonstrates BIBFRAME stability through the outcomes of three additional PCC libraries' successful implementation of an externally developed, linked open-metadata system based on BIBFRAME principles, increasing the community of libraries whose users can access catalog data online.

Accomplishment: This goal was partially accomplished as planned. In fiscal 2022, Library of Congress staff produced 14,828 BIBFRAME descriptions that were shared publicly, providing the library community with a growing testbed of linked open metadata to describe library collections. This was extremely close to the 2022 target of 15,000. The focus was on enhancing BIBFRAME tools that could be shared and utilized by the increased number of BIBFRAME participants, the stability of the platform that

resulted in a broader application of BIBFRAME and increasing the number of staff trained on BIBFRAME. The BIBFRAME Editor, MARVA, the input-update interface to the BIBFRAME system, continues to evolve with newly enhanced design and features. As a result, it is significantly easier for staff to use. In addition, the BIBFRAME developers enhanced two format conversion tools: converting metadata from MARC21 to BIBFRAME 2.0 and metadata from BIBFRAME to MARC with conversion specifications, conversion programs, and a comparison viewer to support data distribution by the Cataloging Distribution Service. The Library of Congress continued working closely with the members of the Program for Cooperative Cataloging (PCC) Cohort for Linked Data for Production (LD4P) group, led by Stanford University Libraries. The LD4P group continued their linked open data production, and three new institutions joined this year, bringing the total number of LD4P institutions to 20. The ABA Directorate provided the secretariat for the PCC, which supported BIBFRAME projects for data exchange planning, implementation of linked data input interfaces, and use of metadata application profiles. In addition, PCC established the BIBFRAME Implementation Group to guide the PCC community as member institutions begin local implementations. The enhanced editor and conversion tools advanced BIBFRAME to a more stable platform, and cooperative projects achieved broader application throughout the linked open data community.

Agency Performance Goal: Execute the Digital Collections Strategy according to the approved plan.

Performance Target 1: All fiscal 2022 Digital Collections Strategy targets assigned to the RCS service unit are achieved.

Performance Target 2: All fiscal 2022 Digital Collections Strategy targets assigned to the DPS service unit are achieved.

Performance Target 3: All fiscal 2022 Digital Collections Strategy targets assigned to OCIO are achieved.

Performance Target 4: All fiscal 2022 Digital Collections Strategy targets assigned to USCO are achieved.

Accomplishment: The fiscal 2022 Digital Collections Strategy (DCS) targets were met. In addition, during September, a report detailing all fiscal 2022 DCS implementation work, regardless of service unit, was written by the Collection Development Office and the Digital Services Directorate, then submitted to the Deputy Librarian, LCSG. Through the five-year planned implementation of the DCS, the Library will move toward a digital-forward and e-preferred acquisitions model, along with improving service and access for its users.

Agency Performance Goal: Improve accessibility of special formats collections by reducing the arrearage (as described in Table 6 - Unprocessed Arrearage, of the Library's fiscal 2019 Annual Report) to less than 10% of the total collections by fiscal 2028.

Performance Target 1: The Library's arrearage (as described in Table 6 - Unprocessed Arrearage, of the Library's fiscal 2019 Annual Report) is no more than 13% of the Library's total collection (as described in Table 4 - Additions to the Collections-Items).

Performance Target 2: The Library processes 3,500,000 items.

Performance Target 3: The Library reduces the arrearage as described in Table E6 - Unprocessed Arrearage, of the Library's fiscal 2019 Annual

Report, by a net amount of 750,000-1 million items.

Accomplishment: The Library's arrearage (as described in Table 6 of the Library's Annual Report, "Unprocessed Arrearage") at the end of fiscal 2022 is 22,095,104, which is less than 13% of the Library's total collection (as described in Table 4 of the Library's Annual Report, "Additions to the Collections-Items"). NEPR-funded divisions did surpass the fiscal 2022 annual gross reduction target of 3.5 million items by removing 3.6+ million items from the arrearage. The gross reduction numbers were offset by a smaller net reduction due to administrative adjustments, large collections received, and COVID restrictions in place in the beginning of the fiscal year.

Agency Performance Goal: Increase the number of African and Middle Eastern Division (AMED) serials on newsprint that are ready to be shared on the Library's Stacks 3.0 website and newspapers to be microfilmed.

Performance Target: The Library sends 100 bundles of AMED Near East Section serials on newsprint and newspapers for digital production.

Accomplishment: The African & Middle Eastern Division met and exceeded the fiscal 2022 performance target. The Near East Section sent 107 bundles of serials on newsprint for Stacks digitization and sent 116 bundles for microfilming.

Agency Performance Goal: Increase the number and variety of new and legacy digital collections from the African, Hebraic, and Near East Sections that are ready to be shared on the Library's website.

Performance Target: The Library's African Project is in scan processing,

Hebraic rare books project is in scan processing, and Arabic and Persian projects are in scan processing.

Accomplishment: The African & Middle Eastern Division met and exceeded this fiscal 2022 performance target. Part one of the African Historical Postcard collection has been scanned in its entirety and is in post-processing awaiting a finalized collection framework. The Hebrew manuscripts project continued, with 65 manuscripts digitized and more than 30 in process. The Near East Section's Arabic manuscript project is in processing with five batches of 120 items in the workflow. The Near East Section's Persian language project resumed in-house. Five items that have gone through multi-year conservation treatment are processing. A total of 176 titles of manuscripts have been digitized and approximately 300 lithographs have been cataloged and are awaiting conservation review.

Agency Performance Goal: Increase access to and expertise about the collections through virtual and in-person events and presentations focused on RCS collections, experts, and services.

Performance Target 1: The Library reaches 40,000 attendees through virtual or in-person collections-based events and presentations that are organized and/or tracked by RCS.

Performance Target 2: The Library hosts or supports 400 in-person or virtual collections-based events and presentations that are organized and/or tracked by RCS.

Accomplishment: LCSG staff hosted, supported, or planned over 850 events in fiscal 2022, exceeding the target of 400 events. These presentations and displays ranged from research orientations and topic-specific lectures, to university classes and local



Columns frame artwork in the Great Hall.
Shawn Miller

historical societies, to educational programming accompanying the Music Division concerts, as well as Congressional displays and virtual and hybrid presentations. Targets were exceeded due to the lifting of pandemic restrictions allowing for many more in-person events, and the introduction of the new Live! at the Library series which brings in a sizable audience each week. LCSG reached over 190,000 attendees through a wide variety of online and onsite event offerings, far exceeding its fiscal 2022 target of 40,000 attendees. The fourth quarter saw significant attendance in both virtual, in-person, and hybrid events. Highlights for the fiscal year include the reading room open houses and displays offered in conjunction with the Live! at the Library initiative, which saw 200-500 visitors in the Jefferson Building reading rooms each Thursday evening throughout the summer. Staff-supported displays large and small for members of Congress, including events like the Congressional Dialogues Dinners and the reception hosted by Representative Clyburn for the unveiling of the Mary McLeod Bethune statue in Statuary Hall, reached over 3,000 attendees. Finally, for the first time since 2019, LCSG staff supported an in-person National Book Festival. Between the LOC stage and the exhibit hall tables, LCSG divisions reached several thousand visitors. Through these varied and far-reaching events, staff successfully increased access to the Library's collections and expertise.

Agency Performance Goal: Make the copyright system as understandable and accessible as possible.

Performance Target 1: 2,000 record books are available online to the public by end of fiscal 2022.

Performance Target 2: 500,000 approved Card Catalog images are available in the Copyright Public Record System pilot by end of fiscal 2022.

Performance Target 3: Onboard staff and issue regulations regarding the Copyright Claims Board (CCB) processes NLT June 27, 2022.

Performance Target 4: By September 30, 2022, produce and provide public information on filing claims, initiating appeals, viewing decisions, and understanding the Copyright Claims Board (CCB) policies and procedures.

Performance Target 5: Coordinate build out of required permanent space to accommodate Copyright Claims Board (CCB) staff. Expected completion October 2022.

Accomplishment: This goal was partially accomplished as planned. Copyright Records has exceeded the fiscal 2022 target to make 2,000 record books available by 92%, resulting in 3,847 record books available online to improve access to copyright information for the public. The office did not meet the target to release card images to the public. However, Copyright Records has cleaned up 500,629 card images for the Copyright Public Records System. The Office wanted to ensure that not only were the application cards searchable, but sortable and filterable as well. These last two components are in development and Copyright Records intends to release all available Card Catalog records before the end of calendar

year 2022. The Copyright Claims Board (CCB) opened its doors for operations on June 16, 2022, and occupancy of the permanent space to accommodate CCB staff was expected to begin in October 2022. Work towards these targets acts in tandem to prepare and provide access to copyright information that was not previously available online to the general public.

Agency Performance Goal: Play a leadership role in developing, hosting, and expanding programming formats, materials, and experiences.

Performance Target 1: Implement the Visitor Experience Master Plan, including the development of three visitor engagement opportunities and the Southwest Corridor experience plan and design.

Accomplishment: In fiscal 2022, CLLE played a leadership role in developing, hosting, and expanding programming formats by launching "Live! At the Library" and the supporting programming development group. These efforts ensured a cohesive programming message to the public and expanded access to and awareness of Library services. CLLE moved, consolidated, and reopened the Young Readers Center/Programs Lab, which welcomed approximately 10,000 visitors in the fiscal year. Division staff worked closely with CEI, including establishing monthly coordination meetings between offices and taking a leadership role in the Visitor Experience Communications Committee to implement the Visitor Experience Master Plan. Library leadership reviewed the final experience design for the Southwest Corridor in August 2022, which was approved.



STRATEGIC GOAL 2 Enhance Services

We will create valuable experiences for every user to foster lifelong connections to the Library.

13 Performance Goals | 7 (54%)

Accomplished | 6 (46%) **Partially Accomplished**

Agency Performance Goal: Enhance the 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 220 pages of The Constitution Annotated (CONAN) content to ensure it is ready for publication by September 30, 2022.

Accomplishment: The CONAN website was enhanced with improved navigation through linked breadcrumbs, a sitemap, streamlined organization, and improved Admin App tools. CRS prepared 1,044 pages of new CONAN content and replaced approximately 1,561 pages of old content with new content. Since its launch on September 17, 2019, the website has had over 13.8 million visits and 26.8 million page views.

Agency Performance Goal: Modernize CRS mission-specific information systems.

Performance Target 1: CRS will provide subject matter expert (SME) support to the IRIS program.

Performance Target 2: OCIO will support improved functionality and features for CRS systems, such as CRS.gov, Text Analysis Program (TAP), Mercury, and the Content Management System (CMS).

Accomplishment: This goal was partially accomplished as planned. The Authoring & Publishing (A&P) solution successfully pivoted and

recovered from the fiscal 2021 contract failures. The program also expanded the active number of modernization efforts to address all Integrated Research and Information System (IRIS) defined requirements. In fiscal 2022, the new A&P contractor delivered an authoring and workflow solution based upon Microsoft 365 (M365), which directly aligns with the OCIO roadmap minimizing Total Cost of Ownership (TCO). This solution is currently being reviewed by CRS Staff. In fiscal 2022, the contracts to support CMS modernization and Congressional Request Management System (CRM) were re-competed and awarded. The solutions proposed are also based upon M365, providing significant synergy and a range of capability options. In fiscal 2022, the TAP and Bill Summary modernizations were initiated. A TAP proof of concept was delivered and evaluated to be a viable solution. IRIS also completed a requirements and solution analysis for Analyst Tools, Enterprise Search, and CRS.gov that will inform the development of those solutions in fiscal 2023.

Agency Performance Goal: Make Braille and Audio Reading Download (BARD) products more scalable, user-friendly, and flexible.

Performance Target 1: Improve BARD services to increase annual patron usage to 25%.

Performance Target 2: Implement microservices and MFA capabilities for BARD modernization.

Accomplishment: This goal was partially accomplished as planned. During fiscal 2022, NLS continued to make BARD more scalable, user-

friendly, and flexible. The Library's project team is confident about the ability of the current BARD 2.0 modernization development contractor to successfully complete the modernization of BARD. The relationship between NLS and login.gov is good, but the overall progress on the integration of login.gov as the identity provider for NLS continues to be limited because login.gov has prioritized other projects. NLS and the OCIO consider login.gov to be a key component of the Library's future NLS identity provider strategy, and will continue to work on this during fiscal 2023.

Agency Performance Goal: Enhance patron self-service capabilities.

Performance Target 1: Improve patron self-service capabilities to increase annual patron usage of BARD to 25%.

Performance Target 2: Pilot Dashboard for annual service requests and monitor request rate.

Accomplishment: This goal was partially accomplished as planned. During fiscal 2022, NLS continued to improve BARD self-service capabilities. The rework of the NLS program interest form (formerly known as the "Helen" form) was successfully completed, and has exceeded expectations for improving the user experience. The other self-service initiative to improve password reset/changing was successfully developed, but production rollout was delayed by NLS's prioritization of the NLS Veterans Administration (VA) rapid sign-up project. The NLS VA rapid sign-up project was successfully implemented and offers a vastly

improved NLS signup experience for veterans. This project enhanced the relationship between NLS and the VA, and will greatly improve the number of veterans using BARD.

Agency Performance Goal: Increase patron use and access by distributing new Braille eReaders and accessories.

Performance Target: Disseminate 6,000 Braille eReader devices to designated NLS libraries and corresponding patrons.

Accomplishment: Despite the realization of production and supply chain risks, NLS successfully met its performance targets for the eReader project and distributed approximately 5,865 Braille eReader devices to NLS libraries and their patrons. Both eReader devices have now been transitioned to the rollout phase across 39 states and the NLS overseas office. By the end of fiscal 2022, NLS had procured a total of 13,900 eReader devices to continue expansion of the program across the network. Upon completion of the pilot phase, the eReader pilot survey was analyzed based on the responses from 1,086 pilot participants. The analysis demonstrated that 80% of participants were satisfied with the eReader.

Agency Performance Goal: Increase patron use and access by piloting talking book players.

Performance Target: By the end of fiscal 2022, complete a pilot of new talking book players (DTBM DA-2).

Accomplishment: Successful field testing of the DTBM DA-2 talking book player means it is ready for inclusion within the NLS portfolio of products for program delivery. Field testing of the Alexa Skill and Google Assistant actions will provide data for analysis to determine their viability for inclusion within the NLS portfolio.

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

Performance Target 1: In 16 releases, OCIO will implement new features and content for Congress.gov in order to enhance the value of the website as the sole legislative information platform serving Congressional Members, staff, and constituents.

Performance Target 2: CRS will provide subject matter expert (SME) support for 16 releases of site enhancements for Congress.gov in collaboration with OCIO throughout fiscal 2022.

Performance Target 3: CRS will provide SME support to develop modern systems that replace legacy systems such as TAP and XLIS.

Accomplishment: A notable, and highly anticipated, success in fiscal 2022 was the preparation and launch of the Congress.gov API. Additionally, the Congress.gov team successfully completed 17 releases. Significant work was completed on data modernization for nominations and Senate legislation with a transition for treaties.

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

Performance Target: Remove, decommission or relocate remaining racks and IT system from the legacy data center.

Accomplishment: This goal was partially accomplished as planned. The decommissioning of the legacy Madison Data Center is on track for completion by the end of calendar year 2022. The IT Security Office

continues to make steady progress decommissioning legacy hardware and relocating hardware to the Technical Operations Center (TOC).

Agency Performance Goal: Create a more agile environment with access to powerful and collaborative workplace tools for Library users.

Performance Target: Leverage Microsoft's experience to implement Microsoft 365 (M365) as a SaaS for the Library, hosted in the FedRAMP accredited Microsoft GCC. The initiative will enable OCIO to quickly transition Library operations to M365.

Accomplishment: This goal was partially accomplished. OCIO successfully procured the M365 SaaS product and began the planning and early implementation phases of this project during fiscal 2022. OCIO is coordinating scheduling and implementation efforts to align with CRS IRIS and Law Library SharePoint Application deployment critical path dates. Implementation and rollout of the M365 solution will occur during fiscal 2023 and into fiscal 2024.

Agency Performance Goal: Provide cellular coverage throughout the LOC using modern technology.

Performance Target: Upgrade Cellular Phone systems to 5G and initiate Continuous Improvement process.

Accomplishment: This goal was partially accomplished because funding was not received until May, which caused delays. OCIO has completed the procurement and is currently in the planning and implementation phase of this project. OCIO is coordinating scheduling and implementation with Integrated Support Services (ISS) and the Architect of the Capitol (AOC). This is a multiyear project and will continue to be a priority through the end of fiscal 2024.

Agency Performance Goal: Improve the visitor experience so that users will better understand the Library's story.

Performance Target 1: By the end of fiscal 2022, CEI will make the following progress on the Visitor Experience Master Plan spaces: Treasures Gallery: final design for exhibit elements and final artifact checklist complete and moved to fabrication and A/V and interactives production and A/V systems integration; Orientation Gallery: 75% completed with content and design development; SW Corridor: content and design development complete and moved to final design for exhibit elements; Wayfinding Signage: concept design complete and moved to final design for exhibit elements.

Performance Target 2: Researcher & Collections Services supports the VEMP effort and ensures smoother execution by actively participating in VEMP implementation efforts.

Accomplishment: In fiscal 2022, CEI successfully met the goals on the Visitor Experience Master Plan

spaces. All spaces are in their projected phases as we enter fiscal 2023: the Treasures Gallery has moved into fabrication and A/V and interactives production, a/v systems integration; 75% of the content and design development for the Orientation Gallery was completed, and wayfinding signage concept design is complete and has moved into the design development phase.

Agency Performance Goal: Expand the Library's exhibition program so more users are able to experience the Library's collections by increasing the square footage of exhibition spaces.

Performance Target: 50% of the overall exhibit space plan will be completed in fiscal 2022.

Accomplishment: In fiscal 2022, CEI worked with internal and external stakeholders to ensure projects were moved to the appropriate phases. As a result, 50% of the overall exhibit space plan was completed as planned, meaning the goal was accomplished.

Agency Performance Goal: Create in-person, digital, and national

audience experiences that provide public value, have social impact, and foster lifelong connections to the Library.

Performance Target: Develop an audience-focused "library of resources" for national/state networks, partners, and ambassadors to foster greater community engagement with the Library.

Accomplishment: In fiscal 2022, CLLE sought to further enable "connectors" to extend the Library's reach by creating a strategy for targeted outreach that included locations as well as audiences and networks and began the development of an audience-focused "library of resources" for national/state networks, partners, and ambassadors to foster greater community engagement with the Library. In fiscal 2023, CLLE will identify an online home for these resources, enabling reliable and easy access for our partners, ensuring greater coordination through expanded sharing of information and opportunities.



STRATEGIC GOAL 3 Optimize Resources

We will modernize, strengthen, and streamline our operational capabilities.

17 Performance Goals | 10 (59%)

Accomplished | 6 (35%) Partially

Accomplished | 1 (6%) Not

Accomplished as Planned

Agency Performance Goal: Improve service quality and drive IT investment performance, aligning projects, programs, and portfolios to the Library's strategic goals.

Performance Target: By September 30, 2022, the Project Management Office (PMO) will complete milestones as identified in year one of the PMO Execution Roadmap

to ensure 90% of projects fully comply with project management guidance, templates, and reporting requirements.

Accomplishment: The PMO Execution Roadmap was initially established in October 2021 to outline a five-year plan to mature high-level project management practices in support of key business drivers, including the Library's strategic goals, the OCIO Directional Plan, and OIG and GAO recommendations. The PMO successfully completed several major milestones outlined

in the first year of the roadmap. As a result of these and other efforts, the PMO closed nine OIG audit recommendations this fiscal year, and more than satisfactorily addressed this year's target to ensure 90% of IT projects fully comply with project management guidance, templates, and reporting requirements.

Agency Performance Goal: Develop, modernize, strengthen, and streamline CLLE's operational capabilities to create a more sustainable unit.

Performance Target 1: Establish cyclical planning and implementation processes with the Development Office for signature events.

Performance Target 2: The Development Office will establish cyclical planning and implementation processes with CLLE to optimize donor and prospect engagement and solicitation for signature events.

Performance Target 3: Successfully return volunteers to on-site service, train 100% of volunteers on a volunteer management system, create and publicize three new volunteer opportunity descriptions, and implement a volunteer service marketing and outreach strategy.

Accomplishment: CLLE partially accomplished this goal as planned. In fiscal 2022, CLLE launched two reimagined volunteer opportunity roles for on-site service (Roaming Docents and Information Desk/Ticket Taking Volunteers) in response to pandemic restrictions and future crowd control needs, and returned more than 35% of volunteers to active, on-site service after a more than 18+ month hiatus. The Visitor Engagement Office and Informal Learning Office partnered to develop a third new volunteer opportunity description for a Young Readers Center & Programs Lab volunteer. All reengaged volunteers submitted updated Voluntary Services Agreements and Vaccine Certification Forms for HCD for a successful return to on-site service. The Visitor Engagement Office also continued to develop a revised curriculum for volunteers, with an aim at normalizing virtual instruction and simplifying curriculum requirements (where possible). CLLE also relaunched professional development sessions for existing volunteers, hosting monthly, well-attended virtual webinars with Library experts. CLLE recruited, trained, and managed

more than 500+ on-site volunteers for the National Book Festival. A Volunteer Management System contract was awarded at the end of the fiscal year with the support of the Contracts and Grant Division, and implementation will begin in early fiscal 2023. And working with the Development Office, CLLE established and implemented parameters for fiscal 2023 goals and funding cases. This includes projections of needs from key funders and established timelines for funding requests.

Agency Performance Goal: Ensure higher level of reliable service for NLS operations and patrons by implementing NLS Business and IT Modernization.

Performance Target 1: NLS will create and implement a new business/operating model that supports newly developed project management protocols.

Performance Target 2: OCIO will support implementation of upgraded and modern NLS platforms per the NLS IT Modernization roadmap.

Accomplishment: During fiscal 2022, following the lead of OCIO Project Management Office's best practices, NLS made significant strides in developing and implementing its project management operating model. NLS and OCIO matured their processes as the year progressed, and have closed six of the 15 OIG audit recommendations with more expected to close in the first half of fiscal 2023.

Agency Performance Goal: Develop an updated Integrated Master Schedule and an Enterprise Planning & Management (EPM) data strategy to implement an integrated EPM Program.

Performance Target: By September 30, 2022, the Financial Services Division (FSD) will start a data

governance study, hire two data staff in FSD, deliver an integrated view of planning, and draft the data strategy.

Accomplishment: This goal was partially accomplished as planned. The Financial Services Directorate (FSD) met with its stakeholders and started its data governance study. Positions to support EPM were funded in March 2022 and the position descriptions have been created and submitted for classification by the Library's Human Capital Division. The hiring of two data-related roles is in progress. FSD extended its target date to complete this phase of the project to allow for additional stakeholder collaboration on future state requirements; however, this delay has well prepared stakeholders in EPM for the future toolset implementation with the delivery of an integrated view of planning. The EPM Integrated Master Schedule was completed in fiscal 2022 and served as a valuable communication tool for stakeholders while supporting the justification of the EPM resource request.

Agency Performance Goal: Library Collections and Services Group will broaden capabilities to monitor collection services activities by implementing a methodology that addresses the acquisition, processing, and storing of materials across different formats.

Performance Target: The Library closes 50% of OIG recommendations from Report 2018-SP-101.

Accomplishment: This goal was not accomplished as planned. Two OIG recommendations [#4 (arrearage definition) and #12 (performance goal)] have been closed, and LCGS has requested closure for another recommendation [#3 (workflow analysis)]. LCGS anticipated closing additional recommendations during fiscal 2022 but was unable to do

so due to additional work required to address recommendation #6 (complete and accurate data on unprocessed physical collections) in a less cumbersome and more statistically valid way. LCGS is redoubling its efforts across the remaining recommendations and anticipates closing most, if not all, of those recommendations in the upcoming year.

Agency Performance Goal: Provide unified access to and search functionality across the collections, enabling easier navigation and discovery for users.

Performance Target 1: The Library awards contract and initiates implementation of the Library Collections Access Platform (LCAP).

Performance Target 2: OCIO will support the preparation and completion of the RFP for the selection and implementation of the Library Collections Access Platform (LCAP).

Accomplishment: The Library awarded the Library Collections Access Platform (LCAP) contract on September 16, 2022 to EBSCO to implement the open-source FOLIO library service platform, signaling a major investment in the future of the Library as well as the library community as a whole. This agreement also includes a commitment to extend the FOLIO platform to support linked open data, which marks a watershed moment in the progress of library technology. LCGS and OCIO held initial planning sessions with the vendor in September, laying the groundwork for this critical project.

Agency Performance Goal: DPS will broaden the capability to monitor collection services activities by implementing a methodology that addresses the acquisition,

processing, and storing of materials across different formats.

Performance Target: The Library completes initial mapping of all regularized collection services business workflows that are key to meeting user needs.

Accomplishment: For the past three years, the Business Analysis Team has worked with stakeholders across the Library to complete the mapping of all regularized workflows that are key to meeting user needs. In fiscal 2022, the workflows that make Library collections accessible to users were documented. A total of 156 workflows were mapped across 39 divisions in DPS and RCS. These process maps identify who performs each activity, the location of collections throughout the process, the IT systems and tools used, handoffs between LCGS divisions, and significant progress points.

Agency Performance Goal: Improve IT security monitoring and assessment in order to safeguard the Library's IT systems and information which includes the nation's cultural heritage and sensitive congressional data.

Performance Target 1: Continuously monitor, test, and manage incidents as well as anticipate and counter evolving cyber-based threats throughout fiscal 2022. At least 95% of Library systems controls are continuously monitored.

Performance Target 2: Extend the LC-SOC security tool capabilities into the LC cloud environments.

Performance Target 3: Identify High Value Library Data within CRS and the Law Library and determine the appropriate controls to protect and monitor this data whether it resides in a Library 'on-prem' data center or in a cloud environment.

Accomplishment: The IT Security Office partially accomplished this goal, improving IT security monitoring and assessment during fiscal 2022 through a number of critical activities. These include automating High Value Asset assessments, expanding security operations center tools (such as Splunk and NetWitness) to enhance security capabilities in the cloud, and improving continuous monitoring, testing, and management of IT security incidents. These activities will continue to evolve and mature into fiscal 2023 and beyond.

Agency Performance Goal: Ensure Library records retention policies and procedures conform with government directives and best practices.

Performance Target: By the end of fiscal 2022, complete Phase 1 of implementation of Records Management System (RMS).

Accomplishment: OCIO partially accomplished this goal in fiscal 2022. Phase 1 of the Records Management System (RMS) is complete and the IT system is in production. Functionality has been established and records are still being uploaded into the system. The vendor built the functionalities and capabilities for email journaling and file share syncing, and 75% of the Library IT systems in Phase 1 have been integrated with the RMS. The entire Library of Congress Records Schedule, the File Plans for the Phase 1 offices, and the Records Storage database have been fully integrated with the IT system.

Agency Performance Goal: Improve management of A/V collections by implementing a new A/V Collections Management System.

Performance Target 1 (owned by RCS): Phase 1 of the A/V Collections Management System (AVCMS)



Arch and column, Great Hall second floor
Shawn Miller

capability is prepared for go-live, to support all activities previously performed using the Merged Audio-Visual Information System (MAVIS) and the majority of Packard Campus Workflow Application (PCWA) activities.

Performance Target 2 (owned by OCIO): Phase 1 of the A/V Collections Management System (AVCMS) capability is prepared for go-live, to support all activities previously performed using the Merged Audio-Visual Information System (MAVIS) and the majority of Packard Campus Workflow Application (PCWA) activities.

Accomplishment: During the fiscal year, the AVCMS project schedule was rebaselined for system delivery in early 2023; as such so the goal was partially accomplished as planned. The project is currently on target to meet the new schedule. This new AVCMS will replace the current MAVIS which will no longer be supported by the developer, and will replace most of the internally developed PCWA system. The new AVCMS system will improve the Library's ability to manage the preservation and conservation of its Audio-Visual collections.

Agency Performance Goal: Develop and continuously update robust, state-of-the-art and flexible Copyright Office services.

Performance Target 1: 80% of invited organizations have created a pilot account by end of fiscal 2022.

Performance Target 2: 60% of fiscal 2022 recordations are submitted through the recordation pilot application by September 30, 2022.

Performance Target 3: 65% of survey respondents are satisfied with their search results by end of fiscal 2022.

Performance Target 4: Conduct Registration activities necessary to

ensure development and delivery of the ECS according to the integrated master schedule.

Performance Target 5: Conduct Licensing activities necessary to ensure development and delivery of the ECS according to the integrated master schedule.

Performance Target 6: Conduct Recordation activities necessary to ensure development and delivery of the ECS according to the integrated master schedule.

Performance Target 7: By September 30, 2022, USCO will work with OCIO to deliver functionality in support of the Licensing EPIC for Licensing staff use.

Performance Target 8: By September 30, 2022, create a clickable prototype for at least one group registration application to provide user research data and estimate the level of effort and velocity that will be necessary to replace this current functionality found in eCO.

Performance Target 9: By September 30, 2022, the proposal for the PIO Contact Center Integration will be completed.

Performance Target 10: Conduct Platform Services activities necessary to ensure development and delivery of the ECS according to the integrated master schedule.

Performance Target 11: Conduct Public Records activities necessary to ensure development and delivery of the ECS according to the integrated master schedule.

Accomplishment: The Copyright Office has partially accomplished this performance goal for fiscal 2022. While Copyright Records made efforts to engage pilot users for the Recordation System through targeted communication, some organizations were not interested

or did not respond. Therefore, the Office did not meet its performance targets for Recordation Outreach nor for the Copyright Public Records System (CPRS) survey. The Office successfully opened the Recordation System to the general public for recording transfers of copyright ownership under section 205 on August 1, 2022. At this point, the number of pilot organizations was no longer relevant to the system as new users began to flood in. The system saw more than double the organizations by the end of the first month. The Recordation System showed great engagement in the last two months of the fiscal year with 70% of recordation submissions made through the pilot after the public release. Although the Office did not meet the set target for submissions through the Recordation pilot, it should be noted that the Office was in a limited access pilot for most of the year. The Office, in conjunction with OCIO, also conducted moderated user testing on a prototype of the group registration application for unpublished works. This group application is the most widely used group option and is available for works in all three Registration Program Divisions. Lastly, the Licensing section completed work on the basic ingestion features which was made available for staff to begin testing in October.

Agency Performance Goal: Improve the Library's ability to use new technologies to accomplish the goals of the Digital Strategy.

Performance Target: By September 30, 2022, the Digital Strategy Directorate will gather evidence and develop reports to increase participation in innovation programs and demonstrate interest from external users and staff in the Library's digital content.

Accomplishment: The Digital Innovation Lab gathered evidence and developed reports to increase participation in innovation programs and access to the Library's digital content. Numerous activities, including contracts with the Federal Innovation Division and 18F, the development of a new contracting vehicle and task orders, and the results of initiatives such as the Mellon-funded Computing Cultural Heritage in the Cloud, contributed to opportunities for innovation at the Library. The Digital Innovation Lab also worked to determine future directions for two popular Innovator in Residence initiatives focused on staff and public engagement with digital content (Citizen DJ and Newspaper Navigator), which will improve the Library's use of technology and engagement with users.

Agency Performance Goal: Determine a plan for the future of the Library's digital transformation in alignment with current technology and Library strategic goals.

Performance Target: By September 30, 2022, the DSD will determine the need for an update to the Library's Digital Strategy and produce an agenda for future activity on the Library's digital transformation.

Accomplishment: The Digital Strategy Directorate determined the best path forward for future digital transformation activity. In collaboration with the Library's Digital Strategy Working Group (DSWG), staff analyzed the components of the current Digital Strategy, celebrating progress and outlining opportunities for future digital activities. Staff also coordinated with service units and various agency-wide working groups on implementation and planning activities. Based on the analysis and the needs of the agency, digital strategy will be integrated into the

Library's next five-year Strategic Plan.

Agency Performance Goal: Improve Library security through modernization of the Integrated Electronic Security System (IESS).

Performance Target 1: Support IESS implementation to modernize the LOC Physical Security Network at the Capitol Hill.

Performance Target 2: Award contract and begin installation of new IESS equipment by September 30, 2022.

Accomplishment: The Library made substantial progress in its effort to modernize the IESS in fiscal 2022. Most significant was the award of a task order to replace aging and end-of-life equipment to include over 200 cameras, 700 card readers, 19 security panels, and the Secondary Intrusion Detection System (SIDS). Additionally, all cameras and video recording equipment were replaced in the following areas: (1) Packard Campus, (2) Geography and Map Reading Room, (3) Madison Building Loading Dock, and (4) Newspaper and Current Periodical Reading Room.

Agency Performance Goal: Improve the hiring processes by developing a hiring manager satisfaction survey.

Performance Target: Develop and deploy hiring manager satisfaction survey by September 30, 2022.

Accomplishment: The Human Capital Directorate (HCD) fielded a hiring manager satisfaction survey in the third quarter of fiscal 2022. Responses were assessed and led to targets for improvements which include clarity in service levels of the hiring process, opportunities for streamlining in the suitability determination phase of hiring, and refinement of job analysis phase of hiring.

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

Performance Target 1: In fiscal 2022, the Development Office will solicit and close \$20M+ in new gifts through the solicitation, cultivation, and stewardship of current and prospective donors for Library priorities.

Performance Target 2: In fiscal 2022, the Development Office will implement cohesive and systematic cultivation/solicitation strategy to build diverse revenue streams.

Accomplishment: The Development Office (DO) successfully met this goal in fiscal 2022. With approximately \$21 million raised, \$18.7 million of which was in cash and equivalents with the other \$1.9 million pledged, DO surpassed its original goal of \$20 million raised. Fiscal 2022 saw the Friends of the Library of Congress (FLOC) program welcome nearly 1,000 members in its inaugural year while James Madison Council membership grew by 11 new members, bringing its total to 76 largely active members. Corporate and foundation relations also grew in fiscal 2022, with the National Book Festival and the Gershwin Prize for Popular Song presenting ideal opportunities to restart or begin

new conversations with groups like General Motors, Scholastic, AARP and others. Similarly, DO leveraged smaller scale events like the Not an Ostrich preview to cultivate FLOC, Alumni, and Volunteers for donations through engagement in a one-of-a-kind, invite-only program. In all, fiscal 2022 saw both individual programmatic growth as well as integration across communication channels as groups began to fit more cohesively with one another.

Agency Performance Goal: Expand Development outreach and engagement to build new avenues for fundraising.

Performance Target 1: Finalize the plan for the public campaign launch in fiscal 2023.

Performance Target 2: Work with FSD and OGC to identify a comprehensive framework for unrestricted funds to support Library priorities.

Accomplishment: In fiscal 2022, the Development Office (DO) succeeded in efforts to “Expand Development outreach and engagement to build new avenues for fundraising.” This success came as a result of both internal and external efforts to prepare DO and the Library more broadly for the public launch of its capital campaign. First, by

securing the use of trust income to support its staff, DO ensured the sustainability and efficiency of its operations now and into the future. By making the best possible use of existing funds, DO is able to be more flexible in its operations while simultaneously freeing up appropriated resources to support essential services across the institution. From an outreach perspective, DO’s work in fiscal 2022 focused on establishing defined communication strategies to prepare for the public launch of the campaign in December 2023. Through its work with SteegeThomson, a communications consultant with expertise in campaign communications, DO closed fiscal 2022 with a Campaign Brochure, flexible templates for use in formal proposals for support, a digital communications strategy, and more. Now, with an internal Visitor Experience Campaign Committee (VECC) established, DO is working across service units to communicate internal priorities around campaign messaging, priorities, and more. Looking to fiscal 2023, DO will work with partners in CEI, CLLE, and others to plan for special unveiling of the Treasures Gallery in December 2023, marking the official public launch of the Library of Congress campaign.

STRATEGIC GOAL 4

Measure Impact

We will use data to measure our impact and to share a powerful story.

9 Performance Goals 4 (44%)

Accomplished 1 (56%) Partially Accomplished

Agency Performance Goal: Leverage the Acquisition Forecast to specify required RQ submission dates to balance obligations across the fiscal year.

Performance Target: Obligate 50% of funds by March 30, 2022.

Accomplishment: Increased fidelity of acquisition data enabled the Library’s Contracts and Grants Division (CGD) to mitigate delayed funds availability stemming from the Continuing Resolution, anticipate and foster timely submission of requirements, monitor weekly velocity, and escalate issues to head them off before they materialized into crises. CGD achieved its target

on April 29, 2022, following passage of the fiscal 2022 appropriation; therefore, this goal was partially achieved as planned.

Agency Performance Goal: Mature the Library’s cost estimating and cost accounting standards and best practices to improve cost management.

Performance Target 1: By September 30, 2022, implement cost estimating skillsets in OCIO and the Financial Services Division (FSD) and assess governance capabilities to mature the Library's governance and best practices.

Performance Target 2: By September 30, 2022, evaluate OCIO's proposed cost structure and FSD's financial systems to identify recommendations to mature the Library's cost accounting capabilities, standards and best practices.

Accomplishment: FSD partially accomplished this goal in fiscal 2022. Actions to hire new staff to support cost estimation and cost accounting are in process and all the requested positions should be filled by the second quarter of fiscal 2023. Implementation of cost analysis skillsets in FSD and OCIO will mature the Library's cost management best practices.

Agency Performance Goal: Implement improvements and/or simplifications in financial statement reporting methods to increase effectiveness in reporting controls and procedures.

Performance Target 1: Document the process to record capital expenditures from the requisition through the life of the asset by March 31, 2022.

Performance Target 2: Establish and document the 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 by March 31, 2022.

Performance Target 3: Pilot a process for reporting select Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) and entities, including financial statement

reporting, on a monthly basis by September 30, 2022.

Accomplishment: This goal was partially accomplished as planned in fiscal 2022. Financial Reporting (FR) evaluated the Fund Balance with Treasury (FBWT) process and successfully piloted and implemented for the FEDLINK and Federal Research Division (FRD) GTAS entity in January 2022 monthly reporting to Treasury. FR continues to report the one GTAS entity (FEDLINK and FRD) on a monthly basis to Treasury, and is also testing monthly reporting for a second entity, without FBWT differences. FR also cleaned up its cash reconciliations, which further streamlined its FBWT process to facilitate GTAS. Additionally, FR expanded its staff in fiscal 2022 Q2 to assume, amongst other things, GTAS-related responsibilities. FSD requested several additional FTEs in its fiscal 2023 budget request to further expand FR's human resources, specifically to have more staff dedicated to performing monthly GTAS. Further evaluation is still needed to improve/simplify other FR procedures such as the quarterly reconciliation of non-Treasury investments and the process to record capital expenditures from the requisition through the life of the asset. Activities associated with completing this target will be incorporated with the new aligned fiscal 2023 goals.

Agency Performance Goal: Improve timeliness and quality of customer support by documenting processes and procedures.

Performance Target: Outline and draft documents and processes by September 30, 2022.

Accomplishment: Customer service has improved following the on-site return of Library staff. A number of changes were implemented at the

end of fiscal 2022, which include a duty section to answer calls and support Library staff. Additionally, a review of the organization's intranet site was conducted, revealing numerous opportunities for improvement. In fiscal 2023, the office will look to improve customer service even more following a survey to determine Library needs. This goal is continuous and will be expanded to be an agency goal in fiscal 2023.

Agency Performance Goal: Improve staff readiness to respond to threats, incidents, and emergencies by updating emergency preparedness training for Library staff.

Performance Target: Increase number of staff trained in emergency preparedness by 25%.

Accomplishment: The Security and Emergency Preparedness Directorate (SEPD) launched the updated online Emergency Preparedness Training Course on June 2, 2022, and by September 30, 2022, 2,360 Library staff had completed the course. This number is over two-thirds of the number of permanent staff members employed at the Library. The majority of Library staff are now trained and prepared to respond to modern day threats and emergencies that could occur in and around the Library buildings and facilities.

Agency Performance Goal: Improve response to threats, incidents, and emergencies by providing up-to-date emergency preparedness equipment.

Performance Target: Increase the percentage of emergency preparedness equipment compliant with industry standards from 50% to 100% by September 30, 2022.

Accomplishment: This goal was partially accomplished. The Emergency Preparedness Division is

continuing to work towards bringing EP equipment into compliance with industry standards despite the challenge of a current EP staff shortage and the lack of available Library staff working onsite. Progress made this year towards meeting the performance target did include: issuing updated radios to Floor Wardens; dispensing approximately 210 additional SCape Hoods to employees; inventorying of and disposing of old/expired EP equipment and SIP supplies of food, water and SCape Hoods and replacing them with new supplies to be distributed to all SIP kits by the end of calendar year 2022.

Agency Performance Goal: Improve the Library's ability to develop strong performance measures that align to unit Directional Plans and drive progress to the agency's strategic goals.

Performance Target 1: 90% of approved fiscal 2023 agency-level performance goals and targets are in alignment with the measures articulated in unit Directional Plans.

Performance Target 2: Convene four effective sessions of the agency-wide user data community of practice that facilitate high-value conversations about the collection and analysis of user data and data-based decision making, as measured by 70% of post-event survey respondents rating the meetings as 'valuable' or 'very valuable' in after-event surveys.

Performance Target 3: Facilitate effective training on identifying performance indicators and setting goals and targets based on Directional Plans, as measured by 75% of training participants indicating the training was valuable.

Performance Target 4: Launch an approved set of enterprise-level

Key Performance Indicators by September 30, 2022.

Accomplishment: SPPM accomplished this performance goal, achieving all four performance targets over the fiscal year. SPPM compared the performance targets set for fiscal 2023 to the Directional Plans produced by each planning unit. 94% of the fiscal 2022 performance targets were in alignment with the measures articulated in the unit Directional Plans, indicating that units and centers understand the connection between their Directional Plans and the annual planning process. The measures training developed and launched by SPPM in the spring of 2022 was successful, with 85% of survey respondents sharing that the SPPM measures training was "very valuable" (53%) or "valuable" (32%). In addition to providing value to the Library's planning teams through trainings and tailored workshops, SPPM facilitated three User Data Community of Practice meetings. On average, 56 staff and leaders from across the agency attended these meetings, and SPPM exceeded its four quarterly targets of >70% of attendees finding the events "valuable" or "very valuable". Finally, SPPM successfully lead the Agency's Key Performance Indicator (KPI) Design Project, which will greatly improve the Library's ability to measure and communicate its work and impact. Phase II of the project, in which Tiger Teams defined the scope of the KPI areas and recommended potential measures for the program, launched in October and concluded in February. After circulating the Tiger Team recommendations to Library executives and leaders for comment, SPPM used the feedback collected to develop a phased execution plan. The Design Project launched a pilot in July to test nine recommended measures, and in

September, SPPM was prepared to add another 30 measures to the test KPI dashboard. Work will continue on the KPI Design Project throughout fiscal 2023.

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 1: Continue the maturation of the Library's Integrated Risk Management and Control program by completing six (6) iRIC Confirmation Reviews by September 30, 2022.

Performance Target 2: Close out six OIG Audit Recommendations targeted for fiscal 2022.

Performance Target 3: Implement and operationalize the Library's Enterprise Risk Management (ERM) governance body.

Accomplishment: SPPM accomplished its objectives and targets for this performance goal. Fiscal 2022 saw the successful launch and implementation of the Risk Management Council (RMC). Four RMC sessions were planned and held in fiscal 2022, resulting in important revisions to shared risk identification, and the risk Confirmation Review process. As well, the RMC began important discussions regarding enhancements to the Library's approach to fraud risk management towards closing OIG recommendations regarding fraud risk practices. SPPM has successfully closed seven of the twelve OIG audit recommendations for the iRIC program, or 100% of the OIG recommendations it planned to close in fiscal 2022. Finally, SPPM completed all six planned Confirmation Reviews for fiscal 2022. These reviews aimed to confirm the Risk Register content of high priority risks, such as risks with a high risk

score, or risks associated with an audit finding. The results of the Confirmation Reviews were provided to the RMC and, in some cases, generated additional conversations that helped clarify a unit's approach to assessing and responding to its priority risks. SPPM will continue to leverage the expertise of the RMC in fiscal 2023 to improve the iRIC program, with an emphasis on the development and implementation of a fraud risk and enterprise risk framework.

Agency Performance Goal: Lead Library-wide efforts to identify, capture, and use audience-focused data to measure and communicate public impact.

Performance Target: Model commitment to and demonstrate the value of using data and research to inform program decision making.

Accomplishment: In fiscal 2022, the Library Events Office (LEO) expanded its audience-focused data reporting to include onsite events and a more robust comprehensive analysis of the Library's virtual content. At the end of each month, LEO provides a monthly report to Library leadership examining and communicating the online viewership and engagement metrics of all public programming, in addition to public events held onsite. This audience focused analysis provides valuable insight into how LEO can better prepare, deliver, and target our content in the future.

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, and continuing to execute to a five-year Enterprise Risk Management development plan. 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 2022 marked a critical shift in the Library's iRIC framework as the newly established Risk Management Council (RMC) began guiding the maturity and development of the Library's risk program. The RMC deliberated and provided advisement on the implementation of new risk processes for fiscal 2022 and beyond, while continuing to champion iRIC within their respective units.

Overall, the Agency continued to make progress in managing its risks and internal controls as evidenced by the following accomplishments and continuing activities:

- Released the Library's first Risk Appetite Statement. Recommended by the RMC and approved by the Librarian of Congress on December 29, the Risk Appetite Statement provides staff with broad-based guidance on the amount of risk the Library is willing to accept in the pursuit of its mission and objectives;
- Began critical conversations within the RMC on designing and implementing a Fraud Risk Framework, supported by interviews throughout the Summer of 2022 with leaders across the Library on perceptions of fraud risk;
- Built stronger awareness and understanding of key risk concepts across service units via risk management training sessions to CEI, CLLE, COO, DPS, LCSR, LIBN, RCS, and USCO; with 83 percent of post-training survey respondents indicating that the training was "valuable" or "very valuable;"
- Completed seven Risk Confirmation Reviews covering eight "high priority" risks. Risks were identified based upon criteria such: having a high or critical risk score; association with an OIG/GAO audit finding; or reflecting an area of "no appetite" as defined by the Library's Risk Appetite Statement;
- Continued making progress closing OIG audit findings, as described in the June 2021 report: 2020-PA-104, Enterprise Risk Management Audit. As of the close of fiscal year 2022, the Library has successfully closed 7 of 12 OIG recommendations;
- Prepared and distributed biannual risk status reports to the Executive Committee, the RMC, and the cross-agency Planning,

<p>Performance Management, and Risk Management Working Group (PRG);</p> <ul style="list-style-type: none"> Continued to support planning for the future Enterprise Planning & Management system, led by COO/FSD, to identify solutions for replacing Compass in fiscal year 2024; and Prepared the Comprehensive Letter of Assurance for both strategic and operational risks. 	<p>modernization efforts across the Library. These modernization efforts should result in a significant reduction in risk across the organization as the Library mitigates its reliance on aging information systems. Should the Library fail to effectively replace these legacy systems, then their associate risks, such as system availability and rising maintenance costs, are likely to only increase in severity.</p>	<p>2021 to 47 risks in fiscal 2022. 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. However, beginning in fiscal 2022, the Office of Strategic Planning and Performance Management (SPPM) increased its outreach efforts towards improving operational risk identification and reporting. This resulted in the identification and tracking of new operational risks, and kicked off conversations within the RMC and service units on how to enhance the Library's approach to fraud risk identification and management.</p>
<p>By the end of fiscal year 2022, service units reported 80 strategic and 47 operational risks in the Library-wide Risk Register. Overall, the Library-wide average Annual Performance Goal-related risk score (strategic risks) for fiscal 2022 Q4 was 4.9. This constitutes a MODERATE risk posture for the Library of Congress. This 4.9 average strategic risk score is down from the fiscal 2021 average score of 5.5, and is likely due to a decrease in the number of declared HIGH or CRITICAL strategic risks, down from 13 risks in fiscal 2021, to 9 in fiscal 2022.</p>	<p>Overall, the Library's strategic risks reflected a reduced concern regarding the impact of Covid-19 and related safety measures. Service units declared 5 strategic risks associated with Covid-19 concerns in fiscal 2022, with no risk scoring higher than MODERATE. This stands in contrast to fiscal 2021 when 10 Covid-19 strategic risks were identified, accounting for 4 of the Library's 13 strategic risks that were scored as HIGH risk. As observed in last year's report, the Library should anticipate the number of Covid-19-related risks to continue decrease as pandemic restrictions ease and Library operations return to normal.</p>	<p>While only 3 risks were specifically called out and reported as "fraud risks" in fiscal 2022, it is understood that many operational risk types reported in the Risk Register directly relate to fraud controls, including Compliance risk (9 risks), Resource Management (including procurement) risk (5), and Safety & Security risk (5). The Library and SPPM will continue to refine its approach to capturing operational risks to ensure that all critical risks associated with fraud are appropriately identified, mapped, and described in the Library's Risk Register.</p>
<p>As with past fiscal years, a majority of the Library's strategic risks (26) were associated with Strategic Goal 3: Optimize Services. This is likely due to the high number of technology improvement and</p>	<p>The average risk score across fiscal 2022 for operational risks was 4.5, slightly lower than that of strategic risks, but still rated as MODERATE risk. The count of operational risks increased, from 38 risks in fiscal</p>	

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.



Mosaic floor detail, Great
Hall, Library of Congress.
Shawn Miller

Consolidated Financial Statements

Consolidated Balance Sheets

As of September 30, 2022 and 2021
(in thousands)

	FY 2022	FY 2021
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 505,387	\$ 451,816
Investments (Note 3)	50,499	43,113
Accounts Receivable, Net (Note 4.A)	172	110
Advances and Prepaid Expenses (Note 1.I)	5,998	9,138
Total Intragovernmental	562,056	504,177
Cash and Other Monetary Assets (Note 1.G)	87	155
Pledges Receivable - Donations (Note 4.B)	13,501	21,234
Investments (Note 3)	150,926	187,270
Inventory (Note 1.K)	536	312
Property and Equipment, Net (Note 5)	112,560	85,423
Beneficial Interest in Perpetual Trust (Note 1.R.3)	2,706	3,517
Accounts Receivable, Net (Note 4.A)	301	325
Advances and Prepaid Expenses (Note 1.I)	6	
<u>Library Collections (Note 1.M)</u>		
TOTAL ASSETS	\$ 842,679	\$ 802,413
LIABILITIES		
Intragovernmental:		
Accounts Payable and Accrued Funded Payroll, Benefits	\$ 7,270	\$ 8,166
Advances from Others	36,806	21,610
Accrued Unfunded Workers' Compensation (Note 8)	1,155	1,303
Other Intragovernmental Liabilities (Note 10)	6	2
Total Intragovernmental	32,545	31,081
Accounts Payable and Accrued Funded Payroll, Benefits	67,109	71,816
Deposit Account Liability	9,240	8,249
Accrued Unfunded Annual and Compensatory Leave	32,595	36,719
Actuarial Unfunded Workers' Compensation (Note 8)	6,462	7,098
Other Liabilities (Note 10)	3,214	4,314
TOTAL LIABILITIES	\$ 151,165	\$ 159,277
<u>Commitments and Contingencies (Note 9)</u>		
NET POSITION		
Unexpended Appropriations - Dedicated Collections		
Unexpended Appropriations - All Other Funds	\$ 285,844	\$ 240,699
Total Unexpended Appropriations (Consolidated)	285,844	240,699
Cumulative Results of Operations - Dedicated Collections		
(Note 17)	288,083	318,143
Cumulative Results of Operations - All Other Funds	117,587	84,294
Total Cumulative Results of Operations (Consolidated)	405,670	402,437
TOTAL NET POSITION	\$ 691,514	\$ 643,136
TOTAL LIABILITIES AND NET POSITION	\$ 842,679	\$ 802,413

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

Consolidated Statements of Net Cost

For the Years Ended September 30, 2022 and 2021
(in thousands)

	FY 2022	FY 2021
NET COSTS BY PROGRAM AREA		
Library Collections and Services Group:		
Program Costs (Note 16)	\$ 499,363	\$ 482,841
Less: Earned Revenue (Note 14)	(5,436)	(5,031)
Net Program Costs	493,927	477,810
Law Library:		
Program Costs (Note 16)	30,412	29,047
Less: Earned Revenue (Note 14)	(50)	(91)
Net Program Costs	30,362	28,956
Copyright Office:		
Program Costs (Note 16)	112,892	102,843
Less: Earned Revenue (Note 14)	(45,412)	(46,829)
Net Program Costs	67,480	56,014
Congressional Research Service:		
Program Costs (Note 16)	172,587	185,376
Less: Earned Revenue (Note 14)	(353)	(621)
Net Program Costs	172,234	184,755
Office of the Librarian Direct Programs:		
Program Costs (Note 16)	48,099	54,269
Less: Earned Revenue (Note 14)	(678)	(428)
Net Program Costs	47,421	53,841
Chief Operating Officer Direct Programs:		
Program Costs (Note 16)	76,000	72,259
Less: Earned Revenue (Note 14)	(65,436)	(64,288)
Net Program Costs	10,564	7,971
NET COST OF OPERATIONS	\$ 821,988	\$ 809,347

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

Consolidated Statements of Changes in Net Position

For the Years Ended September 30, 2022 and 2021
(in thousands)

	FY 2022			FY 2021		
	Dedicated Collections (Consolidated)	All Other Funds (Consolidated)	Consolidated Total	Dedicated Collections (Consolidated)	All Other Funds (Consolidated)	Consolidated Total
UNEXPENDED APPROPRIATIONS						
Beginning Balances	\$ 0	\$ 240,699	\$240,699	\$ 0	\$ 214,997	\$ 214,997
Appropriations Received	0	794,019	794,019	0	757,346	757,346
Other Adjustments	0	(2,026)	(2,026)	0	(6,856)	(6,856)
Appropriations Used	0	(746,848)	(746,848)	0	(724,788)	(724,788)
Net Change in Unexpended Appropriations	45,145		45,145	0	25,702	25,702
TOTAL UNEXPENDED APPROPRIATIONS						
APPROPRIATIONS	\$ 0	\$ 285,844	\$ 285,844	\$ 0	\$ 240,699	\$ 240,699
CUMULATIVE RESULTS OF OPERATIONS						
Beginning Balances	\$ 318,143	\$ 84,294	\$ 402,437	\$ 263,140	\$ 68,699	\$ 331,839
Appropriations Used	0	746,848	746,848	0	724,788	724,788
Non-exchange Revenue	658	0	658	431	0	431
Donations of Cash or Securities	11,265	0	11,265	24,183	0	24,183
Realized Gains on Investments and Other	8,213	0	8,213	11,331	0	11,331
Donations of Property and Services	405	0	405	629	0	629
Imputed Financing	2,828	96,067	98,895	2,116	91,349	93,465
Unrealized Gains (Losses) on Investments and Other	(41,037)	(25)	(41,062)	25,170	(52)	25,118
Net Change in Cumulative Results of Operations	(17,668)	842,890	825,222	63,860	816,085	879,945
Net Cost of Operations	(12,392)	(809,597)	(821,989)	(8,857)	(800,490)	(809,347)
TOTAL CUMULATIVE RESULTS OF OPERATION						
NET POSITION	\$ 288,083	\$ 117,587	\$ 405,670	\$ 318,143	\$ 84,294	\$ 402,437

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

Combined Statements of Budgetary Resources

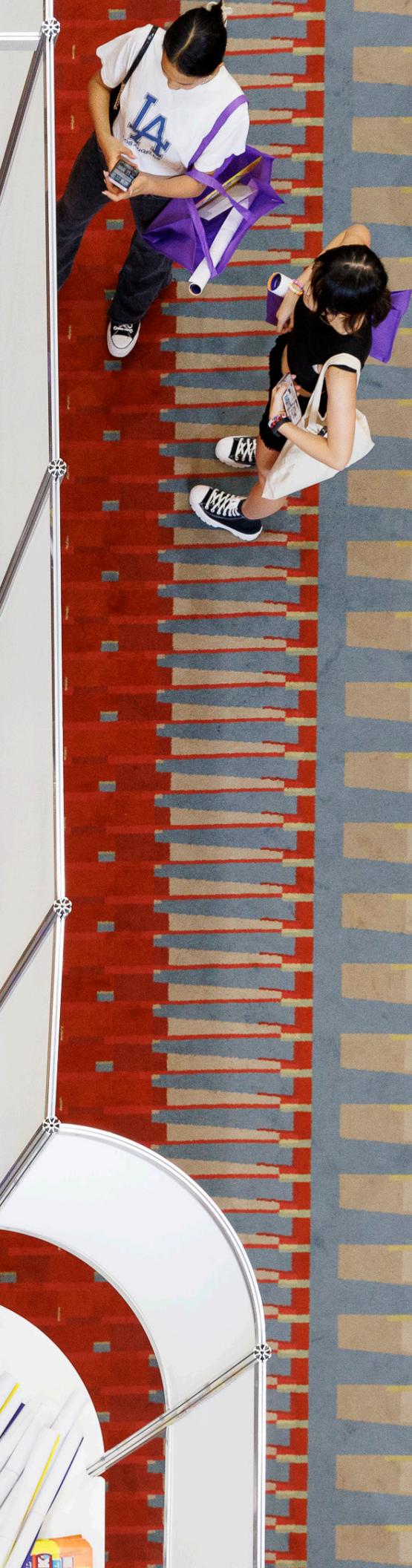
For the Years Ended September 30, 2022 and 2021
(in thousands)

	FY 2022	FY 2021
BUDGETARY RESOURCES		
Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 18)	\$ 206,827	\$ 165,775
Appropriations (discretionary and mandatory) (Note 18)	832,540	799,959
Spending authority from offsetting collections (discretionary and mandatory) (Note 18)	166,765	157,718
TOTAL BUDGETARY RESOURCES	\$ 1,206,132	\$ 1,123,452
STATUS OF BUDGETARY RESOURCES		
New Obligations and upward adjustments, total (Note 18)	\$ 979,367	\$ 938,966
Unobligated balance, end of year: (Note 18)		
Exempt from apportionment, unexpired accounts	194,088	160,510
Expired unobligated balance, end of year	32,677	23,976
Unobligated balance, end of year (Total)	\$ 226,765	\$ 184,486
TOTAL BUDGETARY RESOURCES	\$ 1,206,132	\$ 1,123,452
OUTLAYS, NET		
Outlays, net (total) (discretionary and mandatory) (Note 18)	\$ 770,664	\$ 719,965
Distributed offsetting receipts (-) (Note 18)	(96)	(200)
AGENCY OUTLAYS, NET (DISCRETIONARY AND MANDATORY)	\$ 770,568	\$ 719,765

(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

Volunteers manage the central info booth while patrons peruse author schedules at the 2022 National Book Festival, September 3, 2022. *Shawn Miller*



Notes to the Consolidated Financial Statements

NOTE 1

Summary of Significant Accounting Policies

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 print disabled 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 2022 and 2021. 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 U.S. 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). The Library is including fiduciary information to provide additional information such as total fiduciary assets that could be useful to the stakeholders.

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. The Library has not adopted the requirements in the Federal Financial Management. However, for purposes of financial management and reporting, the Library has issued Library of Congress Regulation LCR 6-110, Financial Management, which adopts FASAB standards for financial reporting 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 year 2022 (and 2021) the statements include 4 (4) appropriations; 26 (26) revolving and gift revolving programs; 47 (47) reimbursable programs; 109 (109) TFB programs; and 157 (155) 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 years 2022 and 2021 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)
- National Library Service 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, 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.
- 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 2020 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 in the Statement of Changes in Net Position. Such imputed costs and financing sources 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 2022, due to the continued disruption of COVID-19 on the revolving funds services, the Library performed a modified application of indirect rates for collection of overhead charges, with some revolving funds being granted waivers for indirect cost charges. Service unit recipients were also limited in collection of distributions. As a result of the extraordinary circumstances surrounding the pandemic the Library did not collect funds from all revolving funds for support services nor did it record imputed financing sources or costs as it was considered insignificant. A consulting firm performed 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.

Donation and Interest Revenue

The Library receives monetary gifts from donors and receives interest on invested funding. The library records these donations as revenue when the cash is collected or the interest on invested funding is received. 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. If the donated property meets the capitalization threshold and criteria, it will be capitalized.

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 \$229.4 million and \$265.1 million during fiscal years 2022 and 2021, 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 year 2022 are:
 - American Funds Euro Pacific Growth F3 Fund
 - BlackRock Event Driven Equity Institutional Fund
 - BlackRock Strategic Income Opportunities K Fund
 - Wellington Emerging Markets Local Equity CTF
 - 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 year 2021:

- American Funds EuroPacific Growth F3 Fund
- BlackRock Event Driven Equity Institutional Fund
- BlackRock Strategic Income Opportunities K Fund
- Wellington Emerging Markets Local Equity CTF
- 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

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 two to five years and a value of at least \$750,000.

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

Leasehold improvements with the cost of \$250,000 or greater are capitalized and depreciated over the shorter of the improvement’s useful life or the remaining useful life of the lease. The costs are capitalized if the improvements and renovations are expected to provide a useful service and benefit to the Library of at least two years.

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 95 collections as of September 30, 2022, and 92 collections as of September 30, 2021 managed by its custodial units. One collection reported in FY 2021 has been removed, and four new collections have been added in FY2022.

The collections are organized into major categories based primarily on how the Library manages the collections. In FY 2022, the collections were all manged by LCSG. In FY 2021, they were managed by Library Services, Law Library and some were shared.

	September 30, 2022	September 30, 2021
Library Services	0	86
Law Library	0	4
Shared Custody (LS & LL)	0	2
Library Collections and Services Group (LCSG)	95	0
Total	95	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 in the Management Report section of this Financial Statements Report.

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 this Financial Statements Report.

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

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 4% and 6% of the Library's employees participated in the Civil Service Retirement System (CSRS) during fiscal years 2022 and 2021 respectively, to which the Library makes contributions equal to 7.0% of pay. Of those participating in CSRS, approximately 15% and 14% during fiscal year 2022 and 2021 are also covered by Social Security (FICA), for which the Library's contribution is slightly less.

Approximately 94% and 90% of the Library's employees were covered by the Federal Employees Retirement System (FERS) during fiscal years 2022 and 2021, respectively, to which the Library's normal contribution was 18.4% for fiscal year 2022 and 17.3% for fiscal year 2021. Of those participating in FERS during fiscal years 2022 and 2021, approximately 40% and 36%, respectively, were under the revised annuity (FERS-Revised Annuity Employees (RAE) and FERS-Further Revised Annuity Employees (FRAE)) rates effective October 2021, to which the agency contribution rate was 16.6% for fiscal year 2022 and 15.5% for fiscal years 2021. 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 5% 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%.

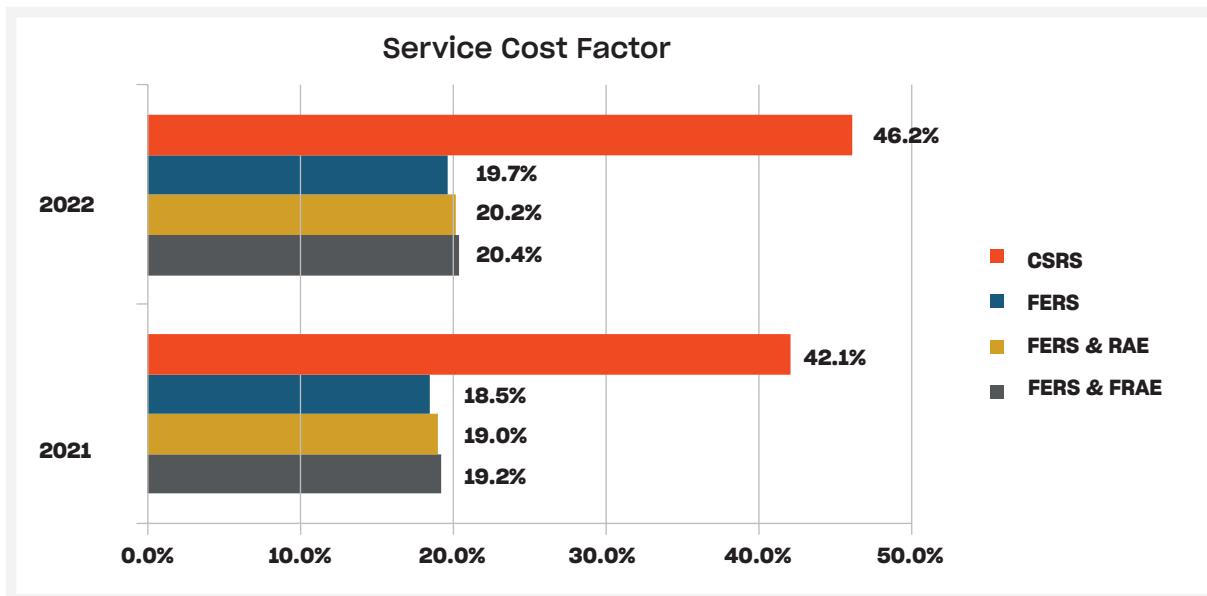
Approximately 2% of the Library's employees were covered only by FICA during fiscal years 2022 and 4% in 2021, to which the Library

contributes the employer's matching share of 6.2% of earnings up to \$147,000.

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.

1. 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.

2. Services Provided by other Federal Agencies:

Five 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:

1. Telephone Pioneers of America -

The Telephone Pioneers is a large industry-related organization that voluntarily repairs sound reproduction machines for the blind and print disabled 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.

2. 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.

3. 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 2022 and 2021, 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,

and therefore uses these assets to determine the fair value.

4. 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 fbo 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

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 fiscal years 2022 and 2021.

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

Status of Fund Balance with Treasury

	(in thousands)	
	FY 2022	FY 2021
Unobligated Balances – Available	\$151,844	\$ 123,525
Unobligated Balances – Unavailable	42,704	33,995
Obligated Balances Not Yet Disbursed	310,007	293,380
Non-budgetary	832	916
TOTAL	\$ 505,387	\$ 451,816

As of September 30, 2022 and 2021, 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**

Investments as of September 30, 2022 and 2021 are as follows:

	(in thousands)		
FY 2022	Intragovernmental Investments (Non-Marketable, Market-Based)	Other Investments (Private Sector)	Total
Face Value	\$ 50,747	\$ 0	\$ 50,747
Cost	0	151,081	151,081
Unamortized Premium/(Discount), Net	(248)	0	(248)
INVESTMENTS, NET	\$ 50,499	\$ 151,081	\$ 201,580
MARKET VALUE	\$ 51,212	\$ 150,926	\$ 202,138

	Intragovernmental Investments (Non-Marketable, Market-Based)	Other Investments (Private Sector)	Total
Face Value	\$ 43,099	\$ 0	\$ 43,099
Cost	0	149,172	149,172
Unamortized Premium/(Discount), Net	14	0	14
INVESTMENTS, NET	\$ 43,113	\$ 149,172	\$ 192,285
MARKET VALUE	\$ 43,662	\$ 187,270	\$ 230,932

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 during fiscal years 2022 and 2021 range from December 23, 2021 to December 22, 2022 and December 17 2020 to December 16, 2021, respectively, and interest rates range from 0.03% to 3.16% and 0.005% to 0.105%, respectively.

was derived from the investments made plus reinvested gains, dividends, and interest.

Other investments are the Library's non-Treasury investments in the private sector (See Note 1.H) which are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Library utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Library primarily

applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Library utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The Library is able to classify fair value balances based on the observability of those inputs. The Library's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels. The determination of fair value may, therefore, affect the timing of recognition of revenues and change in net position.

B. Other Investments

Other investments are the Library's non-Treasury investments in the private sector (See Note 1.H). Cost

FASB ASC Topic 820 establishes a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- **Level 1** - Valuation based on quoted (unadjusted) prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- **Level 2** - Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.
- **Level 3** - Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for

situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects the Library's, and other independent third parties' if and where available, assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This classification does not imply a lack of liquidity of the investment. The Library through its third party advisor (US Bank) carefully monitors these positions as it conducts periodic reviews of both asset allocation and performance.

The following summarizes the Library's other investments at fair value as of September 30, 2022 and 2021:

Investments:	Level 1	Level 2	Level 3	2022 Totals
Cash equivalents	\$66	0	0	\$66
U.S and Global Equity	10,450	44,026	0	54,476
Fixed Income	0	30,151	0	30,151
Balanced Funds	0	7,164	0	7,164
Collective Investment Funds	0	0	59,069	59,069
Total	\$ 10,516	\$ 81,341	\$ 59,069	\$ 150,926

Investments:	Level 1	Level 2	Level 3	2021 Totals
Cash equivalents	\$78	0	0	\$78
U.S and Global Equity	13,000	52,097	0	65,097
Fixed Income	0	42,895	0	42,895
Balanced Funds	0	8,391	0	8,391
Collective Investment Funds	0	0	70,809	70,809
Total	\$13,078	\$103,383	\$70,809	\$187,270

The following methods and assumptions were used to estimate the fair value of each class of financial investment for which it is practicable to estimate that value:

Cash Equivalents - Cash Equivalents are invested in traditional money market funds that target a stable, daily net asset value and that are regulated under the Investment Company Act of 1940. These traditional money market funds are restricted to invest only in those securities permissible under Rule 2a 7 of the Investment Company Act of 1940 and typically refer to the high quality rated debt instruments of various issuers that have maturities of 3 months or less, with a weighted average maturity of 60 days or less and with no more than 5% in any one issuer. These money market instruments include Treasury Bills, Certificates of Deposit, commercial paper, repurchase agreements and other acceptable short term debt instruments.

Equities and Balanced Funds - The Library's holdings of equity securities refer to both U.S. and Global

Equities and Balanced Funds and thus represent the publicly listed shares on regulated exchanges of various companies or commingled investment funds holding these types of securities. As publicly listed securities, prices and thus valuations are readily available via regular trading between specialists, market makers and multiple principals and agents. Bid and offer quotes are continuously available.

Fixed Income - Fixed Income securities are comprised of U.S. and global government bills, notes and bonds (including agency issues, Treasury Inflation Protection Securities and various zero coupon issues) and also various types of corporate bonds (including asset backed securities, both residential and commercial mortgage backed securities and debentures) or commingled investment funds holding these types of securities.

A portion of the designated fixed income securities are readily determinable marketable securities whose quoted prices are available in the open market.

Collective Investment Funds - Collective Investment Funds are individual holdings including marketable securities (listed, publicly traded) with market quote and some with market quote not readily available. Given the absence of market quotations for some of these investments, fair value is estimated using level 3.

While these financial instruments contain varying degrees of risk, the Library's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment. The financial statements of the investees are audited annually by nationally recognized independent auditors.

NOTE 4

Receivables

The breakdown of consolidated gross and net accounts receivable as of September 30, 2022 and 2021 are as follows:

A. Accounts Receivable

	(in thousands)	
	FY 2022	FY 2021
Intragovernmental:		
Accounts Receivable, Gross	\$ 178	\$ 110
Less: Allowance for Doubtful Accounts	(6)	
ACCOUNTS RECEIVABLE, NET	\$ 172	\$ 110
With the Public:		
Accounts Receivable, Gross	437	352
Less: Allowance for Doubtful Accounts	(136)	(27)
ACCOUNTS RECEIVABLE, NET	\$ 301	\$ 325
TOTAL ACCOUNTS RECEIVABLE, NET	\$ 473	\$ 435

B. Pledges Receivable

As of September 30, 2022 and 2021, the Library had unconditional pledges of contributions totaling \$22.6 million and \$28.3 million, which were discounted through fiscal 2033 at market discount rates and included in the statement of financial position at their discounted value of \$13.5 million and 21.2 million, respectively.

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

	(in thousands)	
	FY 2022	FY 2021
2022	\$ 0	\$ 16,654
2023	6,496	2,634
2024	3,411	206
2025	557	106
2026	550	552
2027 and thereafter	2,487	1,082
TOTAL	\$ 13,501	\$ 21,234

NOTE 5

Property and Equipment

Property and equipment that were capitalized as of September 30, 2022 and 2021 are as follows:

Classes of Property and Equipment	(in thousands)					
	FY 2022		FY 2021			
	Acquisition Value	Accumulated Depreciation / Amortization	Net Book Value	Acquisition Value	Accumulated Depreciation / Amortization	Net Book Value
Operating Equipment	\$ 70,151	\$ 63,968	\$ 6,183	\$ 79,584	\$ 69,183	\$ 10,401
Software	77,503	71,862	5,641	76,212	71,810	4,402
Software - in Progress	68,722	0	68,722	37,829	0	37,829
Furniture & Furnishings	2,668	1,861	807	2,669	1,754	915
Leasehold Improvements	78,372	52,261	26,111	77,079	48,039	29,040
Leasehold Improvements -						
In Progress	5,096	0	5,096	2,836	0	2,836
TOTAL	\$ 302,512	\$ 189,952	\$ 112,560	\$ 276,209	\$ 190,786	\$ 85,423

NOTE 6

Non-Entity Assets

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 2022	FY 2021
Intragovernmental Non-Entity Assets	\$ 0	\$ 0
Accounts Receivable - With the Public	2	2
Total Non-Entity Assets	\$ 2	\$ 2
Total Entity Assets	\$ 842,676	\$ 802,411
TOTAL ASSETS	\$ 842,678	\$ 802,413

NOTE 7

Leases

A. Capital Leases

The Library did not have assets under capitalized leases as of September 30, 2022 and 2021.

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 2022 and 2021 amounted to \$9.1 million and \$10.1 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, 2022 and 2021 are as follows:

(in thousands)		
Federal Leases	FY 2022	FY 2021
2022	\$ 0	\$ 1,883
2023	1,902	1,902
2024	1,872	1,872
2025	1,890	1,890
2026	1,991	1,991
2027	2,095	2,095
2028 and thereafter	18,955	18,956
TOTAL ESTIMATED FUTURE LEASE PAYMENTS	\$ 28,705	\$ 30,589

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 \$1.2 million of unbilled or unpaid workers' compensation costs as of September 30, 2022, and \$1.3 million for 2021. The amount owed to DOL is reported on the Library's Balance Sheet as an intragovernmental liability. The Library recorded an estimated unfunded liability payable to employees, for future costs based on historical claims rates. The estimated future unfunded liability is \$6.5 million and \$7.1 million as of September 30, 2022 and 2021, 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 and contract matters are pending at the administrative level or in court as of September 30, 2022 and 2021. The estimated losses for the claims that are probable were \$ 30,000 for fiscal year 2022 and \$580,000 for fiscal year 2021. Therefore, an accounting entry for the estimate was posted. The estimated loss for claims that are reasonably possible is \$0 for fiscal year 2022 and \$100,000 for fiscal year 2021. 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

Other Liabilities as of September 30, 2022 and 2021, are comprised of the following:

	(in thousands)	
	FY 2022	FY 2021
Other Liabilities-Intragovernmental:		
Liability to Treasury General Fund	\$ 2	\$ 2
Liability for Clearing Accounts	2	0
Accrued Liabilities Budgetary	2	0
Total Intragovernmental	6	2
Contingent Liabilities (Note 9)	30	580
Liability for Clearing Account	6	4
Advances From the Public	3,178	3,730
Total With the Public	3,214	4,314
TOTAL	\$ 3,220	\$ 4,316

NOTE 11

Liabilities Covered and Not Covered By Budgetary Resources

	(in thousands)	
	FY 2022	FY 2021
Liabilities Covered by Budgetary Resources	\$101,688	\$105,327
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental	1,154	1,303
With the Public	39,087	44,398
Liabilities Not Requiring Budgetary Resources	9,236	8,249
TOTAL	\$ 151,165	\$ 159,277

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

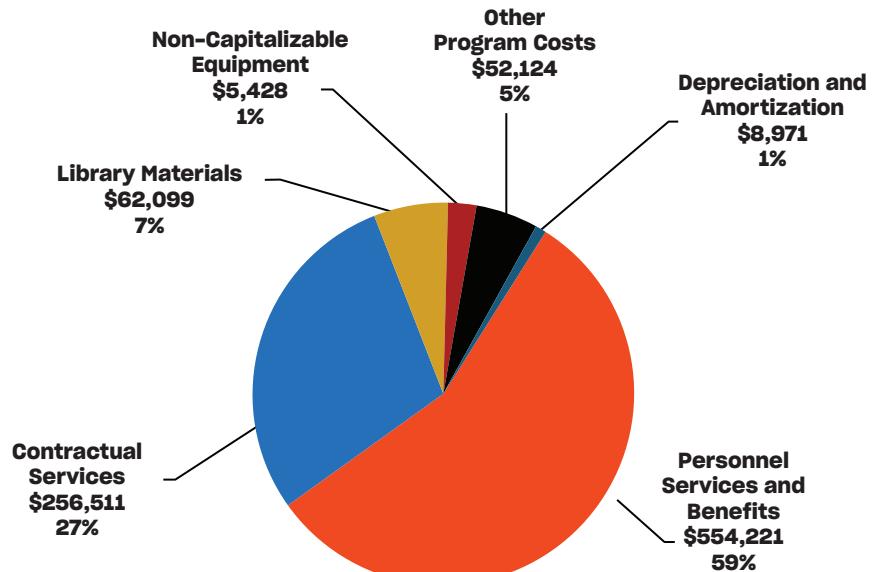
Liabilities not covered by budgetary resources include accrued unfunded annual and compensatory leave, accrued unfunded workers compensation, and other unfunded liabilities.

Liabilities not requiring budgetary resources include nonfiduciary deposit funds.

Program Costs Budget Object Classification

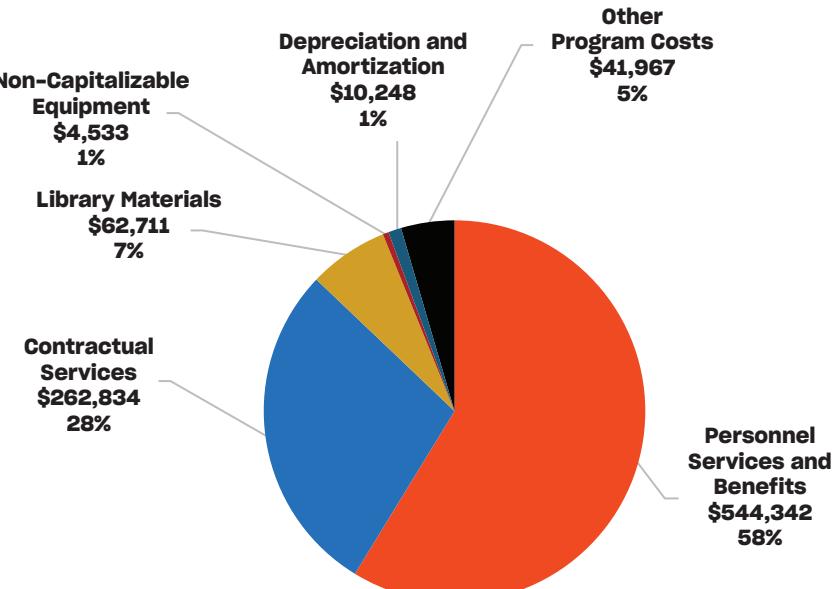
(in thousands)

Fiscal 2022 Program Costs by Budget Object Classification



(in thousands)

Fiscal 2021 Program Costs by Budget Object Classification



The Library's collections are classified as Heritage Assets. \$30.1 million and \$32.2 million of the amount designated as Library Materials above represents the fiscal years 2022 and 2021 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 2022	FY 2021
Commerce and Housing Credit	\$ 74,316	\$ 68,351
Education, Training, Employment, and Social Services	735,035	717,658
General Government	130,003	140,627
TOTAL	\$939,354	\$ 926,636

B. Earned Revenue by Functional Classification

	(in thousands)	
	FY 2022	FY 2021
Commerce and Housing Credit	\$45,129	\$ 46,383
Education, Training, Employment, and Social Services	72,756	70,794
General Government	(519)	112
TOTAL	\$117,366	\$ 117,289

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 2022	FY 2021
Audio-Visual Duplication Services:	Program Cost	\$ 156	\$ 145
	Less: Earned Revenue	(178)	(136)
	Net Program Cost	(21)	9
 Cooperative Acquisitions Program:	Program Cost	3,191	2,423
	Less: Earned Revenue	(3,272)	(2,338)
	Net Program Cost	(81)	85
 Document Reproduction and Microfilm Services:	Program Cost	634	436
	Less: Earned Revenue	(350)	(341)
	Net Program Cost	284	95
 Gift Shop Operations:	Program Cost	476	372
	Less: Earned Revenue	(1,305)	(339)
	Net Program Cost	(829)	33
 Federal Research:	Program Cost	3,614	2,752
	Less: Earned Revenue	(3,827)	(2,495)
	Net Program Cost	(213)	257
 FEDLINK:	Program Cost	64,747	59,860
	Less: Earned Revenue	(57,628)	(58,814)
	Net Program Cost	7,118	1,046
 Special Events:	Program Cost	2,760	334
	Less: Earned Revenue	(1,025)	30
	Net Program Cost	1,735	364
	Total Program Cost	75,579	66,322
	Less: Total Earned Revenue	(67,585)	(64,433)
	TOTAL NET PROGRAM COSTS	\$7,994	\$ 1,889

These programs are discussed further in Note 1.D.

NOTE 16

Classification of Program Costs

	(in thousands)				
	Public		Intragovernmental		Total
FY 2022	Production	Non-Production	Production	Non- Production	
Library Services	\$ 148,920	\$ 22	\$ 350,058	\$ 363	\$499,363
Law Library	8,348	2	22,062	0	30,412
Copyright Office	31,353	11	81,528	0	112,892
Congressional Research Service	42,136	5	130,447	0	172,588
Office of the Librarian Direct Programs	8,720	11	39,368	0	48,099
Office of the Chief Operating Officer Direct Programs	3,779	0	72,221	0	76,000
TOTAL	\$ 243,256	\$ 51	\$ 695,684	\$ 363	\$ 939,354

	(in thousands)				
	Public		Intragovernmental		Total
FY 2021	Production	Non-Production	Production	Non- Production	
Library Services	\$ 144,598	\$ 72	\$ 338,013	\$ 158	\$ 482,841
Law Library	9,259	1	19,787	0	29,047
Copyright Office	24,067	39	78,737	0	102,843
Congressional Research Service	41,785	46	143,545	0	185,376
Office of the Librarian Direct Programs	10,316	50	43,903	0	54,269
Office of the Chief Operating Officer Direct Programs	3,375	8	68,876	0	72,259
TOTAL	\$ 233,400	\$ 216	\$ 692,861	\$ 158	\$ 926,635

NOTE 17

Funds from Dedicated Collections

SFFAS No. 43, "Funds from Dedicated Collections: Amending the SFFAS No. 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 \$2.4 million and \$2.4 million for fiscal years 2022 and 2021, 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 \$40.2 million and \$40.7 million for fiscal years 2022 and 2021, 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 \$3.6 million and \$4.5 million in licensing SOA filing fees for fiscal years 2022 and 2021, 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 \$18.5 million and \$36 million for fiscal years 2022 and 2021, 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, 2022, is summarized below. Intra-agency transactions have not been eliminated in the amounts presented below.

(in thousands)					
FY 2022 (Combined)	Cataloging Distribution Service	Public Revolving Programs	Gift and TFB Programs	Copyright Licensing Expenses	Total Dedicated Collections
BALANCE SHEET:					
Fund Balance with Treasury	\$ 45,083	\$15,246	\$20,113	\$ 0	\$80,442
Investments in U.S. Treasury Securities	0	0	42,147	0	42,147
Other Assets	6,325	809	167,132	1,420	175,686
TOTAL ASSETS	\$ 51,408	\$16,055	\$229,392	\$1,420	\$298,275
Liabilities	\$ 2,741	\$5,129	\$903	\$1,420	\$10,193
Cumulative Results of Operations	48,667	10,926	228,489	0	288,082
TOTAL LIABILITIES AND NET POSITION	\$ 51,408	\$16,055	\$229,392	\$1,420	\$298,275
STATEMENT OF NET COST:					
Program Costs	\$ 43,278	\$7,438	\$15,342	\$3,581	\$69,639
Less: Earned Revenue	(44,756)	(8,886)	(24)	(3,581)	(57,247)
NET COST OF OPERATIONS	(\$1,478)	(\$1,448)	\$15,318	\$ 0	\$12,392
STATEMENT OF CHANGES IN NET POSITION:					
Net Position, Beginning	\$ 44,793	\$9,224	\$264,126	\$ 0	\$318,143
Net Cost	1,478	1,448	(15,318)	0	(12,392)
Non-Exchange Revenues and Donation Receipts	0	0	11,923	0	11,923
Other Financing Sources	2,397	253	(32,241)	0	(\$29,591)
Change in Net Position	3,875	1,701	(35,636)	\$ 0	(\$30,060)
NET POSITION, ENDING	\$ 48,668	\$10,925	\$228,490	\$ 0	\$288,083

Fiscal data as of and for the year ended September 30, 2021, is summarized below.

(in thousands)					
FY 2021 (Combined)	Cataloging Distribution Service	Public Revolving Programs	Gift and TFB Programs	Copyright Licensing Expenses	Total Dedicated Collections
BALANCE SHEET:					
Fund Balance with Treasury	\$ 43,676	\$ 13,943	\$ 17,136	\$ 0	\$ 74,755
Investments in U.S. Treasury Securities	0	0	35,907	0	35,907
Other Assets	3,969	560	212,096	991	217,616
TOTAL ASSETS	\$ 47,645	\$ 14,503	\$ 265,139	\$ 991	\$ 328,278
Liabilities	\$ 2,852	\$ 5,279	\$ 1,013	\$ 991	\$ 10,135
Cumulative Results of Operations	44,793	9,224	264,126		318,143
TOTAL LIABILITIES AND NET POSITION	\$ 47,645	\$ 14,503	\$ 265,139	\$ 991	\$ 328,278
STATEMENT OF NET COST:					
Program Costs	\$ 42,939	\$ 3,705	\$ 8,979	\$ 4,454	\$ 60,077
Less: Earned Revenue	(43,062)	(3,691)	(12)	(4,454)	(51,219)
NET COST OF OPERATIONS	\$ (123)	\$ 14	\$ 8,967	\$ 0	\$ 8,858
STATEMENT OF CHANGES IN NET POSITION:					
Net Position, Beginning	\$ 42,797	\$ 9,153	\$ 211,190	\$ 0	\$ 263,140
Net Cost	123	(14)	(8,967)	0	(8,858)
Non-Exchange Revenues and Donation Receipts	0	0	24,615	0	24,615
Other Financing Sources	1,873	85	37,288	0	39,246
Change in Net Position	1,996	71	52,936	0	55,003
NET POSITION, ENDING	\$ 44,793	\$ 9,224	\$ 264,126	\$ 0	\$ 318,143

NOTE 18**Budgetary Resources**

Budgetary resources are classified as follows:

	FY 2022			FY 2021		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
BUDGETARY RESOURCES:						
Unobligated balance brought forward, October 1	\$ 69,989	\$ 114,497	\$ 184,486	\$ 45,621	\$ 106,936	\$ 152,557
Recoveries of unpaid prior year obligations	9,829	5,715	15,544	14,644	3,072	17,716
Other changes in unobligated balance (+ or -)(1,496)		8,293	6,797	(6,178)	1,680	(4,498)
Unobligated balance from prior year budget authority, net	\$ 78,322	\$ 128,505	\$ 206,827	\$ 54,087	\$ 111,688	\$ 165,775
Appropriations (discretionary and mandatory)	794,018	38,522	832,540	757,346	42,613	799,959
Spending authority from offsetting collections (discretionary and mandatory)	(33)	166,798	166,765	35	157,683	157,718
TOTAL BUDGETARY RESOURCES	\$ 872,307	\$ 333,825	\$ 1,206,132	\$ 811,468	\$ 311,984	\$ 1,123,452
STATUS OF BUDGETARY RESOURCES:						
New Obligations and Upward adjustments	\$ 786,675	\$ 192,692	\$ 979,367	\$ 741,479	\$ 197,487	\$ 938,966
Unobligated balance, end of year:						
Exempt from apportionment, unexpired accounts	57,427	136,661	194,088	48,832	111,678	160,510
Expired unobligated balance, end of year	28,205	4,472	32,677	21,157	2,819	23,976
Total unobligated balance, end of year	\$ 85,632	\$ 141,133	\$ 226,765	\$ 69,989	\$ 114,497	\$ 184,486
TOTAL BUDGETARY RESOURCES	\$ 872,307	\$ 333,825	\$ 1,206,132	\$ 811,468	\$ 311,984	\$ 1,123,452

(in thousands)

		FY 2022		FY 2021		
	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)	\$ 206,140	\$ 90,503	\$296,643	\$ 194,754	\$ 72,649	\$ 267,403
New Obligations and upward adjustments	786,675	192,692	979,367	741,479	197,487	938,966
Outlays (gross) (-)	(744,527)	(205,751)	(950,278)	(715, 448)	(176,562)	(892,010)
Recoveries of prior year unpaid obligations (-)	(9,829)	(5,715)	(15,544)	(14,645)	(3,071)	(17,716)
UNPAID OBLIGATIONS, END OF YEAR (GROSS)	\$ 238,459	\$ 71,729	\$ 310,188	\$ 206,140	\$ 90,503	\$ 296,643
Uncollected Payments:						
Uncollected customer payments from federal sources, brought forward, October 1 (-)	(35)	(4,254)	(4,289)	0	(16,206)	(16,206)
Change in uncollected customer payments from federal sources (+ or -)	(72)	4,073	4,001	(35)	11,952	11,917
UNCOLLECTED CUSTOMER PAYMENTS FROM FEDERAL SOURCES, END OF YEAR (-)	(107)	(181)	(288)	(35)	(4,254)	(4,289)
OBLIGATED BALANCE, START OF YEAR (NET)	206,105	86,249	292,354	194,753	56,444	251,197
OBLIGATED BALANCE, END OF YEAR (NET)	\$ 238,352	\$ 71,548	\$ 309,900	\$ 206,105	\$ 86,249	\$ 292,354
BUDGET AUTHORITY AND OUTLAYS, NET:						
Budget authority, gross (discretionary and mandatory)	\$ 793,986	\$ 205,320	\$ 999,306	\$ 757,381	\$ 200,297	\$ 957,678
Actual offsetting collections (discretionary and mandatory) (-)	(389)	(131,095)	(131,484)	(678)	(121,708)	(122,386)
Change in uncollected customer payments from federal sources (discretionary and mandatory) (+ or -)	(72)	4,073	4,001	(35)	11,952	11,917
Recoveries of prior year paid obligations (discretionary and mandatory)	389	8,318	8,707	678	1,732	2,410

(in thousands)

	FY 2022			FY 2021		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
Budget authority, net (discretionary and mandatory):						
	\$ 793,914	\$ 86,616	\$ 880,530	\$ 757,346	\$ 92,273	\$ 849,619
Outlays, gross (discretionary and mandatory)	\$ 744,527	\$ 205,751	\$ 950,278	\$ 715,448	\$ 176,562	\$ 892,010
Actual offsetting collections (discretionary and mandatory) (-)	(425)	(179,189)	(179,614)	(678)	(171,367)	(172,045)
Outlays, net (discretionary and mandatory)	744,102	26,562	770,664	714,770	5,195	719,965
Distributed offsetting receipts (-)	0	(96)	(96)	0	(200)	(200)
AGENCY OUTLAYS, NET (DISCRETIONARY AND MANDATORY)	\$ 744,102	\$ 26,466	\$ 770,568	\$ 714,770	\$ 4,995	\$ 719,765

A. For TFB programs, approximately \$ 10 million and \$10 million of unobligated authority for fiscal years 2022 and 2021, 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 \$ 87.8 million and \$ 87.9 million of restricted authority has been obligated and expended to invest in non-Treasury securities for the fiscal years 2022 and 2021, respectively.

B. Obligated undelivered orders, end of period:

	(in thousands)	
	FY 2022	FY 2021
Paid	\$ 21,823	\$ 21,337
Unpaid	227,819	216,661
TOTAL UNDELIVERED ORDERS, END OF PERIOD	\$ 249,642	\$ 237,998

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, 2022

	Intra-governmental	With the Public	Total FY 2022
NET COST	\$ 181,366	\$ 640,622	\$ 821,988
Components of Net Cost That Are Not Part of Net Outlays			
Property, Plant, and equipment depreciation	0	(8,971)	(8,971)
Property, plant, and equipment – disposal & revaluation	0	2,253	2,253
Royalties Receipts	0	5,613	5,613
Increase/(decrease) in assets:			
Accounts Receivable	497	(30)	467
Other Assets	487	6	493
(Increase)/decrease in liabilities:			
Accounts Payable	(4,860)	7,132	2,272
Salaries and Benefits	(807)	(1,869)	(2,676)
Other Liabilities (unfunded leave, unfunded FECA, Actuarial FECA)	147	5,310	5,457
Other Financing Sources:			
Federal costs paid by other agencies and imputed to this agency	(98,895)	0	(98,895)
Other Financing	0	(405)	(405)
TOTAL COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS	\$ (103,431)	\$ 9,039	\$ (94,392)
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	\$1,293	\$32,561	\$33,854
Acquisition of Inventory	0	225	225
Acquisition of Other Assets	0	8,899	8,899
Other	0	(6)	(6)
Total Components of Net Outlays That Are Not Part of Net Cost	1,293	41,679	42,972
NET OUTLAYS	\$ 79,228	\$ 691,340	\$ 770,568

For the year ended September 30, 2021

	Intra-governmental	With the Public	Total FY 2021
NET COST	\$ 171,704	\$ 637,643	\$ 809,347
Components of Net Cost That Are Not Part of Net Outlays			
Property, Plant, and equipment depreciation	0	(10,248)	(10,248)
Property, plant, and equipment - disposal & revaluation	0	11,114	11,114
Royalties Receipts	0	5,517	5,517
Increase/(decrease) in assets:			
Accounts Receivable	565	16	581
Other Assets	(2,581)	0	(2,581)
(Increase)/decrease in liabilities:			
Accounts Payable	(14,925)	4,376	(10,549)
Salaries and Benefits	(770)	(1,336)	(2,106)
Other Liabilities (unfunded leave, unfunded FECA, Actuarial FECA)	3,408	(5,595)	(2,187)
Other Financing Sources:			
Federal costs paid by other agencies and imputed to this agency	(93,465)	0	(93,465)
Other Financing	0	(629)	(629)
TOTAL COMPONENTS OF NET COST THAT ARE NOT PART OF NET OUTLAYS	\$ (107,768)	\$ 3,215	\$ (104,553)
Components of Net Outlays That Are Not Part of Net Cost:			
Acquisition of Capital Assets	\$ 5	\$ 1,443	\$ 1,448
Acquisition of Inventory	0	(77)	(77)
Acquisition of Other Assets	0	13,467	13,467
Other	0	(8)	(8)
Total Components of Net Outlays That Are Not Part of Net Cost	5	14,825	14,830
Other Temporary Timing Differences	141	0	141
NET OUTLAYS	\$ 64,082	\$ 655,683	\$ 719,765

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 Copyright Royalty Judges (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 is computed using the straight-line method, which approximates the effective interest method. These investments will be held until distributions are made to copyright owners.

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. Maturity dates for fiduciary investments held at September 30, 2022 and 2021 range from October 21, 2022 to August 31, 2023 and November 5, 2021 to August 31, 2022, respectively. The yields on investments that matured in fiscal years 2022 and 2021 ranged between 0.019% and 2.150% and 0.005% and 0.1404%, respectively.

Fiduciary Activity consists of the following:

	(in thousands)	
	FY 2022	FY 2021
Beginning Fiduciary Net Assets	\$ 1,217,202	\$ 1,433,240
Royalty fees received	215,592	222,595
Investment earnings	7,167	697
Total Inflows to Fiduciary Net Assets	222,759	223,292
Distributions to copyright owners	(131,862)	(434,876)
Refunds of royalty fees	(1,512)	(1)
Net royalty fees retained for administrative costs	(3,581)	(4,453)
Total Outflows from Fiduciary Net Assets	(136,955)	(439,330)
Increase/(Decrease) in Fiduciary Net Assets	85,804	(216,038)
ENDING FIDUCIARY NET ASSETS	\$ 1,303,006	\$ 1,217,202

Net Fiduciary Assets consist of the following:

	(in thousands)	
	FY 2022	FY 2021
Fiduciary Assets		
Fiduciary Fund Balance with Treasury	\$ 120	\$ 119
Investments in U.S. Treasury securities, net	1,301,467	1,216,092
Accounts Receivable	1,419	991
TOTAL FIDUCIARY NET ASSETS	\$ 1,303,006	\$ 1,217,202

NOTE 21

Incidental Custodial Collections

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 2022	FY 2021
Miscellaneous Cash Collections:		
Unclaimed Money, Collections of Receivables from Cancelled Accounts and General Fund Proprietary Receipts, Not Otherwise Classified:	\$ 2,685	\$ 15
Total Net Custodial Collections	2,685	15
Transferred to the General Fund of the Treasury	(2,685)	(15)
Total Net Custodial Outflows	(2,685)	(15)
NET CUSTODIAL ACTIVITY	\$ 0	\$ 0

Lizzo tours the Main Reading Room at the Library of Congress, September 26, 2022. Shawn Miller



MEMO

Date May 25, 2023
To Dr. Carla Hayden
Librarian of Congress
From Eric N. Mader *Eric N. Mader*
Acting Inspector General
Subject Results of the Library of Congress' FY 2022 Financial Statements
Audit, Report No. 2022-FN-101

The attached report presents the results of the annual audit of the Library of Congress' (Library) financial statements for fiscal year (FY) 2022.

We contracted with the independent certified public accounting firm of KPMG for the FY 2022 audit. The contract required that KPMG perform the audit in accordance with *Government Auditing Standards*; the Office of Management and Budget Bulletin 22-01, *Audit Requirements for Federal Financial Statements*; and the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*.

Results of Independent Audit

Financial Statement Opinion

For the twenty-seventh consecutive year, we are pleased to report that the auditors issued an unmodified (clean) opinion on the Library's financial statements. In its audit, KPMG 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*.

Internal Control over Financial Reporting

KPMG's consideration of internal controls over financial reporting resulted in a material weakness concerning the Library's ineffective financial statement review control to respond to certain risks of material misstatements in its consolidated

financial statements.¹ Details for this finding is in Exhibit I of the *Independent Auditor's Report*.

Compliance with Laws and Regulations

KPMG found no instance of noncompliance with laws and regulations tested. Details of its tests are in the *Compliance and Other Matters* section of the *Independent Auditor's Report*.

Office of the Inspector General Oversight of KPMG

In connection with the contract, we reviewed KPMG'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. KPMG is responsible for the attached auditor's report dated May 16, 2023, and the conclusions expressed in the report. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

cc: J. Mark Sweeny, Principal Deputy Librarian
Edward R. Jablonski, Chief Operating Officer
Mary J. Klutts, Chief Financial Officer
Michael Van Deusen, Comptroller
Judith A. Conklin, Chief Information Officer
John E. Rutledge, Deputy Chief Information Officer
Meredith Skowronski, Senior Counsel, Audit Liaison
Margaret Williams, 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.



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Inspector General of the Library of Congress
Library of Congress:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Library of Congress (Library), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of net costs and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Library of Congress as of September 30, 2022 and 2021, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Library of Congress and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter – Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Consolidated Financial Statements

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Library of Congress's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated 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

Management is responsible for the other information included in the *Financial Statements Report*. The other information comprises the Librarian of Congress Letter to the President of the Senate and the Speaker of the House of Representatives, the Table of Contents, and Results of the Library of Congress Financial Statement Audit but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2022, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be a material weakness.

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

Library management did not report the material weakness in Exhibit I in its Internal Control Program, Systems, Controls and Legal Compliance section included in the Management's Discussion and Analysis section of the accompanying *Financial Statements Report*.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's consolidated financial statements as of and for the year ended September 30, 2022, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and 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* or OMB Bulletin No. 22-01.



Library's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Library's response to the findings identified in our audit and following the accompanying Schedule of Findings. The Library's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of the Reporting Required by *Government Auditing Standards*

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library of Congress's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, District of Columbia

May 16, 2023

Independent Auditors' Report

Exhibit I – Material Weakness

Schedule of Findings – Material Weakness

The weakness in internal control described in this Exhibit existed during the year ended September 30, 2022. The determination of which control deficiencies rise to the level of a material weakness or a significant deficiency is based on an evaluation of the impact of control deficiencies identified, considered individually and in the aggregate, on the Library of Congress (Library) consolidated financial statements as of and for the year ended September 30, 2022. The associated entity level controls, as defined by the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (Green Book), are also identified in the Conditions and Causes areas of this Exhibit.

Deficiencies in the Library of Congress' Controls Over Financial Reporting

Background:

As a Legislative Branch agency of the Federal Government, the Library is not required to comply with the requirements of the Chief Financial Officers 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."

During the fiscal year (FY) 2022 audit, we identified the following deficiencies that, in aggregate, we determined to be a material weakness.

Conditions:

During the FY2022 audit, the Library did not design and implement an effective financial statement review control to respond to certain risks of material misstatements in its consolidated financial statements, as required by Green Book Principle 10, *Design Control Activities*. Specifically:

1. The Library did not design controls effectively to monitor that when costs were capitalized the proper Budget Object Class Code (BOC) was used to align the cost capitalization offset with the initial expense recorded.
2. The Library did not effectively implement controls to confirm that revenue accruals reversed properly or identify and correct errors as part of its financial statement analysis controls.

Causes:

The Library did not have the necessary resources and staffing available to perform its financial statement review procedures at the level of precision to prevent and/or to detect and correct material misstatements, as required by Green Book Principle 4, *Demonstrate Commitment to Competence*. Specifically:

1. The Library did not use quality information and perform a review of its Note 12 disclosure at a level of precision to identify a material presentation error, as required by Green Book Principles 13, *Use Quality Information* and 16, *Perform Monitoring Activities*.
2. The Library did not document internal controls to meet operational needs and provide evidence that controls are capable of being monitored, as required by Green Book Principles 3, *Establish Structure, Responsibility, and Authority*, and 16, *Perform Monitoring Activities*.

Effects:

Without adequate reviews of detailed transactions or high-level review and analysis of financial reporting results, the Library is at increased risk that errors in financial reporting or gaps in internal controls may go undetected by management, which may result in errors in the financial statements. As a result of the conditions identified:

1. Non-Capitalizable Equipment was understated by approximately \$29M and Contractual Services was overstated by approximately \$29M, until corrected.
2. Advances from Others was overstated by approximately \$13M and Earned Revenue was understated by approximately \$13M, until corrected.

Recommendations:

We recommend the Library:

1. Recruit, develop, and retain sufficient personnel to implement procedures to increase the level of precision of its financial statement review controls.
2. Develop and implement procedures to verify that cost capitalization offsets are recorded under the same BOC code as the original expense was recorded.
3. Document and implement controls to confirm the reversal of its revenue accruals and to perform a root cause analysis as part of its financial statement analysis.

MEMORANDUM

DATE May 16, 2023
TO Eric Mader, Acting Inspector General
FROM Carla Hayden, Librarian of Congress 
SUBJECT Management Response to Independent Auditor's Report on the Library of Congress' FY 2022 Financial Statements

The Library of Congress (Library) has reviewed the draft Independent Auditor's Report from KPMG, which includes the auditor's opinion on the Library's financial statements, report on internal controls over financial reporting, and report on compliance with laws and regulations. We are pleased the Library received an unmodified, clean, audit opinion, finding the financial statements were fairly presented, and with no instance of noncompliance with laws and regulations.

The Library will continue to work diligently on improving the processes and reviews related to financial reporting matters. Although the material weakness identified by the auditors has no net effect on net cost and has already been corrected by the Library, we acknowledge the Library may benefit from refinement of its review process a more focused control over its financial statements. To facilitate more detailed reviews and enhance controls, the Financial Services Directorate (FSD) has been actively recruiting to fill knowledge gaps and vacancies that have arisen during the last few years. Attaining a staffing level that affords FSD sufficient resources to enable staff to develop specialized knowledge of the Library's budget and accounting requirements and sufficient time to remediate matters as they arise is fundamental to effective oversight and control of the financial management processes. The Library also will continue to explore other ways to improve the accuracy and transparency of the Library's financial statements.

We will provide corrective action plans in response to the individual audit recommendations within 30 days of the final report issuance as required by LCR 9-160.

cc: Mary Klutts, Chief Financial Officer

Management Report – Unaudited

Fiscal Year Ended September 30, 2022

Assessment of Condition of Heritage Assets

The Library has the largest collection of library and archival materials in the world, which includes almost every format and recording media, encompassing over 470 languages. Providing access to this collection entails risk of damage, deterioration, or loss that could impair the Library's ability to serve the Congress and other users in the future. However, since the collection exists to be used, management accepts the responsibility of mitigating risk to the collection at the same time it fulfills the Library's mission to provide access to the materials.

As of September 30, 2022, the collection was determined to be in a useable condition for fulfilling the Library's service mission. During fiscal 2022, only one item was removed from the collection because of severe damage or deterioration, and a small portion of materials were kept under usage restrictions to limit the risk of further damage or deterioration. The useful life of an item varies by its medium (e.g. book, paper, film, and digital media) and manner of use, the treatment and reformatting methods that are suitable for the item, and the storage environment used to maintain the item.

The Library employs a variety of methods to prolong the useful life of its materials, and conducts the scientific research and analysis required to understand and develop effective preservation strategies. This research is coupled with ongoing assessment of the collection to develop a sustainable and effective preservation program for heritage assets. In 2022, this included the phaseout of mass-deacidification in favor of the better cost efficiencies and more widespread benefits the Library achieves using environmentally optimized storage systems to address collection needs. In turn, rebalancing of funds from deacidification to support conservation, inventory control, and reformatting better aligned preservation capabilities for collection usage that supports the Library's strategic plan, including:

- Continuing appropriate environmental storage conditions for cost effective care and inventory control of Library collections in all formats
- Utilizing conservation treatments to address damage or deterioration and enable use for research, digitization, loan, and exhibition
- Reformatting unusable media or obsolete formats to digital versions for preservation and use
- Selecting protective housings or aftermarket bindings to collate and protect items
- Determining the use of surrogates in serving the collection to the public

While the Library has made progress in developing appropriate preservation storage of collection items at its off-site facilities, the Library has inadequate space and environmental control in many storage areas, and insufficient resources to support all treatment, reformatting, and cataloging needs. These issues cannot be fully addressed with current funds and physical plant. The move of collection materials into the storage facilities at Fort Meade, Maryland, is serving to remedy many of these difficulties for the diverse array of materials in the Library's special and general collections, and the Packard Campus for Audiovisual Conservation in Culpeper, Virginia, for preservation of film and other media.

LIBRARY

LIBRARY
OF CONGRESS

101 Independence Ave, SE

Washington, DC 20540

(202) 707-5000

loc.gov

