



NATIONAL ENDOWMENT FOR THE

**Humanities**

([www.neh.gov](http://www.neh.gov))

**PERFORMANCE & ACCOUNTABILITY REPORT**

**FISCAL YEAR 2013**

**Blank Page**

**NATIONAL ENDOWMENT FOR THE HUMANITIES**

[www.neh.gov](http://www.neh.gov)

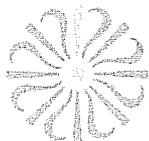
**PERFORMANCE AND ACCOUNTABILITY REPORT**

**Fiscal Year 2013**

**TABLE OF CONTENTS**

A Message from the Deputy Chairman of NEH.....	
I. Management’s Discussion and Analysis	
Mission and Organizational Structure .....	1
Highlights of Performance Goals and Results.....	2
Brief Analysis of Financial Statements.....	6
Systems, Controls, and Legal Compliance .....	8
Effects of Existing Events and Conditions .....	8
Organizational Chart.....	9
Management Assurances Statement.....	11
II. Performance Information	
Summary of Performance Highlights .....	12
Performance Data and Analysis.....	15
III. Financial Information	
A Message from the Director of Accounting.....	52
Auditor’s Report and Agency Financial Statements.....	53
IV. Other Accompanying Information	
NEH Inspector General’s Summary of Management Challenges .....	83
Chairman’s Response to Inspector General’s Summary.....	89
Summary of Financial Statement and Management Assurances.....	91
Improper Payments Improvement Act Reporting.....	92

**Blank Page**



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF THE CHAIRMAN

### A Message from the Deputy Chairman of the National Endowment for the Humanities

I am pleased to present the Performance and Accountability Report for the National Endowment for the Humanities (NEH) for fiscal year 2013. The report sets forth the agency's goals and objectives and highlights our related accomplishments for the fiscal year just concluded. Also included in the report is information on the Endowment's finances and operations during the year.

NEH is an independent federal agency that was created by an act of Congress in 1965. The Endowment's overarching goal is to advance knowledge and understanding in the humanities in the United States. We are also committed to providing national leadership in promoting the humanities in American life. We do this by encouraging and supporting excellence in scholarship, education, and public programming in the humanities.

We believe that the data and information contained in this annual Performance and Accountability Report evidences the continuing value and importance of our programs and activities for the American people. Some of our notable accomplishments this past year include:

- FY 2013 marked the fourth year of the Endowment's special initiative, called *Bridging Cultures: Understanding the United States and the World*, which is designed to help Americans gain a deeper understanding of our heritage, as well as the history and culture of other nations. Since launching *Bridging Cultures*, NEH has developed a number of new programs and special activities tied to the initiative's central themes. In FY 2013, for example, we established a special program, *Created Equal*, in commemoration of the sesquicentennial of President Lincoln's issuing of the Emancipation Proclamation. *Created Equal* includes a packaged set of four award-winning NEH-funded films that, taken together, portray the long struggle for civil rights in the nation, beginning with a film about the early role of the Abolitionists prior to the Civil War and including the Freedom Rides of the 1960s. The films and related programs will be available in libraries and museums in nearly 500 communities across the nation through 2016. In early 2013, NEH also announced that nearly 1,000 libraries and state humanities councils nationwide would receive a collection of books on Muslim history and culture. The *Muslim Journeys* bookshelf program, which was developed in conjunction with the American Library Association and drew on funds provided by the Carnegie Corporation of New York, consists of 25 books, three films, and access for one year to *Oxford Islamic Studies Online*.
- In FY 2013, NEH expanded its support for the National Digital Newspaper Program—a signature NEH project that is digitizing historic American newspapers in every state—to include newspapers printed in languages other than English. Grantees have begun

digitizing historic American newspapers published in French, German, Italian, and Spanish, thus providing access to the nation's vibrant ethnic and immigrant press.

- NEH continues to collaborate with the National Science Foundation to provide recognition and support for projects to document, record, and archive information related to endangered languages worldwide that are on the verge of extinction. It is estimated that half of the world's 6,000-7,000 current spoken languages are on the verge of extinction. As part of this widely acclaimed initiative, since FY 2005 NEH has supported nearly 100 projects, including many related to endangered American Indian languages, and awarded more than \$11 million.
- The Endowment's work in FY 2013 was complemented by the programs and projects in the state humanities councils, which are independent nonprofit organizations in each of the fifty states and in the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the commonwealth of the Northern Marianas, and American Samoa. With their strong networks of cultural and educational institutions, the councils ensure that funds received through NEH, and the programs they support, reach citizens in every state and territory. The councils support reading and discussion programs for children and families; state and local book festivals; educational institutes for elementary and secondary school teachers; scholarship on state and local history; Chautauqua-style historical performances; radio and film projects on humanities themes; and special initiatives designed to bring humanities programming to patients at veterans hospitals throughout the country.
- In cooperation with the National Endowment for the Arts and the Institute of Museum and Library Services, NEH continues to develop and test an electronic Grants Management System that grantees can use to interact with NEH and manage their grants online. As a result of early developmental work on this system, a number of interactive features are already available to NEH and its grantees, including tracking of past and present grants, easy submission of financial and progress reports, processing of award offers, capturing of information on products and prizes that have resulted from an NEH grant, and dedicated messaging. More grantee-friendly features are in the pipeline for this time-saving technology. When completed, this cloud-based system—developed in-house by NEH's talented team of programmers—will provide the three participating agencies with state-of-the-art software to manage all aspects of their grant-making activities.

The financial and performance data contained in this report are, to the best of my knowledge, reliable and complete. I can also state that the National Endowment for the Humanities is in compliance with the requirements of the Federal Managers' Financial Integrity Act of 1982. There are no material internal control weaknesses to report.



Carole M. Watson, Deputy Chairman  
December 16, 2013

# NATIONAL ENDOWMENT FOR THE HUMANITIES

## PERFORMANCE AND ACCOUNTABILITY REPORT Fiscal Year 2013

### I. MANAGEMENT'S DISCUSSION AND ANALYSIS

#### Mission and Organizational Structure

In the 1965 legislation that established the National Endowment for the Humanities (NEH), the Congress of the United States declared that "encouragement and support of national progress . . . in the humanities . . . , while primarily a matter of private and local initiative, is also an appropriate matter of concern to the Federal Government." Acknowledging the federal government's interest in "promoting progress in the humanities," the 89th Congress expressed this interest in a single, powerful observation: "Democracy demands wisdom and vision in its citizens." The agency's authorizing legislation also encourages the Endowment to, among other things, promote "understanding of the nation's rich cultural heritage," foster "a mutual respect for the diverse beliefs and values of all persons and groups," and "relate the humanities to the current conditions of national life."

The Endowment helps Americans develop "wisdom and vision" by supporting humanities projects and programs that expand knowledge of history, thought, and culture. NEH provides grants to the nation's museums, archives, libraries, colleges, universities, and public television and radio stations, as well as other educational and cultural institutions. The agency also provides grants to individuals to undertake advanced research and scholarship in the humanities.

NEH is directed by a Chairman, who is appointed by the President of the United States and confirmed by the U.S. Senate for a term of four years. This performance and accountability report comes at a time of transition for NEH. Former Chairman James A. Leach left the agency in April 2013, and we are awaiting nomination and confirmation of his successor. The Endowment is currently led by Deputy Chairman Dr. Carole Watson, a career employee who has served as Deputy Chairman for the past three years. Advising Dr. Watson is the National Council on the Humanities, a board of 26 distinguished private citizens who are appointed by the President and confirmed by the Senate. National Council members serve staggered six-year terms.

The agency's grant programs are organized into four divisions (Education Programs, Preservation and Access, Public Programs, and Research Programs) and three offices (Federal/State Partnership, Digital Humanities, and Challenge Grants). Complementing these divisions and offices is an agency-wide special initiative—called *Bridging Cultures*—that encourages humanities projects that illuminate the connections and commonalities in the human experience across diverse cultures and subcultures within America's borders and around the globe.

NEH's grant programs received nearly 4,800 applications in FY 2013. These applications were evaluated by knowledgeable persons outside NEH who were asked for their judgments about the quality and significance of the proposed projects. More than 800 scholars, teachers, librarians and archivists, museum curators, documentary filmmakers, and other humanities professionals and experts serve on the more than 180 panels NEH convenes annually. Panelists represent a diversity of disciplinary, institutional, regional, and cultural backgrounds. NEH staff assembles panelists' evaluations of the merits of grant applications and comment on matters of fact or significant issues that would otherwise be missing from the review. The materials are then presented to the National Council on the Humanities, which meets three times each year to advise the Chairman of NEH. The Chairman takes into account all of the advice provided via the review process and, by law, is authorized to make the final decision about funding. More than 850 humanities projects received funding from NEH in fiscal year 2013.

### **Highlights of Important Performance Goals and Results**

NEH works to fulfill its legislated mission through the pursuit of two broad strategic goals—to advance knowledge and understanding in the humanities in the United States and to provide national leadership in promoting the humanities in American life. A third, related goal is to enhance the quality of service and efficiency of our operations.

The first of these programmatic goals—to advance knowledge and understanding in the humanities in the United States—involves the pursuit of a number of objectives:

- Facilitate basic research and original scholarship in the humanities.
- Strengthen teaching and learning in the humanities in elementary and secondary schools and institutions of higher education.
- Preserve and increase access to cultural heritage resources that constitute cultural and intellectual patrimony of the American people and that are important to research, education, and public programming in the humanities.
- Provide opportunities for Americans of all ages and wherever located to engage in lifelong learning in the humanities.
- Maintain and strengthen partnerships with the state humanities councils.
- Strengthen the institutional base of the humanities through financial incentives provided by matching challenge grants.
- Stimulate third-party support for humanities projects and programs.
- Create new program initiatives that advance knowledge and understanding in the humanities, such as promoting understanding of the diverse histories, cultures, and perspectives that have shaped the United States and the histories and cultures of other nations; and providing a focal point for development of the digital humanities.

Performance indicators are in place for each of these objectives (see the Performance Information section of this report, beginning on page 12). The indicators help NEH assess the outcomes of the humanities projects we support and the extent to which they advance the agency's long-term goals.

Because FY 2013 has only just concluded, we cannot report actual outcomes related to most of our grant-making activity during the year. This is because the vast majority of projects supported in any given year will not result in tangible outcomes by the completion of the grant period. For example, fellowships and stipends awarded to scholars to conduct advanced research in the humanities typically will not result in the publication of books or articles until five or more years after the grant period has ended. The outcomes of these grants will thus need to be accounted for in future performance reports.

For performance measuring purposes, we have begun adapting elements of the new Research Performance Progress Report (RPPR) format, which was developed by a committee of the National Science and Technology Council and is under the supervision of the National Science Foundation. This report will help us capture richer performance information from our grantees and import that information directly into our grants management system. The Endowment will pilot the RPPR format in FY 2014 in a handful of grant categories. We have also developed an in-house system for collecting information on the products and prizes that result from NEH grants. This system will help both the agency and the general public better understand of the impact of our programs and initiatives.

In FY 2013, our new *Bridging Cultures* initiative as well as our ongoing grant programs offered ample evidence of their effectiveness in advancing the Endowment's goals and objectives. Notable recent achievements of the *Bridging Cultures* initiative include:

- Expansion of the National Digital Newspaper Program, a signature NEH program that is digitizing historic American newspapers in every state, to include newspapers printed in languages other than English, thus providing access to the nation's vibrant ethnic and immigrant press.
- In partnership with the Carnegie Corporation of New York, which contributed \$1.2 million, NEH implemented a project to provide a collection of books on Muslim history and culture to nearly 1,000 of the nation's libraries and state humanities councils. Developed by the Endowment in association with the American Library Association and based on the advice of scholars, librarians, and other public programming experts, the *Muslim Journeys Bookshelf* is addressing both the need and desire of the American public for trustworthy and accessible books and other resources about Muslim beliefs and practices and the cultural heritage associated with Islamic civilizations.
- Support for the Endowment's *Created Equal* special initiative in commemoration of the sesquicentennial of the issuing of the Emancipation Proclamation. *Created Equal* is a packaged set of four award-winning NEH-funded films that, taken together, portray the long struggle for civil rights in the nation, beginning with a film about the early role of the Abolitionists prior to the Civil War and including the Freedom Rides of the 1960s.

- Support for a series of eight large-scale forums and workshops that brought together scholars, state humanities councils, and members of the public in discussions of two pressing national concerns: the role of civility in democracy and the need for a deeper understanding of the Muslim world.
- Support for a special program aimed at strengthening cross-cultural and global understanding at America’s two-year colleges. In response to a special “request for proposals” NEH issued in 2012, the Endowment has made a number of awards for projects that are enhancing the role of the humanities at community colleges through curriculum and faculty development and that are helping students to develop a deeper understanding of America’s role in the world and how they fit into the global economy.
- Development of lesson plans and special “apps” for smartphones and tablet computers that enhance NEH’s EDSITEment portal, a popular, award-winning website for teachers who seek rich humanities resources and lesson plans on the Internet.

NEH’s other grant programs also continue to support important humanities projects that increase Americans’ knowledge and understanding of history, thought, and culture. Some notable accomplishments include:

- Support for the programs and operations of 56 state humanities councils made available high quality state and local humanities projects to millions of citizens throughout the nation, including 15,900 reading and discussion programs, 2,200 exhibitions, 6,100 literacy programs, 3,800 speakers bureau presentations, 2,500 teacher institutes and workshops, 5,100 conferences and symposia, 1,760 Chautauqua events, 7,600 media programs, 1,240 technology projects, 700 preservation projects, and 4,900 local history projects.
- Rigorous summer institutes, seminars, and workshops helped thousands of school and college teachers deepen their knowledge of a broad range of important humanities subjects related to their teaching. In the summer of 2013, for example, more than 2,700 teachers, college faculty, and humanities graduate students across the nation attended NEH-supported professional development programs on such topics as the origins and history of the Pueblo Indian peoples of the American Southwest; the history of the underground railroad and Abolitionism; Eastern Europe, the Velvet Revolution, and the collapse of Communism; Dante’s *Divine Comedy*; and Appalachia’s literary and cultural heritage.
- Historically and culturally important holdings of the nation’s libraries, archives, and museums were preserved and made accessible to scholars, students, and the public. NEH-supported projects annually preserve the intellectual content of thousands of books and periodicals and catalog and preserve hundreds of thousands of archival documents, photographs, manuscripts, and objects of archaeological, ethnographic, and historical importance.
- NEH annually makes hundreds of awards to individual scholars, as well as grants to institutions and teams of scholars engaged in collaborative projects, to explore subjects

that enrich our knowledge of the people, ideas, and events that make up the record of civilization. By supporting humanities research and scholarship, the Endowment also contributes to faculty enrichment, improved teaching, and quality public programming. The results of humanities research are typically communicated through books and articles, and each year NEH-supported scholars produce hundreds of such publications. Many of these have won prestigious academic, scholarly, and literary prizes for intellectual distinction, such as Pulitzer Prizes for history and biography, National Book Awards, and the Bancroft Prize (generally recognized as the most prestigious award in the field of American history). For example, in 2012 NEH grantee Anne Applebaum was named a finalist for the National Book Award for her widely reviewed and critically acclaimed book, *Iron Curtain: The Crushing of Eastern Europe, 1945-1956*.

- The agency continues to be an effective agent for leveraging non-federal support for humanities projects and institutions. Through our Challenge Grants program and Treasury matching funds authority, NEH-supported projects annually receive nearly \$40 million in donations.

The Endowment uses a variety of methods to ensure that its programs and policies are effective in advancing the work of the humanities. Outside evaluators who serve in our application review system, for example, not only assess the merits of grant proposals but also help us monitor the goals and objectives of our programs. NEH also routinely collects performance information from grantees after they have concluded their projects. Grant recipients are required to submit final narrative reports, in which they are asked to provide specific information about the results of their project. This information in turn helps us to assess the impact of our grant-making efforts.

NEH continues to assess the outcomes of its grants in order to monitor and, when needed, improve the effectiveness of our programs and operations. In recent years, for example, we have conducted a series of in-depth evaluations of several of our major grant programs. Assessments have recently been completed of the Humanities Collections and Research Resources program in the Division of Preservation and Access; the America's Media Makers program in the Division of Public Programs; the NEH Fellowships program in the Division of Research Programs, one of the Endowment's original, flagship programs; and the Digging into Data Challenge program in the Office of Digital Humanities. Each of these surveys produced findings that have helped the agency make adjustments in program objectives, bring greater clarity to program guidelines, improve grants management, and provide better service to applicants and grantees alike.

A number of evaluations are either currently in the works or will be launched in the coming years, including:

- ✓ NEH's Division of Education Programs is conducting a systematic evaluation of the outcomes of grants made from 1997-2011 in the Summer Seminars and Institutes for College and University Teachers program, one of the agency's long-time bedrock programs. Data gathered from the survey will help the Endowment assess the program's impact.

- ✓ The Education division also plans a review of grants that have made been in the agency's recent special initiative for the nation's two-year colleges. Launched in FY 2011, the *Bridging Cultures* at Community Colleges grant competition was designed to strengthen the quality of humanities courses and instruction at these important institutions. The purpose of the evaluation will be to gather evidence on how well the program is working—that is, the extent to which grant outcomes, measured both qualitatively and quantitatively, reflect program objectives—and to identify any changes that need to be made to improve results. We expect the results of this evaluation to be available in 2015.
- ✓ The Division of Research Programs is in the midst of a review of its Summer Stipends program, a program that provides grants to scholars to devote two uninterrupted months to researching or writing on an advanced research project in the humanities. Results are expected in 2014.
- ✓ The Public Programs division has begun a study of more than 400 NEH-supported humanities exhibitions and programs that took place around the country in 2012. Using Survey Monkey, the free online survey tool, information will be gathered about the number of people and types of audiences reached by each project. This will be followed by more in-depth analysis of a smaller sample of projects.

### **Brief Overview of Financial Statements**

The principal financial statements have been prepared to report the financial position and the results of operations of the National Endowment for the Humanities (Endowment), pursuant to the requirements of 31 U.S.C. 3515 (b). These statements are included in the Financial Section of the Performance and Accountability Report.

While the statements have been prepared from the books and records of the Endowment in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that the Endowment is a component of the United States Government, a sovereign entity.

The following is a brief summary of the principal statements. The amounts shown are in millions of dollars.

### **Balance Sheet**

On the balance sheet, the Endowment's most significant asset is the fund balance with the U.S. Treasury. This balance principally represents funds to be paid in future years for grants. For fiscal years, FY 2013 and FY 2012, the Endowment had a fund balance with the U.S. Treasury of \$141.0 and \$150.5, respectively. The change is due primarily to the FY 2013 budget sequestration of \$7.6. The FY 2013 amount of \$141.0 is comprised of \$140.5 of appropriated no-year funds and \$.5 of trust no-year funds.

Of the \$27.3 in total liabilities for FY 2013, the Endowment's principal liability is the estimated grant liability. This liability represents an accrual for the amount of estimated unreimbursed grantee expenses, as of September 30, 2013. For fiscal years, FY 2013 and FY 2012, the Endowment had a grant liability of \$22.9 and \$24.7, respectively. For comparative purposes, the change is insignificant.

The Endowment's net position consists primarily of unexpended appropriations. The unexpended appropriations include the portion of the Endowment's appropriation represented by undelivered orders and unobligated balances. As required by OMB Circular A-136, the balance sheet shows the portion of cumulative results of operations and unexpended appropriations for dedicated collections separately from all other funds on the face of the balance sheet. For fiscal years, FY 2013 and FY 2012, the Endowment had an unexpended balance of \$118.3 and \$124.8, respectively. The change is due primarily to the FY 2013 budget sequestration of \$7.6.

### **Statement of Net Cost**

The net cost of operations represents the gross cost incurred by the Endowment less any exchange revenue earned from its activities. By disclosing the gross and net cost of the Endowment's programs, the statement of net cost provides information that can be related to the outputs and outcomes of the Endowment's programs and activities. For fiscal years, FY 2013 and FY 2012, the Endowment had net cost of operations of \$147.2 and \$152.0, respectively.

### **Statement of Changes in Net Position**

The statement of changes in net position is designed to display the components of the unexpended appropriations and cumulative results of operations separately to enable the stakeholders to better understand the nature of this statement. For fiscal years, FY 2013 and FY 2012, the Endowment had a net position of \$117.9 and \$124.8, respectively. The change is due primarily to the FY 2013 budget sequestration of \$7.6.

### **Statement of Budgetary Resources**

The statement of budgetary resources provides information about how budgetary resources were made available to the Endowment as well as their status at the end of the period. It is the only financial statement primarily derived from the Endowment's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into GAAP for the Federal Government. The budgetary resources are mostly from funds appropriated by the U.S. Congress. For fiscal years 2013 and 2012, the Endowment had \$147.3 and \$154.6 in budgetary resources, respectively. The change is due primarily to the FY 2013 budget sequestration of \$7.6. For fiscal years, FY 2013 and FY 2012, the Endowment had net outlays of \$147.8 and 151.3, respectively.

### **Required Supplementary Stewardship Information**

#### **Stewardship Investments - Investment in Non-Federal Physical Property**

The National Endowment for the Humanities (NEH) provides a long term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements; the purchase of major equipment; and

the purchase or improvement of other physical assets.

NEH's investment in non-Federal physical property currently includes facilities, structures, and equipment.

### **Analysis of Systems, Controls, and Legal Compliance**

In accordance with the Federal Manager's Financial Integrity Act of 1982, in FY 2013 NEH conducted its required review of the agency's operations and procedures to identify possible deficiencies in management controls. This annual review enables the agency to provide reasonable assurance that it is in compliance with the requirements of the Integrity Act.

As a result of our FY 2013 review, NEH assures that its internal management controls are adequate and effective for controlling waste, fraud, abuse, and mismanagement of resources.

### **Possible Future Effects of Existing Events and Conditions**

The Endowment, along with many other federal agencies, continues to face fiscal pressures as the federal government struggles to bring revenues and expenditures into balance. Moreover, the uncertainties of the annual Congressional appropriations process—not the least of which was the across-the-board sequester and rescission of FY 2013 funding, which took effect mid-way through the fiscal year, and the possibility of another funding sequester in FY 2014—has made it difficult for the agency to plan its programmatic and administrative activities in an efficient and effective way.

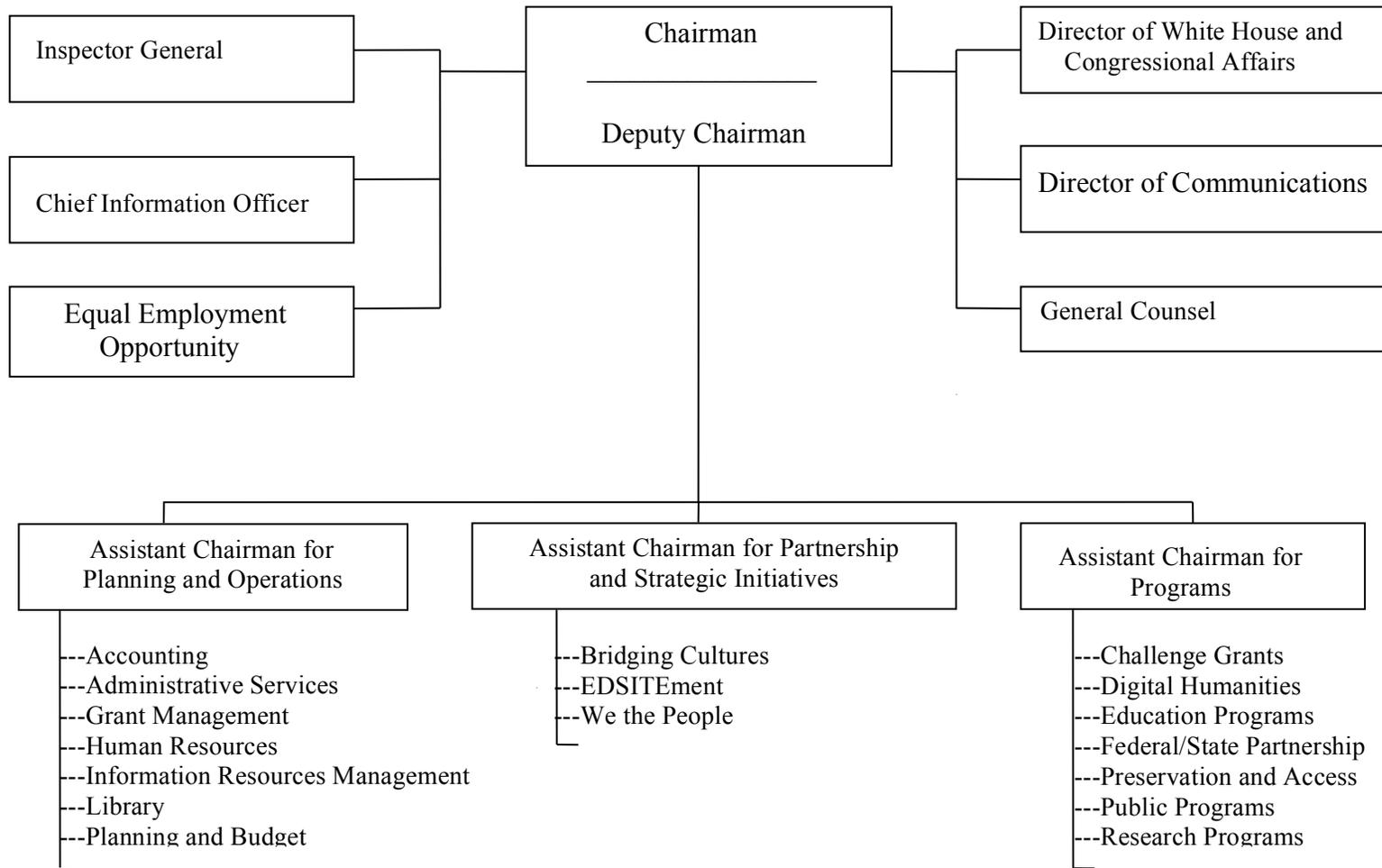
In FY 2014, NEH and its sister agency, the National Endowment for the Arts, will move from their long-time home at the historic Old Post Office Building on Pennsylvania Avenue to a new building, the Constitution Center, in southwest Washington, DC. The exact date of this move is still undetermined, but we have been informed by GSA that the move will be completed by no later than March 1, 2014.

In conjunction with our upcoming relocation, NEH and NEA are planning to consolidate certain administrative functions in order to realize some cost savings and to streamline operations. These consolidations will cover such core functional areas as information technology infrastructure, media operations, conference rooms, and various health and safety accommodations.

### **Organizational Structure**

The following page shows NEH's current organizational structure.

# National Endowment for the Humanities





## Management Assurances Statement

The National Endowment for the Humanities has assessed the effectiveness of the internal controls to support effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations in accordance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) Section 2 and OMB Circular A-123. Based on this assessment, the National Endowment for the Humanities can provide reasonable assurance for FY 2013 that its internal control over the effectiveness and efficiency of operations, financial reporting, and compliance with applicable laws and regulations was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

The National Endowment for the Humanities conducted its assessment of whether the financial management systems conform to government-wide financial systems requirements in accordance with FMFIA Section 4 and OMB Circular A-127, *Financial Management Systems*. Based on this assessment, the National Endowment for the Humanities can provide reasonable assurance that its financial management systems are in compliance with the applicable provisions of the FMFIA Section 4 and OMB Circular A-127 for FY 2013.



Carole M. Watson  
Deputy Chairman  
December 16, 2013

## II. PERFORMANCE INFORMATION

### FY 2013 Performance Highlights

NEH grants provide crucial incentives for scholars to explore important subjects in the humanities; colleges and universities to invest in the professional development of teachers and faculty; museums to develop educational exhibitions; archives, libraries, museums, and other repositories to preserve and increase the availability of books, periodicals, manuscripts, and other humanities resources; filmmakers to produce historical, biographical, and cultural documentaries that are grounded in excellent humanities scholarship; and state humanities councils to make cultural opportunities accessible in every community in the nation.

Among the tangible results of NEH grants awarded in FY 2013 are (or will be) the following:

- Nearly a thousand libraries and state humanities councils in all 50 states, the District of Columbia, and the U.S. Virgin Islands were awarded the *Bridging Cultures* Bookshelf: *Muslim Journeys*, a collection of books, films, and other resources developed by the National Endowment for the Humanities and the American Library Association (ALA) and based on the advice of scholars, librarians, and other public programming experts. Also in collaboration with ALA, NEH awarded 125 libraries and state humanities councils a \$4,500 programming grant to host a “Let’s Talk About It” reading and discussion series featuring some of the materials included in the *Muslim Journeys* collection.
- Nearly 500 libraries and humanities organizations across the nation were awarded *Created Equal: America’s Civil Rights Struggle* film sets and programming grants of up to \$1,200. Excerpts from these films—*The Abolitionist*, *Slavery by Another Name*, *The Loving Story* and *Freedom Riders*—are also available free online, along with a suite of classroom resources.
- Awards in the new *Bridging Cultures* at Community Colleges program are supporting projects that will engage leading humanities organizations and local community college faculty in creating new and improved humanities courses that emphasize diverse cultures and historical perspectives.
- Awards were made for documentary films that explore cultures outside of the United States via the new *Bridging Cultures* through Film: International Topics category. For example, *Nasser: An Egyptian Story* will examine the life and career of Gamal Abdel Nasser (1918-1970), the iconic Egyptian figure who led Egypt from 1952 until his death.
- Books, journal articles, and conference presentations will be produced by nearly every one of the 183 recipients of an NEH research fellowship or stipend and the 75 scholars conducting sabbatical projects at an NEH-supported independent research center. As well, crucial support was provided for the conclusion or continuation of efforts to create major reference works, including *The First Federal Congress Project*. This multi-year project is

publishing the complete record of the First Federal Congress, 1789-1791, including unofficial records and primary material such as letters and diaries that document the actions, debates, and thoughts of that body and its members.

- The agency's Landmarks of American History and Culture program supported week-long workshops for 1,600 school teachers that will be offered during the summer of 2014. Landmarks workshops are held at or near presidential residences and libraries, colonial-era settlements and missions, forts and battlefields, industrial centers, and sites associated with notable writers, architects, and artists. They are academically rigorous, involve leading scholars, and help participants develop new teaching resources.
- The *Chronicling America* website posted its 6 millionth page. Launched by the Library of Congress and NEH, *Chronicling America* provides enhanced and permanent access to historically significant newspapers published in the United States between 1836 and 1922. The website is part of the Endowment's National Digital Newspaper Program, a partnership between NEH and the Library in support of newspaper digitization projects in each state of the nation—to date, 36 states have participated in the program.

Six grants totaling nearly \$1 million were supported through the NEH/NSF "Documenting Endangered Languages" initiative for projects to create, enhance, and deepen our knowledge of the estimated 3,000 currently spoken languages that are threatened with extinction in the near future.

- Projects for the general public begun during the year will produce high quality interpretive exhibitions in the humanities at museums and historical organizations, reading and discussion programs in libraries and other venues, the interpretive programs at historic sites, television and radio documentaries, and history and literary programs for families. For example, *The Loving Story*, a documentary film that was broadcast nationwide on HBO in 2013, portrays an interracial married couple whose struggle culminated in a landmark civil rights case overturning anti-miscegenation laws in the United States. In 2013, this NEH-supported documentary won a prestigious George Foster Peabody award and was nominated for three Emmy awards.
- The Endowment's Office of Digital Humanities provided encouragement and support for projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. For example, the NEH/German Research Foundation Bilateral Digital Humanities program made four awards for collaborative digital humanities projects between American and German institutions. In one such effort, the Center for Jewish History in New York is working with the Frankfurt University Library in Germany to digitize approximately 1,000 important books that were thought to be lost after World War II.
- NEH Challenge Grants awarded to cultural institutions during the year began to leverage non-federal contributions for endowment building and capital investment projects that by 2017 will total more than \$30 million. In FY 2013, a special competition for two-year colleges again provided a lower matching ratio and an extended fund-raising period as

inducements to a category of educational institutions that have been reluctant to apply for Challenge Grants.

- Sponsoring or conducting a broad spectrum of cultural activities—including book programs, exhibitions, lectures, teacher workshops, and local history projects—the state humanities councils reached millions during the year and gave the humanities a local presence in every part of the United States. In 2013, 36 states and the District of Columbia participated in “Making Sense of the Civil War,” sponsored by NEH and the American Library Association. The Virginia Foundation for the Humanities, for example, used electronic media to initiate discussions through their “Backstory with the American History Guys” radio call-in show, which features three prominent historians providing perspective on “events happening around us every day.”
- NEH cooperated with the Arts and Humanities Research Council, the Economic and Social Research Council, and the Joint Information Systems Committee of the United Kingdom; the Netherlands Organization for Scientific Research; and the Social Sciences and Humanities Research Council of Canada—as well as with the Institute for Museum and Library Services and the National Science Foundation in the United States—in the Digging into Data Challenge, a jointly sponsored grant program supporting the development of new research methods in the digital humanities.

## FISCAL YEAR 2013 PERFORMANCE REPORT AND DATA FROM THREE PREVIOUS FISCAL YEARS

### INTRODUCTION

We are pleased to present the Performance and Impact section of our Performance and Accountability Report (PAR) for fiscal year 2013. The purpose of this section of the report is to compare performance levels anticipated for fiscal year 2013 in the annual NEH Performance Plan with the performance outcomes that were actually achieved during that year. Projected and actual performance data for fiscal years 2010 through 2012 are also provided. Because the goals and indicators of the NEH Performance Plan are tied directly to and closely parallel the general goals and objectives in the Endowment's multi-year strategic plan, this report will also serve as a measure of the agency's progress in achieving its long-term strategic goals.

The results projected in the NEH Performance Plan may accrue over many years. In those cases, measured outcomes of FY 2013 will be reported as partial results and revised in subsequent annual PARs. The projected performance outcomes cited below are those embodied in the NEH Performance Plan and relate to funding allocations at the levels of the final, enacted budget of each year. In what follows, projected performance indicators are shown in *italics*; measured performance outcomes in **bold**. Performance results that as of this writing remain incomplete are enclosed in parenthesis.

[Note: The volume of applications to NEH's discrete programs and grant categories typically fluctuates from year to year. In addition, because grants are awarded through a highly competitive—and necessarily contingent—application review process, the numbers of grants actually awarded during a given year (in **bold**) may differ significantly from the numbers of awards (in *italics*) projected for the year.]

### PERFORMANCE GOALS:

**A: To facilitate basic research and original scholarship in the humanities.**

### PERFORMANCE INDICATORS:

1) Support is provided that enables scholars—both those affiliated with educational institutions and those working independently—to devote a concentrated period of time to research and writing on significant subjects in all fields of the humanities.

- FY 2013: Support was provided for **183/183** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2012: Support was provided for **176/190** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

- FY 2011: Support was provided for **215/215** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.
- FY 2010: Support was provided for **222/227** individual scholars to make significant progress on important humanities research projects through fellowships and stipends.

2) Support is provided for collaborative research projects that develop significant intellectual advances and resources for scholars, teachers, students, and the general public.

- FY 2013: Support was provided for **42/42** important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, **16/16** previously awarded grants received ongoing support through NEH matching funds.
- FY 2012: Support was provided for **33/42** important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, **18/18** previously awarded grants received ongoing support through NEH matching funds.
- FY 2011: Support was provided for **56/56** important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, **24/24** previously awarded grants received ongoing support through NEH matching funds.
- FY 2010: Support was provided for **52/59** important long-term collaborative projects in the humanities such as scholarly editions, translations, archaeological excavations and analyses and other complex, large-scale undertakings. In addition, **20/20** previously awarded grants received ongoing support through NEH matching funds.

3) Support is provided for overseas research in the humanities by American scholars and, where appropriate, encouragement offered for international collaboration in research on significant topics in the humanities.

- FY 2013: Awards for **23/23** humanities fellowship programs at independent research institutions supported the work of **75/75** humanities scholars who are making significant contributions to scholarship in the humanities.
- FY 2012: Awards for **25/25** humanities fellowship programs at independent research institutions supported the work of **80/80** humanities scholars who are making significant contributions to scholarship in the humanities.
- FY 2011: Awards for **25/25** humanities fellowship programs at independent research institutions supported the work of **80/80** humanities scholars who will make significant contributions to scholarship in the humanities.

- FY 2010: Awards to 25/25 humanities fellowship programs at independent research institutions supported the work of 80/80 humanities scholars who are making significant contributions to scholarship in the humanities.
- 4) Support is provided for humanities scholarship by faculty members at historically black, Hispanic-serving, and tribal colleges and universities.
- FY 2013: Support enabled 10/9 individual scholars who teach at historically black colleges and universities, at Hispanic-serving institutions, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
  - FY 2012: Support enabled 5/6 individual scholars who teach at historically black colleges and universities, at Hispanic-serving institutions, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
  - FY 2011: Support enabled 10/10 individual scholars who teach at historically black colleges and universities, at institutions with high Hispanic enrollment, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.
  - FY 2010: Support enabled 5/5 individual scholars who teach at historically black colleges and universities, at Hispanic-serving, and at tribal colleges and universities to make significant progress on important scholarly projects in the humanities through faculty research awards.

## ANALYSIS:

### **Availability of data.**

The scholars who received NEH funding during FY 2013 undertook projects of varying length, from the three months of independent research and writing supported by a summer stipend to multi-year research collaborations. In the coming months and years, these projects will come to fruition in the form of journal articles, books, and scholarly editions. The annual submission of the NEH PAR provides an occasion to monitor and record the productivity of research in the humanities supported by the Endowment during the most recent four years. Increasingly, the Endowment's Grants Management System (GMS) database will facilitate the aggregation of data about products, such as books and articles that result from activities supported by specific NEH grants. At present, it links information about more than 6,873 humanities research awards in the Endowment's grant information database to bibliographic information about the approximately 4,809 published books that these projects produced between 1980 and 2013.

**FY 2013 accomplishments.** The Endowment facilitates basic research and original scholarship in the humanities primarily through programs that support the work of individual scholars; that support long-term, complex projects carried out by teams of scholars; and that support focused,

individual projects that draw upon the collections and expertise of leading humanities institutions and overseas research centers.

The results of humanities research are typically communicated through books and articles, and each year NEH-supported scholars produce hundreds of such publications, many with leading trade and academic publishers. Although print continues to be the principal means of disseminating humanities scholarship, the Endowment has long encouraged funding applicants to harness the vast potential of advanced digital technology in the conduct and dissemination of their research.

**[Indicator 1]** NEH Fellowships and Summer Stipends provide opportunities for individual scholars and teachers to undertake advanced research in the humanities. Since the first years of the Endowment, these programs have proven to be an effective and efficient means of supporting humanities research, resulting in the publication of nearly 8,100 books. Fellowship and stipend awards support projects in all areas of the humanities from history, philosophy, and literature to classics, religion, and archaeology, as well as those areas where humanistic inquiry intersects with the sciences, medicine, and technology. Projects supported encompass the most significant political, philosophical, and literary ideas in American and international intellectual traditions.

The Endowment has also forged a number of strategic partnerships that reinforce the impact of an NEH Fellowship. Currently, for example, the Research Programs division administers the evaluation of applications to the Library of Congress's John W. Kluge Fellows Program. This program provides stipends to junior scholars from the U.S. and abroad to conduct research in the Library's rich collections in the humanities. The Endowment also collaborates with the Japan-United States Friendship Commission to encourage American scholars' research on Japan and U.S.-Japan relations. Finally, the Endowment continues its multi-year funding partnership with the National Science Foundation in support of Documenting Endangered Languages, a program to provide NEH awards to scholars engaged in recording and preserving key languages before they become extinct. This collaboration is made urgent by the imminent demise of an estimated half of the 6,000 to 7,000 currently used languages worldwide.

During FY 2012, the Endowment concluded the first large-scale evaluation of the NEH Fellowships program, focusing on outcomes and impacts of awards made from 2002 through 2004. The outcomes of 520 awards made between FY 2002 and FY 2004 were compared with those of a group of unfunded applicants during that same period, as well as with award winners from similar, private sector fellowships programs. To augment the quantitative analyses, the 520 awardees were surveyed on a range of topics relating to their NEH funding. Within seven years of the close of their grant periods, 96 percent of surveyed fellows reported publishing a book or article as a result of their grant, and over 70 percent of all awards resulted in major book-length publications. Almost 80 percent of fellows reported that their NEH awards enabled them to leverage additional research support from their employers or other grant-making institutions, and over half found that their NEH-supported research had direct, immediate implications for their teaching.

NEH-supported books often win academic, scholarly, and literary prizes. Others appeal to a broad readership. A notable example of the latter is Anne Applebaum's *Iron Curtain: The*

*Crushing of Eastern Europe, 1944-1956* (2012), which was a finalist for the National Book Award. Applebaum received an NEH Fellowship in 2009 to conduct research in the libraries and archives of Poland, Hungary, and the former East Germany. *Iron Curtain* details everyday life under totalitarian rule: the dispatch of party enforcers from the USSR to the rest of the Soviet Bloc; the sudden takeover of radio stations, universities, and youth groups by partisans; and the conflicted response of religious leaders to Stalin's methods.

**[Indicator 2]** Advanced research in the humanities increasingly requires the collaboration of many scholars working across a wide range of specialties or scholars working alongside one another in research centers and archives. The Endowment nurtures such collaborative efforts through three programs—Scholarly Editions and Translations, Collaborative Research, and Fellowship Programs at Independent Research Institutions.

Scholarly Editions and Translations grants support the preparation of important texts and documents of enduring value that otherwise would be relatively inaccessible to scholars and the public. Scholarly editions projects involve significant literary, philosophical, and historical materials, with the majority being in U.S. history and literature. Most are produced in print editions but increasingly also in a variety of digital formats. Recent grants have supported, for example, editions of the papers of such major historical figures as George Washington, Thomas Jefferson, Dolley Madison, Abraham Lincoln, Andrew Jackson, Dwight D. Eisenhower, and Thomas Edison; and such literary and cultural figures as Ralph Waldo Emerson, Virginia Woolf, William F. "Buffalo Bill" Cody, and Mark Twain. Another such effort, *The First Federal Congress Project*, is publishing the complete record of the First Federal Congress, 1789-1791, including unofficial records and primary material such as letters and diaries that document the actions, debates, and thoughts of that body and its members.

Translation projects make important literary and historical material accessible to English-speaking scholars and readers. For example, with NEH support Robert McChesney at New York University is preparing the final volume of *The History of Modern Afghanistan*. Originally commissioned as an official national history by the Afghan prince, later amir, Habib Allah Khan and written in his Persian court in the late 19th century, this four-volume work will be the first English-language account of Afghanistan's modern history as the Afghans themselves understood it.

Collaborative Research grants support teams of researchers involved in a variety of large-scale domestic and international projects, including archaeological excavation and interpretation, scholarly conferences, and wide-ranging original and synthetic research that significantly adds to our understanding of historical issues and cultural concerns. For example, in FY 2013 Thomas Parker of North Carolina State University received funding to lead an international excavation of the domestic structures and tombs of Petra, the ancient Nabataean metropolis in modern-day Jordan. Parker will use cutting-edge scientific analysis to gain an understanding of the extent to which illness, drought, and diet affected the way inhabitants of Petra lived.

**[Indicator 3]** The Fellowship Programs at Independent Research Institutions supports residential fellowships offered by U.S. research centers located at home and abroad, and fellowships awarded under the auspices of U.S. organizations that facilitate international

research. NEH funds partially support the costs of fellowship stipends, while the partner institution covers such costs as meals, lodging, copying and library services, computer access, and, in the case of organizations supporting international research, assistance in securing the necessary visas and research permits. Fellows at NEH-supported centers produce a wide range of published scholarship. For example, Ying Zhu, professor of media at the City University of New York, Staten Island, held a NEH-supported fellowship through the American Council of Learned Societies' China Program. With her award, Zhu conducted research and interviews to write *Two Billion Eyes: The Story of China Central Television* (2012), the first history of China's most dynamic, influential, and wide-reaching television network.

[**Indicator 4**] As part of the agency's efforts to extend the reach of its grant opportunities, the Endowment offers Awards for Faculty at Historically Black Colleges and Universities, Hispanic-serving Institutions, and Tribal Colleges and Universities. The Awards for Faculty program provides flexible grants to better serve the unique needs of scholars at these institutions who struggle to maintain their credentials as scholars while teaching under the most challenging conditions. In FY 2013, the Endowment provided nine Awards for Faculty.

**B: To strengthen teaching and learning in the humanities in elementary and secondary schools and institutions of higher education.**

PERFORMANCE INDICATORS:

1) Teachers are provided opportunities to renew and deepen their knowledge of the humanities.

- FY 2013: Support for 45/45 NEH summer seminars and institutes will enable 485/(485) college teachers and 460/(460) school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2014 will reach approximately 84,875/(84,875) students annually; school teacher participants will reach approximately 57,500/(57,500) students annually.

Support for 20/20 "Landmarks of American History and Culture" workshops to take place in the summer of 2014 will enable approximately 1,600/(1,600) school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers will annually reach approximately 200,000/(200,000) students.

Support for 3/3 NEH Bridging Cultures at Community Colleges projects is enabling community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They are working with leading scholars to develop new curricula and courses, participating in a sustained program of study and guidance, exchanging ideas through digital technology, and will present products such as syllabi and research products at a concluding conference. Community college

faculty participating in these projects will reach approximately 23,128/(23,128) students annually.

Support for 19/19 Enduring Questions projects is enabling faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. These questions will include: What is the good life? What is justice? What is friendship? Is there a human nature, and, if so, what is it? Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25/(25) students.

- FY 2012: Support for 40/44 NEH summer seminars and institutes enabled 420(440) college teachers and 420(528) school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2013 are reaching approximately 73,500(77,000) students annually; school teacher participants reach approximately 52,500(66,000) students annually.

Support for 15/21 “Landmarks of American History and Culture” workshops during the summer of 2013 enabled approximately 1,200(1,680) school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers annually reach approximately 150,000(210,000) students.

“Landmarks of American History and Culture for Community College Faculty” workshops were discontinued in FY 2012. A new competition to better address the needs of this constituency was created in FY 2012.

Teaching Development Fellowships were discontinued in FY 2012 due to a shift in the agency’s educational programming priorities.

Support for 5/5 NEH Bridging Cultures at Community Colleges projects enabled community college faculty and administrators to participate in sustained programs of faculty and curriculum development. They worked with leading scholars to develop new curricula and courses, participated in a sustained program of study and guidance, exchanging ideas through digital technology, and presented products such as syllabi and research products at a concluding conference. Community college faculty participating in these projects reach approximately 38,675/(38,675) students annually.

Support for 21/22 Enduring Questions projects is enabled faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. These questions include: What is the good life? What is

justice? What is friendship? Is there a human nature, and, if so, what is it? Each participating faculty member will conduct the newly created course at least twice, with each iteration reaching approximately 25 students.

Picturing America School Collaboration Projects were discontinued in FY 2012 due to a shift in the agency's education programming priorities.

- FY 2011: Support for **41/41** NEH summer seminars and institutes enabled **399/399** college teachers and **462/462** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2012 are reaching approximately 69,825/**69,825** students annually; school teacher participants reach approximately **57,750/57,750** students annually.

Support for **15/15** "Landmarks of American History and Culture" workshops during the summer of 2012 enabled approximately **1,200/1,200** school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers annually reach approximately **150,000/150,000** students. Through a partnership of NEH and the U.S. Department of State, selected "Landmarks" workshops invited participation by teachers from other nations.

Support for **6/6** "Landmarks of American History and Culture for Community College Faculty" workshops during the summer of 2012 enabled **300/300** community college teachers to reach **52,500/52,000** students annually with their revitalized knowledge, understanding, appreciation, and teaching of American History, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with them.

**Nine/9** Teaching Development Fellowships enabled recipients to pursue research aimed specifically at deepening their core knowledge in the humanities to improve their undergraduate teaching. These teachers reach **1,575/1,575** students annually.

Support to **16/16** Enduring Questions award recipients enabled individual faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. These questions include: What is the good life? What is justice? What is friendship? Is there a human nature, and, if so, what is it? Each recipient conducted the newly created course at least twice, with each iteration reaching approximately 25 students.

Support for **8/8** Picturing America School Collaboration Projects enabled approximately **470/470** teachers in a local area or region to attend workshops to

enhance their incorporation of Picturing America into core curriculums. These teachers reach 58,750/**58,750** students annually.

FY 2010: Support for 65/**56** NEH summer seminars and institutes enabled 500/(437) college teachers and 750/**750** school teachers to revitalize their knowledge and teaching of the humanities. College teachers participating in seminars and institutes during the summer of 2011 reach approximately 87,500/76,475 students annually; school teacher participants reach approximately 93,750/**93,750** students annually.

Support for 22/**20** “Landmarks of American History and Culture” workshops in the summer of 2011 enabled approximately 1,760/**1,600** school teachers to revitalize their knowledge and teaching of American history, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with that location. These teachers annually reach approximately 220,000/**200,000** students. Through a partnership of NEH and the U.S. Department of State, selected “Landmarks” workshops invited participation by teachers from eighteen other nations.

Support for 12/**10** “Landmarks of American History and Culture for Community College Faculty” workshops during the summer of 2011 is enabling 600/**500** community college teachers to reach 105,000/**87,000** students annually with their revitalized knowledge, understanding, appreciation, and teaching of American History, particularly as it relates to the relationship between specific sites and the episodes in history, the writers, and/or the artists associated with them.

*Eighteen*/**18** Teaching Development Fellowships enabled recipients to pursue research aimed specifically at deepening their core knowledge in the humanities to improve their undergraduate teaching. These teachers reach 3,150/**3,150** students annually.

Support to 18/**17** Enduring Questions award recipients enabled individual faculty members to develop a new course at the undergraduate level to grapple with the most fundamental concerns of the humanities, and to join with their students in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. These questions include: What is the good life? What is justice? What is friendship? Is there a human nature, and, if so, what is it?

Support for 11/**11** Picturing America School Collaboration Projects enabled approximately 1,019/**1,019** teachers in a local area or region to attend workshops that enhanced their incorporation of Picturing America into core curriculums. These teachers reach 127,375/**127,375** students annually.

2) Support is provided for humanities education programming in Historically Black, Hispanic-serving, and Tribal colleges and universities across the country.

- FY 2013: Humanities Initiatives at Presidentially Designated Institutions provided 8/10 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2012: Humanities Initiatives at Presidentially Designated Institutions provided 13/13 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2011: Humanities Initiatives at Presidentially Designated Institutions provided 13/13 grants to support faculty professional development activities for improvement in humanities instruction, as well as other capacity building activities at these institutions.
- FY 2010: No Humanities Initiatives at Presidentially Designated Institutions grants were made, owing to an adjustment in the application submission deadline.

ANALYSIS:

**Availability of data.** Because few of the above education projects supported by the Endowment during FY 2013 had concluded at the time this report was prepared, data are not yet available on the numbers of participating teachers and the numbers of students each teacher may be expected to affect annually. Most of the missing data on project outcomes will be supplied in the coming year as project personnel submit their regularly scheduled progress reports. We anticipate that we will be able to provide nearly complete data on the FY 2013 performance indicators in the FY 2014 PAR.

**FY 2013 accomplishments. [Indicator 1]** NEH Summer Seminars and Institutes have for more than a four decades been one of the nation's premier forms of professional development in the humanities for college and university teachers and elementary and secondary school teachers. NEH offers college and school teachers opportunities to pursue serious, substantive intellectual inquiry in fields such as history, foreign languages, literature, philosophy, and political science. Working with distinguished scholars, participants deepen their knowledge of the subjects they teach and explore effective ways of bringing this understanding to their students.

Summer Seminars enable sixteen school or college teachers to study for two to five weeks under the guidance of a senior scholar. The principal goal is to engage teachers in the scholarly enterprise, thus equipping them for deeper understanding of their subject areas and more effective teaching. In Summer Institutes, school or college teachers participate in an intensive program of study with teams of humanities scholars who present a broad range of perspectives on a given topic. Well suited to larger groups (as many as thirty school teachers or twenty-five college teachers), institutes also last from two to five weeks and are a particularly appropriate mechanism for creating foreign language immersion opportunities, or for breaking new ground in an emerging field, or for redirecting the teaching of various subjects in the undergraduate classroom. NEH has recently revised the eligibility criteria for the Summer Seminars and

Institutes program to create opportunities for humanities graduate students. In higher education programs, two spaces in Summer Seminars and three spaces in Summer Institutes are now reserved for graduate students; and in school teacher programs, the same numbers are made available for graduate students who intend to pursue K-12 teaching careers.

NEH annually supports summer seminars and institutes on a wide range of topics in the humanities. In the summer of 2013, pre-collegiate literature teachers attended NEH-supported seminars or institutes on topics such as Richard Wright's *Native Son* and Toni Morrison's *The Bluest Eye*; John Steinbeck as a novelist, social critic, and ecologist; and on Dante's *Divine Comedy*. High school history teachers examined such topics as the origins and history of the Pueblo Indian peoples of the American Southwest; the history of the Underground Railroad and abolitionism; and the development of modern economic systems in the Dutch Republic and Great Britain in the seventeenth and eighteenth centuries. College-level faculty studied among other topics, metaphysics and the philosophy of mind; the history of economic thought from Adam Smith to John Maynard Keynes and Friedrich von Hayek; changing definitions and characterizations of British romanticism; and Brazilian literature.

Each year, the Endowment conducts a competition for supplemental support of up to \$10,000 for Seminar and Institute project directors to extend the reach, duration, and impact of their summer programs through digital means. A recent project extension, for example, awarded to history professor Richard Newman for his summer seminar "The Abolitionist Movement: Fighting Slavery from the American Revolution to the Civil War," will develop an "Abolitionism App": a free digital application for computers, phones, and mobile devices.

In FY 2013, Landmarks of American History and Culture grants supported summer workshops for K-12 educators to train teaching professionals to employ historical sites as the basis for communicating central themes and issues of American history, to increase knowledge and appreciation of these sites, and to encourage staff at historical sites to develop greater capacity and scale for professional development programs. Landmarks workshops are held at or near presidential residences and libraries, colonial-era settlements and missions, forts and battlefields, industrial centers, and sites associated with notable writers, architects, and artists. They are academically rigorous, involve leading scholars, and help participants develop new teaching resources. Projects accommodate forty teachers at one-week sessions, which are offered twice during the summer.

The *Bridging Cultures at Community Colleges* program encourages and supports large scale, multi-year projects to strengthen the quality of teaching and learning in the humanities at community colleges. In FY 2013, for example, an NEH-supported partnership between Blue Ridge Community College and the University of Virginia's Asia Institute will enable five Virginia community colleges to incorporate new content on Asia, the Middle East, and Russia in their courses. Two annual symposia will introduce the participating faculty and administrators to the topics through common readings, discussion, and lectures from scholarly experts. Between symposia, participants will work with each other and with the scholars using discussion forums, video conferencing, and site visits as they develop and implement new curricular materials.

Enduring Questions Course Grants provide opportunities for higher educational institutions to design a new course for undergraduate teaching and learning that promotes engagement with fundamental issues in the humanities. The purpose of this program is to encourage faculty and students at the undergraduate level to grapple with important humanities issues and to join together in deep, sustained programs of reading in order to encounter influential thinkers over the centuries and into the present day. Enduring Questions are questions that have more than one plausible answer, such as: What is the good life? What is justice? What is freedom?

**[Indicator 2]** Awards made in the Humanities Initiatives at Historically Black, Hispanic-Serving, and Tribal Colleges and Universities category may be used to enhance the humanities content of existing programs, develop new programs, or lay the foundation for more extensive endeavors in the future. The objective of this program is to extend the reach of NEH’s grant opportunities to historically black colleges and universities, to Hispanic-serving institutions, and to tribal colleges and universities. A recent award provided support for an effort at Howard University to create a three-year series of faculty workshops, public lectures, and course development activities to underwrite the transformation of its long-standing Classics Department into a Department of Ancient Mediterranean Studies. With a focus on the interconnectedness of ancient Mediterranean societies in Greece, Rome, Egypt, North Africa, and West Asia, the project will draw on the expertise of nationally recognized scholars for monthly meetings with members of Howard’s Classics faculty to design a two-semester interdisciplinary course for the proposed new major. CUNY, New York City College of Technology, an Hispanic-serving institution, received support for a year-long humanities project that will explore the practice of medicine as an expression of cultural beliefs and value systems that differ across cultures. “Comparative Perspectives on Health, Illness, and Healing” will feature public presentations by medical humanities scholar Rita Charon of Columbia University, among other experts. As well, a project at the Institute of American Indian Arts (IAIA), a degree-granting institution in Santa Fe, New Mexico, is developing two new interdisciplinary digital humanities courses that enable faculty members to use digital humanities resources to enhance their teaching. Under the guidance of expert faculty, a team of “Student Technology Scholars” will create high-definition 3D scans of pottery, sculpture, and other material culture objects from the IAIA Collection—one of the largest collections of contemporary Native American art in the country—and create educational material contextualizing each scanned object, yielding an interactive online archive where scholars can view, manipulate, and learn about these Native American cultural objects.

**C: To preserve and increase access to cultural heritage resources that constitute the cultural and intellectual patrimony of the American people and that are important to research, education, and public understanding of the humanities.**

PERFORMANCE INDICATORS:

1) Support is provided to preserve and create intellectual access to humanities collections and resources. Supported activities include digitizing collections; arranging and describing archival and manuscript collections; cataloging collections of printed works, photographs, recorded sound, moving image, art, and material culture; preservation reformatting; deacidification of collections; preserving and improving access to humanities resources in “born

digital” form; creating research tools and reference works; and developing technical standards, best practices, and tools for preserving and enhancing access to humanities collections.

- FY 2013: Grants were be made to *11/11* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

*Twenty-eight/28* projects are preserving and/or providing access to *44,464/(44,464)* sound and video collections; *1,106/(1,106)* linear feet of archival documents; and *1,757,598/(1,757,598)* manuscripts, broadsides, oversize volumes, and other non-print materials.

Cooperative agreements are digitizing hundreds of thousands of microfilm pages of historic newspapers.

Support was provided for *3/3* research and development projects concerned with standards and procedures.

- FY 2012: Grants were made to *11/11* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

*Twenty-five/25* projects are preserving and/or providing access to *3,305/(3,305)* hours of recorded sound and video collections; *2,393/(2,393)* linear feet of archival documents; and *394,987/(394,987)* manuscripts, broadsides, oversize volumes, and other non-print materials.

Cooperative agreements are digitizing hundreds of thousands of microfilm pages of historic newspapers.

Support was provided for *2/2* research and development projects concerned with standards and procedures.

- FY 2011: Grants were made to *11/11* projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

*Twenty-four/24* projects are preserving and/or providing access to *1,145/1,145* hours of recorded sound and video collections; *3,685/3,685* linear feet of archival documents; and *631,401/631,401* manuscripts, broadsides, oversize volumes, and other non-print materials.

Cooperative agreements are digitizing hundreds of thousands of microfilm pages of historic newspapers.

Support was provided for 3/3 research and development projects concerned with standards and procedures.

- FY 2010: Grants were be made to 14/14 projects to begin or continue work on the preparation of dictionaries, atlases, encyclopedias, and textbases central to knowledge and understanding of the humanities.

*Twenty-five/25* projects are preserving and/or providing access to 4,650/4,650 hours of recorded sound and video collections; 4,387/4,387 linear feet of archival documents; and 693,402/693,402 manuscripts, broadsides, oversize volumes, and other non-print materials.

Cooperative agreements supported are digitizing hundreds of thousands of microfilm pages of historic newspapers.

Support was provided for 3/3 research and development projects concerned with standards and procedures.

2) Support is provided to train staff from the nation's cultural repositories in the appropriate procedures for preserving and enhancing access to the humanities collections for which they are responsible.

- FY 2013: *Eight/8* awards were made for regional and national education programs that are providing training for 552,485/(552,485) people in U.S. museums, libraries, archives, and historical organizations.
- FY 2012: *Seven/7* awards were made for regional and national education programs that are providing training for 301,286/(301,286) people in U.S. museums, libraries, archives, and historical organizations.
- FY 2011: *Six/6* awards were made for regional and national education programs that provided training for 4,700/4,700 people in U.S. museums, libraries, archives, and historical organizations.
- FY 2010: *Six/10* awards were made for regional and national education programs that provided training for 13,110/21,860 people in U.S. museums, libraries, archives, and historical organizations.

3) Support is provided to extend the useful life of fragile collections held by American museums, libraries, archives, historical organizations, and other cultural institutions and develop sustainable strategies for their care.

- FY 2013: Projects supported are helping 18/17 cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures.

- FY 2012: Projects supported are helping **20/18** cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures.
- FY 2011: Projects supported are helping **18/18** cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures.
- FY 2010: Projects supported are helping **16/23** cultural institutions preserve and ensure continued access to their humanities collections institutions through preventive conservation measures. The new Sustaining Cultural Heritage Collections made its first awards in FY 2010.

4) The Endowment extends its reach to institutions across the country by providing support for basic preservation activities to small and mid-sized libraries, archives, museums, and historical organizations.

- FY 2013: Projects supported are assisting in preserving collections at **72/72** institutions in 30 states and Puerto Rico. Forty-four percent of the awards have gone to first-time NEH grantees.
- FY 2012: Projects supported are assisting in preserving collections at **62/62** institutions in twenty-seven states and the District of Columbia. Thirty-four percent of the awards went to first-time NEH grantees.
- FY 2011: Projects supported are assisting in preserving collections at **186/186** institutions in forty-six states, the District of Columbia, and the Virgin Islands. Thirty-eight percent of the awards went to first-time NEH grantees.
- FY 2010: Projects supported are assisting in preserving collections at **159/159** institutions in forty states, the District of Columbia, and Puerto Rico. Approximately 42 percent of the awards went to first-time NEH grantees.

#### ANALYSIS:

**Availability of data.** Accurate data on the performance of the preservation, access, research tools, and reference works projects that received NEH support during FY 2013 will be provided by the respective project directors in their regularly scheduled progress reports. To the extent partial data on FY 2013 activities are available, they are shown in parenthesis above. We expect to be able to report more complete FY 2013 data in the FY 2014 PAR.

**FY 2013 accomplishments. [Indicator 1]** The Endowment provides grants to projects that preserve and create intellectual access to collections that, because of their intellectual content or value as cultural artifacts, are considered highly important to the humanities. Grants support the digitization of collections to enhance their accessibility, as well as the creation of significant reference works. Humanities Collections and Reference Resources awards also support

preservation reformatting and de-acidification of humanities collections; arranging and describing archival and manuscript collections; and cataloging collections of printed works, photographs, recorded sound, moving images, and other materials important for humanities research and education.

In FY 2013, the Endowment completed an assessment of grant outcomes and impact in the Humanities Collections and Reference Resources program through a quantitative and qualitative survey of project directors of the last ten years of awards and an in-depth analysis of six representative projects by external specialists. This assessment, an electronic survey of 295 project directors of grants made between 2000 and 2010, confirmed that the program plays a critical role in advancing humanities scholarship at all levels—for researchers, educators, and students. Among its findings: one third of the projects surveyed led to book-length print publications; 40 percent of projects led to published articles; and one quarter to online publications and exhibitions.

A new grant category within this program, “Foundations” grants, supports the formative stages of planning, assessment, and pilot activities for initiatives to preserve and create access to humanities collections or to produce reference resources. One such Foundations grant was recently made to the University of Nebraska, Omaha, to lay the groundwork for cataloging and digitizing its collection of approximately 12,000 historic maps and related materials on Afghanistan and Pakistan. Among them are topographic, geographic, agricultural, transportation, and city maps, as well as digital data, satellite images, and archival records.

Products generated through the Humanities Collections and Reference Resources program are used not just by scholars, but also by members of the general public. In FY 2013, the Arhoolie Foundation in El Cerrito, California, received an award to digitize and preserve a large portion of the Frontera Collection, which features phonographic records produced by small regional labels in the Southwest from 1905 through the 1990s. Thousands of recordings on LP vinyl records and reel-to-reel tapes showcasing the varied musical traditions of the border region will be made accessible to the public through a free, searchable, and bilingual website.

The Endowment also supports the creation of tools—such as bilingual dictionaries, grammars, and text collections—to document and preserve languages. In recent years, NEH has placed particular emphasis on documenting endangered languages. Of the 6,000 to 7,000 currently spoken languages, at least 3,000 are threatened with extinction, including hundreds of American Indian languages. In 2005, NEH and the National Science Foundation established a joint, multi-year special initiative, “Documenting Endangered Languages,” to support linguistic projects that exploit digital technology. Grants support fieldwork and other activities relevant to recording, documenting, and archiving endangered languages, including the preparation of lexicons, grammars, text samples, and databases. For example, at Miami University in Ohio, linguists and members of the Miami Tribe of Oklahoma are working together in a model program to revitalize the Miami-Illinois language, once spoken in the tribe’s homeland of present-day Illinois, Indiana, and western Ohio but with no first-language speakers remaining. Supported by NEH’s Documenting Endangered Languages program, the Miami-Illinois Dictionary Project will produce a searchable, digitized version of an early 18th-century bilingual, French and Miami-Illinois, dictionary that was compiled by Jesuit missionaries.

With digital technology, there is now a means of providing full text searching of newspaper content. In pursuit of this objective, NEH and the Library of Congress signed a memorandum of understanding in 2004, renewed in 2009, establishing a partnership to create the National Digital Newspaper Program. Under the terms of this partnership, over a period of approximately twenty years the Endowment will provide grants to an institution or organization in each state and territory to digitize titles published between 1836 and 1922 and to prepare fully searchable files that the Library of Congress will maintain permanently online.

The National Digital Newspaper Program is a complex undertaking that will be implemented in successive phases. To date, the NEH has provided support under this grant category for thirty-six state projects, each of which is contributing approximately 300,000 pages of digitized newspapers published between 1836 and 1922. In July 2013, NEH welcomed four new state partners: Connecticut, Idaho, Mississippi, and Puerto Rico together with Florida in a Caribbean partnership. Thus far, more than six million pages of historic American newspapers have been digitized, with many millions more to follow. The selected pages, along with title essays and a directory of all newspapers published in the United States from 1690 to the present, are publicly accessible online through *Chronicling America* (<http://chroniclingamerica.loc.gov/>), recognized by Family Tree Magazine as one of the “Best U.S. Government Sites.” The awardees are now also digitizing U.S. newspapers published in French, German, Italian, and Spanish, thus providing access to the nation’s vibrant ethnic and immigrant press. Next year, the program will also allow the digitization of newspapers in Hungarian, Portuguese, Swedish, Danish, and Norwegian.

**[Indicator 2]** Complementing the Endowment's support for preserving and establishing access to a variety of cultural resources are its grants for projects to increase the ability of the nation's libraries, archival repositories, and museums to care for their collections. NEH supports regional services that reach thousands of cultural repositories with preservation information and education. NEH also supports academic programs that train the next generation of conservators responsible for the upkeep of the nation’s humanities collections and provide for their continuing professional development by offering specialized education and training programs. In addition, NEH has helped museums, libraries, archives, and historical organizations improve their ability to plan and respond to disasters. For example, with an NEH grant of \$175,000 the National Czech and Slovak Museum and Library in Cedar Rapids, Iowa, purchased storage furniture to preserve library and artifact collections on the history and culture of Czech and Slovak immigrants and their descendants in the United States. Following a disastrous flood in 2008, portions of the institution’s collections had been stored in temporary quarters. The NEH grant has enabled the museum to rehouse its collections in an improved storage space within the newly renovated museum building.

**[Indicator 3]** In FY 2012, the Endowment’s Sustaining Cultural Heritage Collections program helped cultural repositories to implement preventive conservation measures, which typically encompass managing relative humidity, temperature, light and pollutants in collection spaces; providing protective storage enclosures and systems for collections; or safeguarding collections from theft and from natural and man-made disasters. A growing body of research suggests that institutions can develop effective, energy-efficient, and environmentally sensitive preservation

measures, particularly for managing the environmental conditions under which collections are stored or exhibited.

**[Indicator 4]** Smaller cultural repositories constitute the large majority of collecting institutions in the United States. These organizations often lack the resources to address the preservation needs of their collections. The Endowment's program of Preservation Assistance Grants provides small and mid-sized libraries, archives, museums, and historical organizations with grants of up to \$6,000. Funds support on-site consultation by a preservation professional, enable staff to attend preservation training workshops or other events, and help purchase preservation supplies and equipment. In the thirteen years since the program began, 1,655 grants have been made to institutions in all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands. More than 40 percent of these Preservation Assistance Grants represent a first award from the Endowment

**D: To provide opportunities for Americans of all ages and wherever located to engage in lifelong learning in the humanities.**

PERFORMANCE INDICATORS:

1) Substantive media presentations, exhibitions, reading and discussion programs, and other public projects advance public understanding of the humanities.

- FY 2013: *Twenty-eight/28* television/radio projects will produce *98/(98)* broadcast hours and draw a cumulative audience of approximately *33/(33)* million people.

*Twenty-eight/28* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs will employ various delivery mechanisms at venues across the country.

- FY 2012: *Thirty/21* television/radio projects will produce *88/(88)* broadcast hours and draw a cumulative audience of approximately *35/(35)* million people.

*Thirty-one/30* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs are employing various delivery mechanisms at venues across the country.

- FY 2011: *Thirty-two/32* television/radio projects are producing *110/(110)* broadcast hours and drawing a cumulative audience of approximately *37/(37)* million people.

*Thirty-four/34* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs are employing various delivery mechanisms at venues across the country.

(The Endowment's Interpreting America's Historic Places program concluded in FY 2010. In FY 2011, projects in historic sites were supported in the new America's Historical and Cultural Organizations program.)

- FY 2010: *Twenty-nine/24* television/radio projects are producing *98/(88)* broadcast hours and will draw a cumulative audience of approximately *50/(35)* million people.

*Thirty-four/33* exhibitions, reading, viewing, and discussion programs, web-based programs, and other public education programs are employing various delivery mechanisms at venues across the country.

*Five/10* historic site-specific interpretations and programming are attracting over *1,000,000/(1,000,000)* people.

2) High quality interpretative panel exhibitions and public programs are circulated to libraries through Small Grants to Libraries, and selected sites that receive smaller versions of NEH-funded exhibitions through the NEH on the Road cooperative agreement receive funds for additional public programming.

- FY 2013: *Twenty-eight/26* NEH on the Road grants were made to museums, and *115/232* Small Grants to Libraries were awarded. An additional **473** small grants were made through a Cooperative Agreement with the Gilder Lehrman Institute for venues that will host the “Created Equal” film programs; and *50/(50)* small grants are anticipated through an Interagency Agreement with the Smithsonian Institution, for venues that will host the “Changing America” exhibition.
- FY 2012: *Thirty/34* NEH on the Road grants were be made to museums, and *50/50* Small Grants to Libraries were awarded.
- FY 2011: *Eighty/80* NEH on the Road grants were made to museums, and *70/70* Small Grants to Libraries were awarded. In addition, through the *We the People* office, support was provided for projects focusing on the Lincoln bicentennial celebration.
- FY 2010: *Sixty/28* NEH on the Road grants were made to museums, and *80/25* Small Grants to Libraries were awarded. In addition, through the *We the People* office, small grants for the *We the People* Bookshelf and the *Picturing America* project and for projects focusing on the Lincoln bicentennial celebration were made.

#### ANALYSIS:

**Availability of data.** By awarding project development funding for such varied purposes as consultation, planning, scripting, and production, the Endowment helps ensure public access to enriching humanities programs on television and in museums, libraries, and other cultural institutions. The time that elapses between an initial NEH project grant and the appearance of a completed film, exhibition, or library program may extend from six months to many years. Most of the public programs that received NEH support during FY 2013 are currently in development, and data for the associated performance indicators are not available, even in partial form. However, a more complete picture of the results of these projects will emerge cumulatively in

subsequent editions of the NEH PAR. Increasingly, the Endowment's Grants Management System (GMS) database will facilitate the aggregation of data about the products, such as films and exhibitions that result from activities supported by specific NEH grants.

**FY 2013 accomplishments.** The Endowment supports activities that engage millions of Americans in the study and interpretation of significant humanities works, ideas, and events, providing opportunities for people to engage in lifelong learning in history, literature, comparative religion, philosophy, and other fields of the humanities.

[**Indicator 1**] NEH supports media projects—principally film documentaries and radio series—that explore significant figures and events in the humanities and examine the history and culture of America and other nations. Programs present fresh approaches to interpreting the humanities and provide stimulating and substantive educational opportunities for Americans of all ages. The Endowment also encourages and supports creative approaches—especially those that use new digital technologies—that expand the content and reach of television and radio programs in the humanities. To ensure that humanities themes and questions are well conceived, the agency requires that projects draw their content from humanities scholarship and use a team of scholars who are knowledgeable in the subject matter and represent diverse perspectives and approaches.

Endowment-supported media projects continue to garner national recognition and awards for excellence. For example, the film *The Loving Story*, which portrays an interracial married couple whose struggle culminated in a landmark civil rights case overturning anti-miscegenation laws in the United States, recently won a prestigious George Foster Peabody award and was nominated for an Emmy award for outstanding historical documentary. The NEH-supported documentary, *Freedom Riders*, recently received three Emmy Awards—a rare achievement for a documentary film. Broadcast on PBS's *American Experience* series, the two-hour documentary chronicles the experiences of more than 400 Americans, both black and white, who risked their lives and endured violence and in some cases, imprisonment, to challenge segregated transportation in the American South in 1961.

*Bridging Cultures* through Film: International Topics, launched in 2010, provides support for documentaries that examine a critical issue in ethics, religion, or politics through an international lens; the life of a world leader, writer, or historical figure; or the history and culture of a specific region of the world. *Women, War and Peace: I Came to Testify*, the first *Bridging Cultures* through Film project to be broadcast, examined the impact on women of ethnic violence in the Balkans, documenting the first international tribunal to define sexual violence as a war crime. The initial broadcast reached over 3.6 million viewers, and the website and social media campaigns continue to deeply engage audiences across the nation.

The Endowment recently undertook a study to assess the public reach and impact of NEH-funded films in a changing media landscape in which audiences expect to view and interact with content through a variety of vehicles. Data were compiled on all documentary films that received Production Grants and premiered in 2008 or 2009. During the period, NEH-supported documentaries attracting more than 51 million viewers served as springboards for many other forms of creative public engagement—through websites, social media, public film screenings,

and discussion programs. The fifteen films broadcast in 2008 and 2009, for example, were accompanied by 875 public discussion programs and screenings across the country.

NEH also supports radio programs that examine the lives of important individuals, significant events, notable developments in the humanities, or that provide critical analysis of themes or genre. Recent projects include the *Audio History Project*, which has uncovered little-known chapters of twentieth-century American history and brought the past to life on public radio. Reaching 12 million listeners with a series of historical documentaries that are broadcast on NPR's *All Things Considered*, this program examines the broad themes of history and memory and of history as news, with stories that echo the news of the day.

The Endowment is a major source of support for substantive humanities projects and programs in the nation's historical and cultural institutions and organizations including museums, libraries and archives, historic sites, and community centers. These projects, all grounded in sound humanities scholarship, include exhibitions of artistic, cultural, and historical artifacts; the interpretation of American historic sites; reading and film discussion programs in the nation's libraries; traveling exhibitions; lecture series; and other lifelong learning activities. The Endowment also supports programs that encourage creative public dialogue, as well as engagement of underserved communities.

At any time, hundreds of NEH-sponsored exhibitions are on view at large and small museums and historical sites throughout the country, enabling Americans to learn more about their nation and the world through the humanities. In 2013, more than 179 permanent and traveling exhibitions were offered in 47 states, the District of Columbia, and Canada. NEH-funded museum exhibitions examined diverse subjects, from the art of Islamic Africa to the history of Coney Island, presenting fresh scholarship to broad public audiences. As the nation commemorates multiple anniversaries relating to Emancipation and the civil rights movement, an NEH-supported exhibition at the Robert R. Moton Museum in Farmville, Virginia, tells the story of the student-led strike in 1951 that prompted a legal case that struck at Virginia's segregated schools and anchored the landmark *Brown v. Board of Education* decision. Robert R. Moton High School, the site of that strike, is now a National Historic Landmark.

The Endowment continues to foster the use of new digital technologies to deliver humanities content to the public. For example, the *Museum Without Walls* in Philadelphia offers public audiences a multiplatform interpretation of 36 outdoor sculptures in the city's collection, which spans two centuries and is the largest in scale of any American city. Illustrating the potential of mobile applications, the interpretation (by art historians and curators) is available to tourists with smart phones as well as on the web.

**[Indicator 2]** The Small Grants to Libraries program provides support for libraries and other cultural institutions to receive traveling panel exhibitions or pre-packaged reading and film discussion programs. For example, a new Endowment initiative, *Created Equal: America's Civil Rights Struggle*, encourages public conversations about the changing meanings of freedom and equality in U.S. history. Launched in 2013 to coincide with the 150th anniversary of the Emancipation Proclamation, this special program provides a packaged set of NEH-funded films on Civil Rights history to 473 communities across the nation over three years (from 2013 to

2016). Four powerful documentary films (*The Abolitionists*, *Slavery by Another Name*, *Freedom Riders*, and *The Loving Story*) are accompanied by in-depth programming resources to help guide productive community discussions. An award to the Gilder Lehrman Institute for American History will support small grants of \$1,200 each to the venues that host public screenings of the *Created Equal* film sets. The 473 venues represent a diverse range of institutions serving rural, urban, and suburban regions in all 50 states, including public libraries, museums, NAACP chapters, African-American heritage sites, multicultural centers, and state humanities councils.

NEH on the Road sends scaled-down versions of major NEH-funded exhibitions to cultural organizations at sites across America. The program extends the life of funded exhibitions by several years, and also brings excellent humanities exhibitions to rural and underserved regions of the nation. The Endowment provides support to each host site, awarding small grants for local public programming and scholarly activities. Since 2005, 14 exhibitions have traveled to approximately 215 venues in 40 states, bringing intellectually engaging humanities programs to communities that are typically not served by other NEH grants.

**E: To maintain and strengthen partnerships with the state humanities councils.**

PERFORMANCE INDICATORS:

Support is provided to the councils to encourage locally initiated, substantive humanities programs for the people in each state.

- FY 2013: Support for the programs and operations of 56 state humanities councils will make possible high quality state and local humanities projects throughout the nation, including 15,900/(15,900) reading and discussion programs, 2,200/(2,200) exhibitions, 6,100/(6,100) literacy programs, 3,800/(3,800) speakers bureau presentations, 2,500/(2,500) teacher institutes and workshops, 5,100/(5,100) conferences and symposia, 1,760/(1,760) Chautauqua events, 7,600/(7,600) media program events, 1,240/(1,240) technology projects, 700/(700) preservation projects and 4,900/(4,900) local history projects.
- FY 2012: Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 16,600/**16,600** reading and discussion programs, 2,000/**2,000** exhibitions, 5,500/**5,500** literacy programs, 3,600/**3,600** speakers bureau presentations, 3,500/**3,500** teacher institutes and workshops, 2,700/**2,700** conferences and symposia, 1,800/**1,800** Chautauqua events, 7,600/**7,600** media program events, 600/**600** technology projects, 650/**650** preservation projects and 3,500/**3,500** local history projects.
- FY 2011: Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 16,600/**16,600** reading and discussion programs, 2,300/**2,300** exhibitions, 6,200/**6,200** literacy programs, 4,000/**4,000** speakers bureau presentations,

4,300/4,300 teacher institutes and workshops, 5,100/5,100 conferences and symposia, 2,000/2,000 Chautauqua events, 7,600/7,600 media program events, 700/700 technology projects, 720/720 preservation projects and 4,200/4,200 local history projects.

- FY 2010: Support for the programs and operations of 56 state humanities councils made possible high quality state and local humanities projects throughout the nation, including 17,700/17,700 reading and discussion programs, 4,600/4,600 exhibitions, 5,700/5,700 literacy programs, 5,800/5,800 speakers bureau presentations, 3,700/(3,700) teacher institutes and workshops, 5,800/5,800 conferences and symposia, 2,300/2,300 Chautauqua events, 7,120/ 7,120 media program events, 660/660 technology projects, 700/700 preservation projects and 6,300/6,300 local history projects.

#### ANALYSIS:

**Availability of data.** The above performance data about programmatic activities undertaken by the state humanities councils as a result of funding awarded by the Endowment in FY 2013 are preliminary. Final data will be provided by the councils via a newly instituted electronic submission system.

**FY 2013 accomplishments.** State humanities councils are nonprofit 501(c)(3) organizations governed by volunteer boards of directors. They operate in each of the fifty states as well as in the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and Amerika Samoa. The councils were established to fulfill the requirement in the agency's enabling legislation—National Foundation on the Arts and the Humanities Act of 1965, as amended—that the Endowment support humanities programs “in each of the several states.”

State councils receive funds each year from the NEH appropriation according to a statutory formula. In accordance with the federal mandate, every NEH dollar that a council receives is matched by local contributions of cash, goods, or services. In recent years councils annually attracted nonfederal contributions well in excess of the required 1:1 match. State humanities councils may grant a portion of their funds on a competitive basis to locally initiated programs; they may also develop and carry out their own programs. In their grant making role, they act as foundations from which eligible organizations and individuals seek funding; in their program-generating role, they are nonprofit service providers drawing on their own resources and looking to the public to support the benefits they offer.

The councils support thousands of humanities projects and programs every year that reach millions of Americans in rural areas, urban neighborhoods, and suburban communities. With funds provided through the NEH Federal/Partnership, the councils support reading and discussion programs for children, families, and the newly literate that take place in libraries and other civic places; state and local book festivals, as well as the participation of a number of councils in the annual National Book Festival sponsored by the Library of Congress's Center for the Book; educational institutes and seminars for elementary and secondary school teachers;

scholarship on state and local history and culture, such as comprehensive online state encyclopedias; exhibitions at museums, libraries, and historical sites; and radio, television, and film projects on humanities themes. They carry out an increasing amount of programming and communications electronically, using websites, electronic newsletters, social networking, podcasting, and RSS feeds. A number of councils also post videos on the popular YouTube website.

With their strong networks of cultural and educational institutions, state humanities councils are especially well-positioned to ensure that NEH's *Bridging Cultures* initiative has a broad reach. The California Council for the Humanities, the Illinois Humanities Council, the Virginia Foundation for the Humanities, and Humanities Washington have been directly involved in major NEH *Bridging Cultures* grants. For many councils, bridging cultures is a daily activity because they address the diverse cultures in their states through programming directed to such groups as native peoples and immigrant populations, both historic and contemporary. For example, the Minnesota Humanities Center developed the interactive multimedia Bdote Memory Map that is designed to preserve the history of ancient indigenous sites. Bdote is a Dakota word that generally means "where two waters come together."

State humanities councils across the country make it possible for citizens to come together to address issues related to the economy, health care, demographics, energy, and our schools, through discussions informed by history and literature. Such in-depth explorations of critical and potentially divisive issues serve purposes beyond creating more thoughtful and better-informed citizens. They also increase citizen engagement in public life and bring citizens together to work toward common goals in shaping the future of their community and nation. Humanities Montana, for example, sponsors the "Gracious Space" program, an approach to community conversations that emphasizes welcoming the stranger and listening respectfully to alternative points of view.

Thirty-six states and the District of Columbia are participating in "Making Sense of the Civil War," sponsored by NEH and the American Library Association. Most of the host institutions for this multi-year program are state humanities councils. The Vermont Humanities Council is commemorating the sesquicentennial of the Civil War with an electronic "Civil War Book of Days," which goes out once a week as a review of the events that took place that week 150 years ago. The Virginia Foundation for the Humanities uses electronic media to initiate discussions through their "Backstory with the American History Guys" radio call-in show which features three prominent historians providing perspective on "events happening around us every day." It is now broadcast weekly and free podcasts are available. The complete archive is available for electronic download.

Most state humanities councils support a speakers bureau that sends humanities professionals and living history actor/scholars around their state or jurisdiction to talk with people of all ages about varied humanities topics. Many of these speakers go to very small towns. In Idaho, the speakers bureau is especially designed to serve small towns with few humanities resources. In 2012, almost 130 programs reached over 5,200 Idahoans. In New Mexico, programs on water and eco-systems helped prepare a small town for hearings with the State Engineer, and

“Storytelling with Music” allowed high school students to see and hear musical instruments being played, “something that rarely happens in a small town without a band.”

According to the compliance plans submitted annually to NEH by councils, 55 of the 56 support reading and discussion programs, 51 councils carry out programs in libraries, and 37 support family and adult literacy programs. Thirteen councils host or support book festivals and six are actively involved with statewide “one book” annual reading programs. Eleven serve as their state’s Center for the Book in affiliation with the Library of Congress. Councils not only program around books, a number also publish books, some of which are bilingual. Councils use books to broaden their audience reach. Humanities Tennessee has a book review website, Chapter 16. Humanities Washington’s annual fundraiser, “Bedtime Stories,” features critically acclaimed Northwest writers unveiling original short stories created specifically for the event. Councils also support programs designed specifically to target audiences of older Americans. “Humanities to Go” is the New Hampshire Humanities Council’s award-winning speakers bureau offering 180 humanities programs to non-profit and ad hoc community organizations throughout the state. The program has been referred to as a lifeline for cash-strapped local organizations, including senior centers that could not afford to pay for this kind of quality humanities programs on their own. The Louisiana Endowment for the Humanities’ RELIC (Readings in Literature & Culture) program targets seniors with programs, such as “I’ll Be Seeing You . . . America and World War II,” that draw seniors in uncharacteristically large numbers. War veterans sometimes provide ancillary presentations about their own experiences.

Councils require that projects they fund incorporate the services of humanities professionals so as to provide balance. Some councils fund academic research; many support K-12 teacher professional development. All are in touch with their educational systems and institutions. “Saturday University” is a partnership between the Wyoming Humanities Council and the University of Wyoming that brings the university’s best and brightest professors to towns across the state for free “one day college educations.” Each “Saturday University” term features lectures from three outstanding professors. Following the lectures, all three professors participate in a final roundtable discussion and luncheon. Participants may attend one, two, three, or all four sessions. No registration is required, and there is no charge.

**F: To strengthen the institutional base of the humanities through financial incentives provided by matching challenge grants.**

PERFORMANCE INDICATORS:

Support is provided for institutions to increase nonfederal contributions for their humanities activities and enhance their resources over the long term.

- FY 2013: By FY 2017, NEH Challenge Grants awarded in FY 2013 will generate more than \$30/(\$30) million in nonfederal donations to recipient institutions in support of their humanities activities.

- FY 2012: By FY 2016, NEH Challenge Grants awarded in FY 2012 will generate more than \$28/(\$28) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2011: By FY 2014, NEH Challenge Grants awarded in FY 2011 will generate more than \$30/(\$30) million in nonfederal donations to recipient institutions in support of their humanities activities.
- FY 2010: By FY 2013, NEH Challenge Grants awarded in FY 2010 had generated more than \$32/**\$33** million in nonfederal donations to recipient institutions in support of their humanities activities.

#### ANALYSIS:

**Availability of data.** By FY 2017, NEH Challenge Grants awarded in FY 2013 will generate more than \$30 million in nonfederal donations to recipient institutions in support of their humanities activities. Challenge Grants are designed to encourage humanities organizations to undertake a capital fund-raising campaign. Because such campaigns may require years to reach their goal, the sums above represent a snapshot of current progress toward the recipients' multi-year fund-raising goals.

**FY 2013 accomplishments.** NEH Challenge Grants help local, state, and national institutions secure their humanities resources and activities for the long term. Crucial to achieving this goal is the “multiplier effect”: First-time recipients of a challenge grant normally must match every federal dollar with three nonfederal dollars, and recipients of subsequent awards must raise four nonfederal dollars for every federal dollar.

Both the NEH challenge funds and the matched nonfederal funds can be used for a variety of long-term institutional purposes. The money may be used to purchase capital equipment and upgrade technology, renovate or construct facilities, and add to library holdings or museum collections. Challenge grants can also augment or establish endowments or spend-down funds that support basic humanities needs such as staff and programming. A wide array of nonprofit organizations have taken up the NEH “challenge,” including museums, tribal centers, libraries, colleges and universities, scholarly research organizations, state humanities councils, public radio and television stations, and historical societies and historic sites.

In accord with a key element of the Endowment's strategic plan, the NEH Challenge Grants program helps strengthen humanities teaching and learning across the nation. For example, Swarthmore College received a \$600,000 challenge grant (to match \$2,400,000 in nonfederal funds) for teaching positions in Modern Standard Arabic. The college currently has substantial enrollments in Islamic and Middle Eastern Studies, and it seeks to address a national need by offering instruction in first- and second-year Arabic in a tri-college consortium with Haverford College and Bryn Mawr College. The consortium seeks to integrate language and cultural study and to encourage participation by its students in overseas residential programs. The grant will support a full-time faculty position at Swarthmore, a part-time faculty position to be shared with Haverford and Bryn Mawr, and Arabic language drill instructors.

Recognizing that the greater part of postsecondary education in the humanities takes place at two-year colleges, the Endowment in 2010 initiated a special Challenge Grant competition designed to encourage two-year colleges to plan for ways to strengthen their activities, programs, capital resources, and endowments that support the humanities. Encouragement for a category of institutions that have been reluctant to apply for challenge grants includes a lower matching ratio (2-to-1 instead of 3-to-1) and an extended grant period (six years instead of five) to allow increased time to meet the NEH fundraising challenge. The Endowment particularly encourages applications from two-year colleges that respond to the agency-wide *Bridging Cultures* emphasis. For example, in FY 2013 Seminole Community College of Sanford, Florida, was offered \$100,000 to endow acquisitions and study abroad, to establish a spend-down fund for a speaker series, curriculum development, exhibits, cultural service learning activities, and study abroad, and to support fundraising expenses. The Challenge award will leverage matching contributions of \$200,000 in nonfederal funds.

Successful challenge grants grow out of careful strategic planning for the long-term strength of the humanities, including taking advantage of the leveraging power of NEH awards. Wake Forest University received a \$500,000 Challenge Grant to be matched with \$1,500,000 in non-Federal funds to establish and endow a Humanities Institute that will strengthen and advance its historical commitment to humanistic teaching and research by promoting interdisciplinary collaborations among faculty, students, and community. In February 2013, a 2000 alumnus became the only person under 35 in the university's history to give a single seven-figure gift. Based on his experience as a Wake Forest student who majored in history, the donor wanted to affirm the central place the humanities have played in shaping his life.

NEH Challenge Grants support scholarly research in the humanities at a variety of institutions, from large universities to small colleges, from major history museums to historic sites. An increasingly significant mode of supporting research in the humanities is through humanities centers at universities, research libraries, museums, or historical societies. The Endowment has helped establish and strengthen humanities centers at such different institutions as Stanford University in California and Messiah College in Pennsylvania; at the Dubuque County Historical Society in Iowa and the American Antiquarian Society in Massachusetts; at Wake Forest University in North Carolina and Hood College in Maryland.

As well, the Challenge Grants program supports the long-term institutional capacity to preserve manuscripts, art works, artifacts, documents, and other collections important to our cultural heritage. The North Haven Historical Society, which serves the community on a small island off the coast of Maine, used a \$60,000 challenge grant (matched by \$180,000 in nonfederal gifts) to construct an archives building that now houses important documents and materials from the region's past. According to the project director, the challenge offer "was just the incentive the Society needed and a clear indication to our potential donors that we ... meant to provide an archival safe haven for all that we had been given, for future acquisitions, and an enticement for community members (especially students) to explore their heritage."

An excellent example of the important role local historical societies play in providing opportunities for lifelong learning in the humanities can be seen in the challenge grant of

\$300,000 awarded to the Paul Revere Memorial Association, located in Boston's North End. The Paul Revere House is the most visited historic home in Massachusetts and the tenth most visited historic home in the country. The grant provides for renovation of an 1835 abutting structure to create an Education and Visitor Center and endowment of humanities programming. The visitor center will enhance interpretation and programming at the site and, most significantly, will provide space for interpretation of 19<sup>th</sup> and 20<sup>th</sup> century Boston—telling the stories of immigration over time. Scholars and other visitors will experience improved access to research resources and interpretive themes that are unique to the property yet relevant to our understanding of not only Paul Revere and the Revere House, but also of the founding era and the history of Boston.

As part of the Endowment's recent emphasis on digital technology and applications, Challenge Grants are enhancing the institutional infrastructure that makes sustained use of advanced technology possible. For example, NEH awarded George Mason University \$750,000 (to match \$2.25 million in non-federal funds) for the Center for History and New Media. The goal of the Center is to move technological competency in the humanities beyond the "early adopters" into the mainstream. The challenge grant, which will provide endowment funds for post-doctoral fellowships, graduate assistantships, faculty fellows, and software acquisitions, will allow the Center to bring a new generation of scholars to its pioneering inquiries and multimedia projects, while developing programs and Web sites, such as *History Matters*, that promise to have a broad impact on higher education and K-12 humanities teaching nationally.

**G: To create new program initiatives that advance knowledge and understanding in the humanities, such as promoting understanding of the diverse histories, cultures, and perspectives that have shaped the U.S. and the histories and cultures of other nations; and providing a focal point for development of the digital humanities.**

PERFORMANCE INDICATORS:

1) New initiatives and programs that address important concerns and opportunities in the humanities are established.

- FY 2013: Through the *Bridging Cultures* initiative, funding was provided to enhance Americans' understanding of their own rich cultural heritage, as well as the cultural complexity of the world in which we live. The initiative: 1) developed new themes with broad national interest and once again invited proposals for scholar-driven forums that inform and engage public audiences using creative approaches based in the humanities; 2) provided small grants to libraries for the creation of reading and discussion programs in communities that have received the *Bridging Cultures* Bookshelf; 3) developed new *Bridging Cultures* lesson plans for EDSITEment to help meet the needs of K-12 teachers who are asked to teach about cultures and geographies that may not have been covered in depth in their own educational preparation; 4) stimulated new globally-focused humanities programs in America's community colleges; 5) supported documentary films that explore cultures outside of the United States within the new *Bridging Cultures* through Film: International Topics category; and 6) maintained a portfolio of international collaborations that

facilitate humanities research and beneficial exchange of ideas with scholars around the world.

Funding was provided through the Digital Humanities program to support projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. Digital Humanities supported: 1) Digging into Data Challenge, an international collaboration among nine research teams in Canada, Europe, and the United States to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship; 2) Digital Start-Up Grants to encourage innovative work at the nexus of information technology and the humanities; 3) Digital Humanities Implementation Grants, a new program to support Digital Start-Up projects and others that have already demonstrated a successful beginning phase and that have a clear plan for moving towards full implementation; 4) Institutes for Advanced Topics in the Digital Humanities to encourage the sharing of best practices among humanities scholars; and 5) DFG/NEH Bilateral Digital Humanities Programs jointly supported by NEH and the German Research Foundation (DFG) to encourage collaborative digital humanities projects between American and German institutions.

- FY 2012: *Bridging Cultures* supported: 1) the dissemination of follow-up programs to the previously funded *Bridging Cultures* forums and workshops focused on the role of civility in our democracy and on the history and culture of Muslim societies; 2) distribution of the *Bridging Cultures* Bookshelf, developed in partnership with the Carnegie Corporation of New York; 3) development of new *Bridging Cultures* lesson plans for EDSITEment to help meet the needs of K-12 teachers who are asked to teach about cultures and geographies that may not have been covered in depth in their own educational preparation; 4) new globally-focused humanities programs in America's community colleges; 5) documentary films that explore cultures outside of the United States within the new *Bridging Cultures* through Film: International Topics category; and 6) a portfolio of international collaborations that facilitate humanities research and beneficial exchange of ideas with scholars around the world.

Funding was provided through the Digital Humanities program to support projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities: 1) Digging into Data Challenge, an international collaboration among six research teams in Canada, Europe, and the United States to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship; 2) Digital Start-Up Grants to encourage innovative work at the nexus of information technology and the humanities; 3) Digital Humanities Implementation Grants were introduced to support projects that have already demonstrated a successful beginning phase and that have a clear plan for moving towards full implementation; 4) Institutes for Advanced Topics in the Digital Humanities to encourage the sharing of best practices among humanities scholars; 5) DFG/NEH Bilateral Digital Humanities Programs jointly supported by NEH and the German Research Foundation (DFG) to encourage collaborative digital humanities projects between American and German institutions.

- FY 2011: A special initiative, *Bridging Cultures*, introduced support for a variety of activities to enhance Americans' understanding of their own rich cultural heritage, as well as the cultural complexity of the world in which we live. The initiative sponsored a series of eight forums and workshops across the nation that enabled scholars and members of the public to discuss issues that divide us as Americans and that have helped us understand the history, heritage, and cultures of peoples in countries around the world. In addition, the Endowment encouraged scholars, educators, museums, libraries, and other individuals and institutions to develop humanities projects and programs that address the goals and objectives of the initiative. We also made creative use of social and digital media to foster dialogue among people of diverse cultures in the United States and abroad.

Significant funding was provided through *We the People* to support a variety of new programmatic initiatives: 1) "Landmarks of American History and Culture" workshops for K-12 teachers and community college faculty, several of which invite participation by teachers from other nations; 2) Picturing America School Collaboration Projects, which encourage scholars in American art history, American history, and American studies to develop summer seminars, institutes, and workshops for school teachers related to the Picturing America collection of iconic works; 3) additional awards through the NEH/Library of Congress National Digital Newspaper Program; 4) special NEH Challenge Grants for educational and cultural institutions working to advance knowledge of the founding principles of the United States; and 5) an Endowment-wide effort to contribute to national observance of the sesquicentennial of the Civil War in 2011-2015. Additional humanities projects supported by NEH core programs received *We the People* grants. The state humanities councils also received additional funding to support projects and programs related to the initiative.

Funding was provided through a major Digital Humanities program to support projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. Digital Humanities supported a variety of new funding categories or programmatic emphases: 1) Digital Start-Up Grants to encourage innovative work at the nexus of information technology and the humanities; 2) Institutes for Advanced Topics in the Digital Humanities to encourage the sharing of best practices among humanities scholars; and 3) DFG/NEH Bilateral Digital Humanities Programs jointly supported by NEH and the German Research Foundation (DFG) to encourage collaborative digital humanities projects between American and German institutions.

- FY 2010: Significant funding was provided through the former *We the People* special initiative to support a variety of new programmatic initiatives: 1) *We the People* Bookshelf grants for up to 4,000 public and school libraries; 2) "Landmarks of American History and Culture" workshops for K-12 teachers and community college faculty, several of which invite participation by teachers from other nations; 3) Picturing America, a special program that provides educational materials on key

works of American art ultimately to 77,000 school and public libraries; 4) public programs supported through “America’s Historic Places;” 5) additional awards through the NEH/Library of Congress National Digital Newspaper Program; 6) special NEH Challenge Grants for educational and cultural institutions working to advance knowledge of the founding principles of the United States; and 7) an Endowment-wide effort to contribute to national planning for the sesquicentennial of the Civil War in 2011-2015. Additional humanities projects supported by NEH core programs received *We the People* grants. The state humanities councils also received significant funding to support projects and programs related to the initiative.

Funding was provided through a major Digital Humanities program to support projects that utilize or study the impact of digital technology on research, education, preservation, and public programming in the humanities. Digital Humanities supported a variety of new funding categories or programmatic emphases: 1) Digital Start-Up Grants to encourage innovative work at the nexus of information technology and the humanities; 2) Institutes for Advanced Topics in the Digital Humanities to encourage the sharing of best practices among humanities scholars; 3) Bilateral Symposia and Workshops jointly supported by NEH and the German Research Foundation to encourage collaborative digital humanities projects; and 4) Digging into Data Challenge, an international collaboration among research teams in Canada, England or Wales in the United Kingdom, and the United States to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship. Enhanced funding was also provided for humanities projects supported by NEH core programs.

2) Agency-wide initiatives are developed in selected humanities areas.

- FY 2013: Six awards were made through the NEH/NSF “Documenting Endangered Languages” special initiative.
- FY 2012: Nine awards were made through the NEH/NSF “Documenting Endangered Languages” special initiative.
- FY 2011: Twelve awards were made through the NEH/NSF “Documenting Endangered Languages” special initiative.
- FY 2010: “Rediscovering Afghanistan,” invited proposals for research, education, and public programs about Afghanistan and encouraged U.S. institutions to assist that country in its effort to preserve and document its cultural resources. Twelve awards were made through the NEH/NSF “Documenting Endangered Languages” special initiative.

#### ANALYSIS:

**FY 2013 accomplishments.** [Indicator 1] The Endowment’s *Bridging Cultures* initiative engages the power of the humanities to promote understanding of and mutual respect for people

with diverse histories, cultures, and perspectives within the United States and abroad. In FY 2013, *Bridging Cultures* highlights and accomplishments included the following:

- Nearly a thousand libraries and state humanities councils in all 50 states, the District of Columbia, and the U.S. Virgin Islands were awarded the *Bridging Cultures* Bookshelf: *Muslim Journeys*, a collection of books, films, and other resources that will introduce the American public to the complex history and culture of Muslims in the United States and around the world. Developed by the National Endowment for the Humanities and the American Library Association (ALA) based on the advice of scholars, librarians, and other public programming experts, the *Muslim Journeys* Bookshelf is intended to address both the need and desire of the American public for trustworthy and accessible resources about Muslim beliefs and practices and the cultural heritage associated with Islamic civilizations.
- The NEH, in collaboration with ALA, awarded 125 libraries and state humanities councils a \$4,500 programming grant to host a “Let’s Talk About It” reading and discussion series featuring some of the materials included in the *Bridging Cultures* Bookshelf: *Muslim Journeys*. The selected sites represent 54 public libraries, 47 academic libraries, 11 community college libraries and 13 state humanities councils in 38 states and the District of Columbia.
- Nearly 500 libraries and humanities organizations across the nation were awarded *Created Equal: America’s Civil Rights Struggle* film sets and programming grants of up to \$1,200. Excerpts from these films—*The Abolitionist*, *Slavery by Another Name*, *The Loving Story* and *Freedom Riders*—are also available free online, along with a suite of classroom resources. Launched in 2013 as the nation marks historic anniversaries of the Emancipation Proclamation and the March on Washington, *Created Equal* was produced in partnership with the Gilder Lehrman Institute of American History.
- Additional awards in the new *Bridging Cultures at Community Colleges* program are supporting three projects that will engage leading humanities organizations and local community college faculty in creating new and improved humanities courses that emphasize diverse cultures and historical perspectives. The University of Virginia, for example, was awarded \$359,769 for a two-year faculty and curriculum development project on the religions and cultures of Asia, the Middle East, and Russia for faculty and administrators from five Virginia community colleges.
- Awards were made for documentary films that explore cultures outside of the United States through the new *Bridging Cultures* through Film: International Topics category. For example, *Nasser: An Egyptian Story* will examine the life and career of Gamal Abdel Nasser (1918-1970), the iconic Egyptian figure who led Egypt from 1952 until his death.
- Support was provided for a portfolio of international collaborations that facilitate humanities research and beneficial exchange of ideas with scholars around the world. For example, NEH is supporting a series of academic conferences, co-sponsored by the People’s Republic of China, that bring together Chinese and American scholars to discuss common interests in the humanities.

- The *Chronicling America* website posted its 6 millionth page. Launched by the Library of Congress and NEH in 2007, *Chronicling America* provides enhanced and permanent access to historically significant newspapers published in the United States between 1836 and 1922. It is a part of the National Digital Newspaper Program (NDNP), a joint effort between the two agencies and 36 state partners.

In FY 2013, the Endowment's Office of Digital Humanities supported a number of projects that utilize or study the impact of digital technology.

- The Digging into Data program, which NEH manages, is co-sponsored by nine national and international research funders in the United States, United Kingdom, Canada, the Netherlands. The program encourages new research methods that use advanced computing to query massive digital datasets of books, newspapers, music, economic data, survey data, or other materials typically studied in the humanities and social sciences. Recently, for example, the British medical journal, *The Lancet*, published the finding that death from atherosclerosis disease was not uncommon among pre-industrial and pre-agricultural people. The disease had previously been assumed to be a product of contemporary lifestyles. A team of medical researchers and humanities scholars, which received major funding from NEH, came to their conclusions after analyzing CT data gathered from a group of mummies spanning more than 4,000 years.
- Digital Start-Up Grants is a “seed grant” program that is designed to spur innovative research and education projects in the digital humanities. In 1871, while traveling in the Congo, the Scottish explorer David Livingstone witnessed a massacre of hundreds of Africans by Arab slave traders. Livingstone, in ill health and almost out of supplies, including paper and ink, used an old newspaper and ink made from berries to keep a diary of what he saw. This diary was recently rediscovered, but the ink had almost completely faded, making it unreadable. With Start-Up grant funding from NEH, an international team of scholars and scientists at UCLA made headlines around the world recently after they successfully used high-tech, multi-spectral imaging technology to reveal Livingstone's words, shedding new light on one of the most important historical figures of the 19<sup>th</sup> century.
- Digital Humanities Implementation Grants were introduced to support projects that have already demonstrated a successful beginning phase and that have a clear plan for moving towards full implementation. A team from Stanford University, for example, is developing a series of visualization prototypes to analyze the geographic breadth, historical shape, and social composition of intellectual networks. Following on their earlier NEH-funded project “Mapping the Republic of Letters,” the team will develop visualization techniques to enable humanities researchers to gain new insight into large-scale historical datasets.
- Institutes for Advanced Topics in the Digital Humanities encourage the sharing of best technology practices among humanities scholars. George Mason University in Fairfax, Virginia, recently hosted a five-day institute called “One Week One Tool.” The institute brought together a group of twelve scholars, teachers, librarians, and museum

professionals for a unique learning opportunity. Participants were tasked with brainstorming, designing, and developing a digital humanities software tool in just one week.

- NEH/German Research Foundation Bilateral Digital Humanities Programs are co-sponsoring collaborative digital humanities projects between American and German institutions. With funding from this program, the Center for Jewish History in New York is working with the Frankfurt University Library in Germany to digitize approximately 1,000 important books that were thought to be lost after World War II. The Frankfurt University Library estimates that it is missing about 25 percent of the 11,000 titles that once constituted its world-renowned collection of *Wissenschaft des Judentums* (“Science of Judaism”). The Center has identified approximately 1,000 of these missing books within the holdings of its partner organizations.

[Indicator 2] Other agency-wide initiatives were also supported in FY 2013.

The Endowment joined with the National Science Foundation to support an agency-wide initiative on "Documenting Endangered Languages." For example, at Miami University in Ohio, linguists and members of the Miami Tribe of Oklahoma are working together in a model program to revitalize the Miami-Illinois language, once spoken in the tribe's homeland of present-day Illinois, Indiana, and western Ohio but with no first-language speakers remaining. Supported by NEH's Documenting Endangered Languages program, the Miami-Illinois Dictionary Project will produce a searchable, digitized version of an early 18th-century bilingual (French and Miami-Illinois) dictionary that was compiled by Jesuit missionaries.

**H: To establish collaborative partnerships with individuals and institutions in support of the humanities.**

PERFORMANCE INDICATORS:

1) Partnerships are forged to leverage new resources for the humanities and expand audiences for the humanities.

- FY 2013: The Endowment developed a number of new partnerships with other institutions and organizations, leveraging approximately \$1.5 million in new funding for humanities programs.
- FY 2012: The Endowment developed a number of new partnerships with other institutions and organizations, leveraging approximately \$1.5 million in new funding for humanities programs.
- FY 2011: The Endowment developed a number of new partnerships with other institutions and organizations, leveraging approximately \$1.5 million in new funding for humanities programs.

- FY 2010: The Endowment developed of a number of new partnerships with other institutions and organizations, leveraging approximately \$1.1 million in new funding for humanities programs.
- 2) New programming, funding, and administrative partnerships are established with other agencies, foundations, and organizations, both public and private.
- FY 2013: NEH partnerships included the following: 1) a program of fellowships sponsored jointly by NEH and the Library of Congress to support humanities scholars who wish to conduct research at the Library of Congress; 2) the National Digital Newspaper Program, a multi-year collaboration with the Library of Congress to digitize and make publicly available on the World Wide Web newspapers already preserved on microfilm through the United States Newspapers Program; 3) the Advanced Research Fellowships on Japan Program to be jointly sponsored by NEH and the Japan-United States Friendship Commission; 4) EDSITEment; 5) Digging into Data Challenge, an international collaboration among nine research teams in Canada, Europe, and the United States to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship; 6) the *Bridging Cultures* Bookshelf project, a partnership with the Carnegie Corporation of New York; and 7) programmatic collaboration with the National Trust for the Humanities.
  - FY 2012: NEH partnerships included the following: 1) a program of fellowships sponsored jointly by NEH and the Library of Congress to support humanities scholars who wish to conduct research at the Library of Congress; 2) the National Digital Newspaper Program, a multi-year collaboration with the Library of Congress to digitize and make publicly available on the World Wide Web newspapers already preserved on microfilm through the United States Newspapers Program; 3) the Advanced Research Fellowships on Japan Program to be jointly sponsored by NEH and the Japan-United States Friendship Commission; 4) EDSITEment; 5) Digging into Data Challenge, an international collaboration among eight research teams in Canada, Europe, and the United States to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship; 6) the *Bridging Cultures* Bookshelf project, a partnership with the Carnegie Corporation of New York and; 7) programmatic collaboration with the National Trust for the Humanities.
  - FY 2011: NEH partnerships included the following: 1) a program of fellowships to be sponsored jointly by NEH and the Library of Congress to support humanities scholars who wish to conduct research at the Library of Congress; 2) the National Digital Newspapers Program, a multi-year collaboration with the Library of Congress to digitize and make publicly available on the World Wide Web newspapers already preserved on microfilm through the United States Newspapers Program; 3) the Advanced Research Fellowships on Japan Program to be jointly sponsored by NEH and the Japan-United States Friendship Commission; 4) a “Cultural Diplomacy” partnership of NEH and the U.S. Department of State that would enable teachers from

other nations to participate in “Landmarks of American History and Culture” workshops; 5) EDSITEment; 6) Digging into Data Challenge, an international collaboration among research teams in Canada, England or Wales in the United Kingdom, and the United States to explore how vast libraries of digitized books, newspapers, art, and music can be used for advanced scholarship; and 7) programmatic collaboration with the National Trust for the Humanities.

- FY 2010: NEH partnerships included the following: 1) a program of fellowships to be sponsored jointly by NEH and the Library of Congress to support humanities scholars who wish to conduct research at the Library of Congress; 2) the National Digital Newspapers Program, a multi-year collaboration with the Library of Congress to digitize and make publicly available on the World Wide Web newspapers already preserved on microfilm through the United States Newspapers Program; 3) the Advanced Research Fellowships on Japan Program to be jointly sponsored by NEH and the Japan-United States Friendship Commission; 4) the interagency Save America's Treasures initiative; 5) a “Cultural Diplomacy” partnership of NEH and the U.S. Department of State that would enable teachers from other nations to participate in “Landmarks of American History and Culture” workshops; 6) EDSITEment; and 7) programmatic collaboration with the National Trust for the Humanities.

#### ANALYSIS:

**FY 2013 accomplishments. [Indicator 2]** NEH has entered into formal partnership arrangements with several of its fellow agencies and with private foundations in order to collaborate on specific projects. Currently, the NEH administers the review and evaluation of applications to the Library of Congress's John W. Kluge Fellows Program, which provides stipends to junior scholars from the U.S. and abroad to conduct research in the Library's humanities collections; and, in collaboration with the Japan-United States Friendship Commission, it conducts the evaluation of applications and serves as fiscal agent for a program to encourage American scholars' research on Japan. The Endowment maintains “Cultural Diplomacy” partnerships that include an ongoing series of academic conferences, co-sponsored by the Ministry of Culture of the People's Republic of China, that bring together Chinese and American scholars to discuss common interests in the humanities, and a joint grant program with the German Research Foundation (Deutsche Forschungsgemeinschaft e.V., DFG) to develop and implement digital infrastructures and services for humanities research.

NEH is also cooperating with the Arts and Humanities Research Council, the Economic and Social Research Council, and the Joint Information Systems Committee of the United Kingdom; the Netherlands Organization for Scientific Research; and the Social Sciences and Humanities Research Council of Canada—as well as the Institute for Museum and Library Services and the National Science Foundation in the United States—in the Digging into Data Challenge, a jointly sponsored grant program supporting the development of new research methods in the digital humanities.

The Endowment has entered into two other federal partnerships in conjunction with agency-wide initiatives. NEH and the Library of Congress signed a memorandum of understanding

establishing a partnership to create the National Digital Newspaper Program. Over a period of approximately 20 years, the Endowment will provide grants to institutions and organizations in each state of the nation to digitize titles published between 1836 and 1922 and to prepare fully searchable files that the Library of Congress will permanently maintain on the World Wide Web. And, the Endowment continues its multi-year funding partnership with the National Science Foundation in support of Documenting Endangered Languages, a program to provide NEH awards to scholars engaged in recording and preserving key languages before they become extinct.

The Endowment has also been alert to opportunities to pool NEH and private-sector resources in ways that make the most of each. One noteworthy example of this collaboration is EDSITEment, a nationally recognized destination for teachers seeking rich humanities resources on the Internet. The website contains over 500 scholar and teacher-developed lesson plans for the K-12 classroom and features links to more than 400 peer-reviewed websites selected for their high quality humanities content and interactive design. The Verizon Foundation has provided principal funding for the site through the National Trust for the Humanities. More than 2,500,000 visitors—teachers, students, and parents—avail themselves of EDSITEment’s rich resources each year.

### **III. FINANCIAL INFORMATION**

#### **A Message from the Director of Accounting**

On behalf of the National Endowment for the Humanities (Endowment), it is my pleasure to present the agency's audited financial statements for fiscal year 2013. I am happy to report that our independent auditor, Leon Snead and Company, P.C., has rendered an unqualified opinion on these statements. The Endowment has obtained an unqualified (clean) opinion on the agency's consolidated financial statements for the ninth consecutive year indicating the Endowment's continued responsible stewardship of the taxpayer dollars to which it has been entrusted.

There were no audit findings relating to the Endowment's FY 2013 audit.

Under the requirements of the Federal Managers' Financial Integrity Act of 1982, NEH's management conducted its annual assessment and concluded that the system of internal controls, taken as a whole, complies with the internal control standards prescribed by Government Accountability Office (GAO) and provides reasonable assurance that the agency's goals and objectives are being met.

During fiscal year 2013, we continued to monitor and evaluate the implementation and effectiveness of the financial management practices developed over the past several years. We also continued our efforts in transitioning the Endowment's Oracle financial system to be compliant with the reporting requirements of the Department of the Treasury's Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) for fiscal year 2014 reporting. GTAS is a Web-based reporting system that replaces the functionality of the four current Treasury stovepipe applications that collect trial balance data from federal agencies.

In closing, I want to extend my sincere appreciation to all the NEH staff members whose dedication and resolve made the FY 2013 unqualified opinion possible. Receiving an unqualified opinion verifies that the Endowment's financial statements are fairly presented and demonstrates accountability in the execution of our fiduciary responsibilities.

John Gleason  
Director, Accounting Office

December 16, 2013

---

**National Endowment for the Humanities**  
**Audit of Financial Statements**  
**As of and for the Years Ended**  
**September 30, 2013 and 2012**

---

**Submitted By**

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



416 Hungerford Drive, Suite 400  
Rockville, Maryland 20850  
301-738-8190  
Fax: 301-738-8210  
leonsnead.companypc@erols.com

## **Independent Auditor's Report**

Dr. Carole Watson, Acting Chairman  
Laura Davis, Inspector General  
National Endowment for the Humanities

We have audited the accompanying balance sheets of the National Endowment for the Humanities (NEH), as of September 30, 2013 and 2012, and the related statements of net cost, changes in net position and budgetary resources (the financial statements) for the years then ended. The objective of our audit was to express an opinion on the fair presentation of those financial statements. In connection with our audit, we also considered the NEH's internal control over financial reporting and tested the NEH's compliance with certain provisions of applicable laws, regulations, contracts and grant agreements that could have a direct and material effect on its financial statements.

### **SUMMARY**

As stated in our opinion on the financial statements, we found that the NEH's financial statements as of and for the years ended September 30, 2013 and 2012, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

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

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

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

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of NEH, which comprise the balance sheets as of September 30, 2013 and 2012, and the related statements of net cost, statements of changes in net position and statements of budgetary resources for the years then ended, and the related notes to the financial statements.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEH as of September 30, 2013 and 2012, and the related net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As described in Note 1.S., NEH changed its method for presenting the Statement of Net Cost to reflect new programs the agency recently added. Our opinion is not modified with respect to this matter.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and pertinent provisions of OMB Bulletin 14-02, *Audit Requirements for Federal Financial Statements* (the OMB audit bulletin). Those standards and the OMB audit bulletin require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments in a Federal agency, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing opinions on the effectiveness of the NEH's internal control or its compliance with laws, regulations, and significant provisions of contracts and grant agreements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **REQUIRED SUPPLEMENTARY INFORMATION**

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

#### **OTHER ACCOMPANYING INFORMATION**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The performance measures and other accompanying information are presented for the purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **OTHER AUDITOR REPORTING REQUIREMENTS**

##### Report on Internal Control

In planning and performing our audit of the financial statements of NEH as of and for the years ended September 30, 2013 and 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the NEH'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NEH's internal control. Accordingly, we do not express an opinion on the effectiveness of the NEH's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

#### Report on Compliance

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

In connection with our audit, nothing came to our attention that caused us to believe that NEH failed to comply with applicable laws, regulations, or significant provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the NEH's noncompliance with applicable laws, regulations, or significant provisions of laws, regulations, contracts, and grant agreements insofar as they relate to accounting matters.

#### Restricted Use Relating to Reports on Internal Control and Compliance

The purpose of the communication included in the sections identified as "Report on Internal Control" and "Report on Compliance" is solely to describe the scope of our testing of internal control over financial reporting and compliance, and to describe any

material weaknesses, significant deficiencies, or instances of noncompliance we noted as a result of that testing. Our objective was not to provide an opinion on the design or effectiveness of the NEH's internal control over financial reporting or its compliance with laws, regulations, contracts or grant agreements. The two sections of the report referred to above are integral parts of an audit performed in accordance with *Government Auditing Standards* in considering the NEH's internal control over financial reporting and compliance. Accordingly, those sections of the report are not suitable for any other purpose.

Agency Comments and Auditor Evaluation

In commenting on the draft of this report, the management of NEH concurred with the facts and conclusions in our report. A copy of management's response accompanies this report.

*Leon Snead & Company, P.C.*

December 3, 2013



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF THE CHAIRMAN

November 22, 2013

Pat Layfield  
Senior Audit Manager  
Leon Snead & Company, P.C.  
416 Hungerford Drive, Suite 400  
Rockville, MD 20850

Dear Ms. Layfield:

Thank you for the opportunity to comment on the draft audit report of the National Endowment for the Humanities (NEH) for fiscal year 2013.

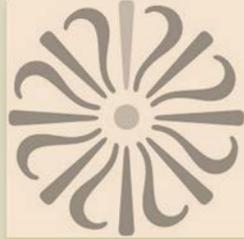
We concur with the facts and conclusions of your report. We are pleased to learn of the unqualified opinion on NEH's financial statements and to note that there were no material weaknesses or significant deficiencies identified during the audit.

We would like to express our appreciation for the hard work of you and your team of auditors throughout this year's audit cycle. This was an especially challenging year in light of the unwelcome intrusion of the government shutdown just as you were gearing up to complete the audit. Your flexibility in adjusting the audit schedule was greatly appreciated as we scrambled to complete our year-end reporting following the government's reopening.

Sincerely,

Jeffrey Thomas  
Assistant Chairman for  
Planning and Operations

cc: Laura Davis  
John Gleason



NATIONAL ENDOWMENT FOR THE

**Humanities**

## **Audited Financial Statements**

**As of and for the Years Ended September 30, 2013 and 2012**



NATIONAL ENDOWMENT FOR THE

Humanities

**NATIONAL ENDOWMENT FOR THE HUMANITIES**

**BALANCE SHEET**

As of September 30, 2013 and 2012

(in US Dollars)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
<b>Intragovernmental:</b>		
Cash & fund balances w/ U.S. Treasury (Note 2)	\$ 141,037,198	\$ 150,524,089
Receivables and advances (Note 3)	1,102,281	741,507
<b>Total intragovernmental</b>	<u>142,139,479</u>	<u>151,265,596</u>
Receivables and advances (Note 3)	2,567,581	2,297,742
Property and equipment, net (Note 4)	489,027	167,655
<b>TOTAL ASSETS</b>	<u><u>145,196,087</u></u>	<u><u>153,730,993</u></u>
 <u>LIABILITIES</u>		
<b>Intragovernmental:</b>		
Accounts payable and accrued expenses (Note 5)	679,936	1,672,351
<b>Total intragovernmental</b>	<u>679,936</u>	<u>1,672,351</u>
Accounts payable and accrued expenses	25,119,812	25,760,705
Unfunded FECA actuarial liability (Notes 5 & 8)	246,574	230,671
Unfunded annual leave (Notes 5 & 8)	1,267,037	1,283,984
<b>Total liabilities</b>	<u>27,313,359</u>	<u>28,947,711</u>
Commitments and contingencies (Note 1)		
 <u>NET POSITION</u>		
Unexpended appropriations - other funds	118,306,648	124,796,598
Cumulative results operations - other funds	(942,291)	(1,510,476)
Cumulative results operations - funds from dedicated collections (combined) (Note 11)	518,371	1,497,160
<b>Total net position</b>	<u>117,882,728</u>	<u>124,783,282</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 145,196,087</u></u>	<u><u>\$ 153,730,993</u></u>

The accompanying notes are an integral part of these statements.



NATIONAL ENDOWMENT FOR THE HUMANITIES

STATEMENT OF NET COST  
For the Years Ended September 30, 2013 and 2012  
(in US Dollars)

	FY 2013	FY 2012
<b>PROGRAM COSTS</b> (Notes 12, 13 & 15)		
Bridging Cultures		
Gross costs	\$ 3,686,700	\$ -
Less: earned revenue	<u>(6,561)</u>	<u>-</u>
Net costs	3,680,139	-
Challenge Grants		
Gross costs	9,101,387	12,092,368
Less: earned revenue	<u>(16,101)</u>	<u>-</u>
Net costs	9,085,286	12,092,368
Digital Humanities		
Gross costs	5,718,937	-
Less: earned revenue	<u>(10,029)</u>	<u>-</u>
Net costs	5,708,908	-
Education		
Gross costs	17,512,151	16,782,196
Less: earned revenue	<u>(30,689)</u>	<u>-</u>
Net costs	17,481,462	16,782,196
Federal/State Partnership		
Gross costs	46,214,096	50,270,164
Less: earned revenue	<u>(82,148)</u>	<u>-</u>
Net costs	46,131,948	50,270,164
Preservation and Access		
Gross costs	18,821,122	19,961,898
Less: earned revenue	<u>(873,050)</u>	<u>(627,042)</u>
Net costs	17,948,072	19,334,856
Program Development		
Gross costs	705,958	-
Less: earned revenue	<u>(1,257)</u>	<u>-</u>
Net costs	704,701	-
Public		
Gross costs	19,001,660	19,148,795
Less: earned revenue	<u>(33,383)</u>	<u>-</u>
Net costs	18,968,277	19,148,795
Research		
Gross costs	20,313,935	20,634,206
Less: earned revenue	<u>(221,763)</u>	<u>(87,784)</u>
Net costs	20,092,172	20,546,422
Treasury Funds		
Gross costs	2,893,887	-
Less: earned revenue	<u>(5,150)</u>	<u>-</u>
Net costs	2,888,737	-
We the People		
Gross costs	4,489,752	6,258,596
Less: earned revenue	<u>(7,991)</u>	<u>-</u>
Net costs	4,481,761	6,258,596
Other Programs		
Gross costs	-	7,711,718
Less: earned revenue	<u>-</u>	<u>(151,061)</u>
Net costs	-	7,560,657
<b>TOTAL PROGRAMS</b>		
Gross costs (Note 18)	148,459,585	152,859,941
Less: earned revenue	<u>(1,288,122)</u>	<u>(865,887)</u>
<b>NET COST OF OPERATIONS</b>	<u>\$ 147,171,463</u>	<u>\$ 151,994,054</u>

The accompanying notes are an integral part of these statements.



NATIONAL ENDOWMENT FOR THE

Humanities

**STATEMENT OF CHANGES IN NET POSITION**  
**For the Years Ended September 30, 2013 and 2012**  
**(in US Dollars)**

	2013			2012		
	Funds from Dedicated Collections (combined)	All Other Funds	Total	Funds from Dedicated Collections (combined)	All Other Funds	Total
<b>CUMULATIVE RESULTS OF OPERATIONS</b>						
Beginning balances	\$ 1,497,160	\$ (1,510,476)	\$ (13,316)	\$ 1,365,797	\$ (1,614,870)	\$ (249,073)
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	1,497,160	(1,510,476)	(13,316)	1,365,797	(1,614,870)	(249,073)
Budgetary financing sources:						
Donations (Note 11)	610,550	-	610,550	1,259,006	-	1,259,006
Appropriations used (Note 17)	-	144,873,168	144,873,168	-	149,629,896	149,629,896
Other financing resources:						
Imputed financing from costs absorbed by others (Notes 1 & 13)	-	1,277,142	1,277,142	-	1,340,909	1,340,909
Total financing sources	610,550	146,150,310	146,760,860	1,259,006	150,970,805	152,229,811
Net cost of operations (Notes 12 & 13)	(1,589,339)	(145,582,124)	(147,171,463)	(1,127,643)	(150,866,411)	(151,994,054)
Net change	(978,789)	568,185	(410,604)	131,363	104,394	235,757
Cumulative Results of Operations	518,371	(942,291)	(423,920)	1,497,160	(1,510,476)	(13,316)
<b>UNEXPENDED APPROPRIATIONS</b>						
Beginning balances	-	124,796,598	124,796,598	-	128,405,502	128,405,502
Adjustments: Corrections of errors	-	-	-	-	-	-
Beginning balances, as adjusted	-	124,796,598	124,796,598	-	128,405,502	128,405,502
Budgetary financing sources:						
Appropriations received (current period) (Notes 17 & 18)	-	146,020,992	146,020,992	-	146,255,000	146,255,000
Rescissions	-	(7,637,774)	(7,637,774)	-	(234,008)	(234,008)
Donations	-	-	-	-	-	-
Appropriations used (Note 17)	-	(144,873,168)	(144,873,168)	-	(149,629,896)	(149,629,896)
Total budgetary financing sources	-	(6,489,950)	(6,489,950)	-	(3,608,904)	(3,608,904)
Total Unexpended Appropriations	-	118,306,648	118,306,648	-	124,796,598	124,796,598
<b>NET POSITION</b>	<b>\$ 518,371</b>	<b>\$ 117,364,357</b>	<b>\$ 117,882,728</b>	<b>\$ 1,497,160</b>	<b>\$ 123,286,122</b>	<b>\$ 124,783,282</b>

The accompanying notes are an integral part of these statements.



**STATEMENT OF BUDGETARY RESOURCES**  
**For the Years Ended September 30, 2013 and 2012**  
(In US Dollars)

	<b>2013</b>	<b>2012</b>
<b>Budgetary Resources:</b>		
Unobligated balance brought forward, October 1	\$ 5,245,488	\$ 5,058,832
Adjustment to unobligated balance brought forward, October 1 (+or-)	-	-
Unobligated balance brought forward, October 1, as adjusted	<u>5,245,488</u>	<u>5,058,832</u>
Recoveries of prior year unpaid obligations	1,882,420	1,895,878
Other changes in unobligated balance (+or-)	-	-
Unobligated balance from prior year budget authority, net	7,127,908	6,954,710
Appropriations (discretionary and mandatory)	138,993,768	147,279,997
Borrowing authority (discretionary and mandatory)	-	-
Contract authority (discretionary and mandatory)	-	-
Spending authority from offsetting collections (discretionary and mandatory)	<u>1,148,272</u>	<u>347,133</u>
<b>Total budgetary resources</b>	<u><u>147,269,948</u></u>	<u><u>154,581,840</u></u>
<b>Status of Budgetary Resources:</b>		
Obligations incurred (Notes 13 & 14):	141,471,385	149,336,352
Unobligated balance, end of year:		
Apportioned	4,972,835	4,600,516
Exempt from apportionment	-	-
Unapportioned	<u>825,728</u>	<u>644,972</u>
Total unobligated balance, end of year	<u>5,798,563</u>	<u>5,245,488</u>
<b>Total budgetary resources</b>	<u><u>147,269,948</u></u>	<u><u>154,581,840</u></u>
<b>Change in Obligated Balance:</b>		
Unpaid obligations:		
Unpaid obligations, brought forward, October 1	145,286,004	150,802,663
Adjustment to unpaid obligations, start of year (+/-)	-	-
Obligations incurred (Notes 13 & 14)	141,471,385	149,336,352
Outlays (gross) (-)	(149,467,431)	(152,957,134)
Actual transfers, unpaid obligations (net) (+ or-)	-	-
Recoveries of prior year unpaid obligations (-)	(1,882,420)	(1,895,878)
Unpaid obligations, end of year	135,407,538	145,286,003
Uncollected Payments:		
Uncollected pymts, Fed sources, brought forward, Oct 1 (-)	(7,403)	(37,103)
Adjustment to uncollected pymts, Fed sources, start of year (+/-)	-	-
Change in uncollected pymts, Fed sources (+/-)	(161,499)	29,700
Actual transfers, uncollected pymts, Fed sources (net) (+/-)	-	-
Uncollected pymts, Fed sources, end of year(-)	<u>(168,902)</u>	<u>(7,403)</u>
Memorandum (non-add) entries:		
Obligated balance, start of year (+/-)	145,278,601	150,765,560
Obligated balance, end of year (+/-) (Note 16)	135,238,635	145,278,601
<b>Budget Authority and Outlays, Net:</b>		
Budget authority, gross (discretionary and mandatory)	140,142,040	147,627,130
Actual offsetting collections (discretionary and mandatory) (-)	(986,773)	(376,832)
Change in uncollected customer payments from		
Federal sources (discretionary/mandatory) (+or-)	(161,499)	29,699
Anticipated offsetting collections (discretionary and mandatory)(+ or-)	-	-
<b>Budget authority, net (discretionary and mandatory)</b>	<u><u>138,993,768</u></u>	<u><u>147,279,997</u></u>
Outlays, gross (discretionary and mandatory)	149,467,431	152,957,134
Actual offsetting collections (discretionary and mandatory)(-)	(986,773)	(376,832)
Outlays, net (discretionary and mandatory)	148,480,658	152,580,302
Distributed offsetting receipts (-)	<u>(716,082)</u>	<u>(1,311,572)</u>
<b>Agency outlays, net (discretionary and mandatory)</b>	<u><u>\$ 147,764,576</u></u>	<u><u>\$ 151,268,730</u></u>

**Note: NEH does not have a non-budgetary credit reform financing account**

The accompanying notes are an integral part of these statements.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Table of Contents**

Note 1 – Significant Accounting Policies.....	1
Note 2 – Fund Balance with Treasury .....	6
Note 3 – Accounts Receivable .....	6
Note 4 – General Property, Plant and Equipment, Net.....	7
Note 5 – Liabilities .....	7
Note 6 – Leases .....	8
Note 7 – Incidental Custodial Collections.....	8
Note 8 – Liabilities Not Covered by Budgetary Resources.....	9
Note 9 – Explanation of Differences between Liabilities Not Covered by Budgetary Resources and Components Requiring or Generating Resources in Future Periods .....	9
Note 10 –Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government .....	9
Note 11 –Funds from Dedicated Collections .....	10
Note 12 –Intragovernmental Costs and Exchange Revenue.....	12
Note 13 –Reconciliation of Net Obligations to Net Cost of Operations .....	13
Note 14 –Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations .....	14
Note 15 –Exchange Revenues for Reimbursable Services Activities .....	14
Note 16 –Undelivered Orders at the End of the Period.....	14
Note 17 –Reconciliation of Federal Appropriation to Federal Expended Appropriation.....	15
Note 18 –Reconciliation of Expenses to Federal Appropriation.....	15
Note 19 –Types of Matching Grants .....	15
RSSI – Investment in Non-Federal Physical Property .....	17

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

The following Notes include the disclosure requirements contained in the Office of Management and Budget (OMB) Circular A-136, "Financial Reporting Requirements" and the Federal Accounting Standards Advisory Board (FASAB) "Statements of Federal Financial Accounting Standards" (SFFAS).

**Note 1 – Significant Accounting Policies**

**A. Reporting Entity**

The National Endowment for the Humanities (NEH) is an independent grant-making agency of the United States government dedicated to supporting research, education, preservation, and public programs in the humanities. NEH was established by the National Foundation on the Arts and the Humanities Act of 1965.

**B. Basis of Presentation**

The financial statements are provided to meet the requirements of the Accountability of Tax Dollars Act of 2002. The statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

**C. Basis of Accounting**

Transactions are generally recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. Each year, Congress provides NEH appropriations to incur obligations in support of agency programs. Budgetary accounting is the means of recording these appropriations and measuring the consumption of budget authority and other budgetary resources.

**D. Revenues and Other Financing Sources**

NEH receives funding through annual Congressional appropriations from the budget of the United States. No-year appropriations are used, within statutory limits, for operations and capital expenditures for essential personal property. Appropriations are recognized as revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when assets are consumed in operations.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 1 – Significant Accounting Policies (continued)**

The National Foundation on the Arts and the Humanities Act granted NEH the authority to receive donations and to invest in interest-bearing accounts. Accounts are maintained for restricted as well as unrestricted funding and NEH observes the same guidelines for the appropriate use of donated funds as for appropriated funds. This authority allows the Chairman to incur representation and reception expenses.

**E. Fund Balance with Treasury**

Funds with the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. See Note 2 for additional information.

**F. Advances and Prepayments**

NEH records grant payments for work not yet performed at year-end as advances. The advances are recorded as expenses in subsequent fiscal years.

**G. General Property, Plant and Equipment**

NEH policy is to depreciate property, plant and equipment over the estimated useful life of the asset. The capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for internal use software is \$250,000 or above for aggregate costs. Service lives are listed below:

<u>Description</u>	<u>Estimated Useful Life</u>
Leasehold improvements	Term of Lease
Capital Leases	Term of Lease
Office Furniture	7 years
Computer Equipment and Software	3 years
Office Equipment	5 years

**H. Liabilities**

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

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 1 – Significant Accounting Policies (continued)**

**I. Accounts Payable**

Accounts payable consists of amounts owed to other federal agencies, commercial vendors, and grantees. Accounts payable to commercial vendors are expenses for goods and services received but not yet paid by NEH. Grant liabilities are grantee expenses not yet funded or reimbursed by NEH. At fiscal year-end, NEH calculates and records an accrual for the amount of estimated unreimbursed grantee expenses.

In estimating grant accruals, NEH followed the guidelines in the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Technical Release (TR) 12, *Accrual Estimates for Grant Programs*. The purpose of TR 12 is to provide a cost-effective framework for developing reasonable estimates of accrued grant liabilities. TR 12 addresses materiality considerations, risk assessment, and procedures for estimating accruals for grant programs, including acceptable procedures until sufficient relevant and reliable historical data is available for new grant programs or changes to existing programs.

**J. Annual, Sick, and Other Leave**

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

**K. Retirement Plans**

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

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

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 1 – Significant Accounting Policies (continued)**

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, NEH remits the employer's share of the required contribution.

NEH does not report on its financial statements information pertaining to the retirement plans covering its employees except for imputed costs related to retirement (see L. below). Reporting amounts such as plan assets and accumulated plan benefits, if any, is the responsibility of the Office of Personnel Management.

**L. Imputed Benefit Costs**

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

**M. Federal Employees' Compensation Act (FECA) Actuarial Liability**

The FECA provides income and medical cost protection to covered federal civilian employees injured on the job, for those who have contracted a work-related occupational disease, and for beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under the FECA for NEH's employees are administered by the Department of Labor (DOL) and are ultimately paid by NEH.

DOL provides a computational model for estimating a FECA actuarial liability for any federal agency not specifically listed in the results of DOL's FECA actuarial model. This computational model is based on an extrapolation from the actual charges experienced recently by NEH. This procedure is not an allocation of a listed liability amount. It is, however, a way to calculate a reasonable actuarial liability for NEH.

The computational model takes the amount of benefit payments for the entity over the last 9 to 12 quarters, and calculates the annual average of payments for medical expenses and compensation. Both types of payments can be found in the chargeback reports that are issued quarterly by DOL. The average is then multiplied by the liability to benefits paid ratios (LBP). These ratios vary from year to year as a result of economic assumptions and other factors. The model calculates a liability approximately 11 times the annual payments.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 1 – Significant Accounting Policies** (continued)

**N. Use of Estimates**

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

**O. Commitments and Contingencies**

There are no commitments or contingencies that require disclosure.

**P. Intragovernmental Activity**

Throughout these financial statements, intragovernmental assets, liabilities, revenues, and costs have been classified according to the type of entity associated with the transactions. Intragovernmental assets and liabilities are those from or to other Federal entities. Intragovernmental earned revenues are collections or accruals of revenue earned from other Federal entities and intragovernmental costs are payments or accruals to other Federal entities.

**Q. Stewardship Investments**

Stewardship investments are substantial investments made by the Federal Government for the benefit of the nation but are not physical assets owned by the Federal Government. When incurred, they are treated as expenses in determining the net cost of operations. For the National Endowment for the Humanities, such investments are measured in terms of expenses incurred for federally-financed but not federally-owned physical property (investment in non-federal physical property).

**R. Rounding**

Some totals and amounts reflected on the financial statements and in the Notes may differ due to rounding.

**S. Change in Accounting Principle**

The Statement of Net Cost presents the major programs that align directly with the major goals and outputs presented in the NEH's strategic and performance plans. Because of the recent addition of several new programs, the FY 2013 Statement of Net Cost and the related Notes have been changed to include these new programs. The prior year net cost data remains as presented last year. The

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

primary impact of this change is to better align the Statement of Net Cost's programs with the NEH's strategic plan.

**Note 2 – Fund Balance with Treasury**

<b>Fund balance with Treasury:</b>	<u>2013</u>	<u>2012</u>
Appropriated funds	\$ 140,508,044	\$ 149,007,763
Trust funds	529,154	1,516,326
<b>Total</b>	<u>141,037,198</u>	<u>150,524,089</u>
 <b>Status of fund balance with Treasury:</b>		
Unobligated balance - available	4,972,835	4,600,516
Unobligated balance - unavailable	825,728	644,972
Unfilled customer orders without advance	(117,603)	-
Receivables from federal sources	(51,300)	(7,403)
Obligated balance not yet disbursed	135,407,538	145,286,004
<b>Total</b>	<u>\$ 141,037,198</u>	<u>\$ 150,524,089</u>

Fund Balance with Treasury is the aggregate amount of NEH's accounts with the U.S. Treasury from which NEH is authorized to make expenditures and pay liabilities. The trust fund includes amounts donated to NEH. Some of these funds are restricted for intended purposes.

**Note 3 – Accounts Receivable**

	<u>2013</u>	<u>2012</u>
	<u>Current</u>	<u>Current</u>
Gross receivables		
Receivables from services to federal agencies:		
Advances to federal agencies	\$ 1,050,981	\$ 734,104
Other receivables	51,300	7,403
Receivables from the public:		
Advances to grantees	2,391,535	2,182,390
Other receivables	176,046	115,352
Allowance for uncollectible accounts	-	-
<b>Net receivables</b>	<u>\$ 3,669,862</u>	<u>\$ 3,039,249</u>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 4 – General Property, Plant and Equipment, Net**

NEH policy is to depreciate property, plant and equipment over the estimated useful life of the asset. The capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum of \$10,000 per item. The capitalization threshold for internal use software is \$250,000 or above for aggregate costs. Property and equipment, net, as of September 30, 2013 and 2012, consisted of the following:

Major Class	Service Life and Method	Cost	Accumulated Amortization /Depreciation	<u>2013</u> Net Book Value	<u>2012</u> Net Book Value
Office Equipment	5 years/Straight	\$ 88,281	\$ (88,281)	\$ -	\$ 17,656
Software – Internal Use	3 years/Straight	445,103	(89,894)	355,209	110,112
Software – In Development	Not Applicable	133,818	-	133,818	39,887
Total, Property & Equipment		\$ 667,202	\$ (178,175)	\$ 489,027	\$ 167,655

**Note 5 – Liabilities**

	<u>2013</u>	<u>2012</u>
Intragovernmental	<u>Current</u>	<u>Current</u>
Accrued unfunded FECA	\$ 45,575	\$ 47,337
Advances from others	571,883	1,464,219
Employee contributions & payroll taxes payable	62,478	160,796
Total Intragovernmental	<u>679,936</u>	<u>1,672,352</u>
Accrued funded payroll	385,748	1,065,804
Actuarial FECA	246,574	230,671
Accrued unfunded leave	1,267,037	1,283,984
Accrued liabilities due - non-Government	<u>24,734,064</u>	<u>24,694,900</u>
Total liabilities	<u>\$ 27,313,359</u>	<u>\$ 28,947,711</u>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 6 – Leases**

**Occupancy Agreement:**

Office Space: The National Endowment for the Humanities (NEH) occupies office space in the Old Post Office (OPO) Building at 1100 Pennsylvania Avenue in the District of Columbia under an occupancy agreement with the General Services Administration (GSA) that is accounted for as an operating lease.

The current term of the occupancy agreement is from October 1, 2011 through February 2014. Due to the planned redevelopment of the Old Post Office Building for commercial purposes, the NEH will be relocating in February 2014 to new office space at the Constitution Center, 400 7<sup>th</sup> & D Street, SW, in the District of Columbia. It is anticipated that the rent for NEH's new office space will be approximately the same as the current GSA rental rate for the OPO building space along with any necessary inflationary adjustments.

	<u>2013</u>	<u>2012</u>
	<u>Office Space</u>	<u>Office Space</u>
Future payments due:		
Fiscal year 2012	\$ -	\$ -
Fiscal year 2013	\$ -	\$ 2,750,000
Fiscal year 2014 (estimate)	\$ 2,750,000	\$ -

**Note 7 – Incidental Custodial Collections**

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

	<u>2013</u>	<u>2012</u>
Income from NEH projects funded in previous years	\$ 105,532	\$ 52,567
Total cash collections	<u>105,532</u>	<u>52,567</u>
Disposition of collections:		
Returned to Treasury (general fund)	105,532	52,567
Retained by NEH	-	-
Net custodial collection activity	<u>\$ -</u>	<u>\$ -</u>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 8 – Liabilities Not Covered by Budgetary Resources**

	<u>2013</u>	<u>2012</u>
Intragovernmental		
Accrued unfunded FECA	\$ 45,575	\$ 47,337
Total intragovernmental	<u>45,575</u>	<u>47,337</u>
Actuarial FECA	246,574	230,671
Accrued unfunded leave	<u>1,267,037</u>	<u>1,283,984</u>
Total liabilities not covered by budgetary resources	1,559,186	1,561,992
Total liabilities covered by budgetary resources	25,754,173	27,385,719
Total liabilities	<u>\$ 27,313,359</u>	<u>\$ 28,947,711</u>

**Note 9 – Explanation of Differences between Liabilities Not Covered by Budgetary Resources and Components Requiring or Generating Resources in Future Periods**

Components that comprise liabilities not covered by budgetary resources represent the cumulative balance of the liability. By contrast, components requiring or generating resources in future periods included in Note 13 – Reconciliation of Net Obligations to Net Cost of Operations – represent the change in the liability created in the current year.

**Note 10 – Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government**

The President’s Budget which includes actual numbers for fiscal year 2013 has not yet been published. Actual numbers for fiscal year 2013 will be included in the President’s Budget for fiscal year 2015, which will be published about February 5, 2014 and will be available at <http://www.whitehouse.gov/omb/>.

There are no material differences between the amounts reported in the FY 2012 Statement of Budgetary Resources and the 2012 actual amounts reported in the Budget of the United States Government. Any differences in the table below are due to the rounding of the amounts to millions of dollars in the Budget of the United States Government.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 10 (continued)**

FY 2012 (In Millions of Dollars)	Budgetary Resources Available for Obligation	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Budget of the U.S. Government	\$ 154.0	\$ 150.0	\$ 1.0	\$ 152.0
Statement of Budgetary Resources	<u>154.6</u>	<u>149.3</u>	<u>1.3</u>	<u>152.6</u>
Differences	\$ (0.4)	\$ 0.7	\$ (0.3)	\$ (0.4)

**Note 11 –Funds from Dedicated Collections**

The Statement of Federal Financial Accounting Standards 43: *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds SFFAS No. 27, Identifying and Reporting Earmarked Funds*, changed the term "earmarked funds" to "funds from dedicated collections." SFFAS 43 also amended the definition as follows. Generally, funds from dedicated collections are financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other 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.

Pursuant to authority set forth in its authorizing statute, at 20 U.S.C. 959(a)(2), and at P.L. 106-113, Sec. 319, the NEH is authorized to solicit, accept and invest money and other property donated to the agency. Section 959(a)(2) authorizes the Chairman of the NEH, with the recommendation of the National Council on the Humanities, to "receive money and other property donated, bequeathed, or devised to [the] Endowment with or without condition or restriction." There are two types of donations accepted by the Endowment: unrestricted and restricted gifts. An unrestricted gift is one made to the Endowment with no limitations on how the gift is to be used. A restricted gift explicitly states how the gift is to be used.

Donations to the Endowment must be used for a purpose consistent with the agency's mission and authorizing legislation. The general authority of the Chairman to carry out the functions of the Endowment is enumerated in 20 U.S.C. 956(c).

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 11 – Funds from Dedicated Collections – (continued)**

	2013		2012
<b>Balance sheet, as of September 30<sup>th</sup></b>	<b>Funds from Dedicated Collections Gifts &amp; Donations Combined</b>		<b>Funds from Dedicated Collections Gifts &amp; Donations Combined</b>
Assets			
Fund balance with Treasury	\$ 529,154		\$ 1,516,325
Other assets	-		-
<b>Total assets</b>	<b>529,154</b>		<b>1,516,325</b>
Liabilities	10,783		19,165
Cumulative results of operations	518,371		1,497,160
<b>Total liabilities and net position</b>	<b>529,154</b>		<b>1,516,325</b>
<b>Statement of net cost, for the year ended September 30<sup>th</sup></b>			
Gross program costs	1,589,339		1,127,643
Less earned revenues	-		-
Net program costs	1,589,339		1,127,643
Costs not attributable to program costs	-		-
Less earned revenues not attributable to program costs	-		-
<b>Net cost of operations</b>	<b>1,589,339</b>		<b>1,127,643</b>
<b>Statement of changes in net position, for the year ended September 30<sup>th</sup></b>			
Net position, beginning of period	1,497,160		1,365,797
Non-exchange revenue	610,550		1,259,006
Other financing sources	-		-
Net cost of operations	1,589,339		1,127,643
Change in net position	(978,789)		131,363
<b>Net position, end of period</b>	<b>\$ 518,371</b>		<b>\$ 1,497,160</b>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 12 – Intragovernmental Costs and Exchange Revenue**

OMB Circular A-136 has changed the disclosure requirements for transactions with other Federal entities and the public. Under the revised guidance, NEH will present costs associated with Federal agencies, as well as costs associated with the public. The following amounts present NEH's earned revenues for sales of goods and services to Federal agencies and the public, gross costs associated with sales of goods and services to Federal agencies and the public, and net cost of operations by program. Also, see Note 19.

<b>FY 2013 Programs</b>	<b>Intragovernmental costs</b>	<b>Public costs</b>	<b>Total costs</b>	<b>Intragovernmental earned revenue</b>	<b>Public earned revenue</b>	<b>Total earned revenue</b>	<b>Net costs</b>
<b>Bridging Cultures</b>	137,616	3,549,084	3,686,700	6,561	-	6,561	3,680,139
<b>Challenge Grants</b>	453,707	8,647,681	9,101,388	16,101	-	16,101	9,085,287
<b>Digital Humanities</b>	374,517	5,344,419	5,718,936	10,029	-	10,029	5,708,907
<b>Education</b>	1,228,171	16,283,980	17,512,151	30,689	-	30,689	17,481,462
<b>Federal/State Partnership</b>	1,839,054	44,375,042	46,214,096	82,148	-	82,148	46,131,948
<b>Preservation and Access</b>	1,173,114	17,648,007	18,821,121	873,050	-	873,050	17,948,071
<b>Program Development</b>	26,354	679,604	705,958	1,257	-	1,257	704,701
<b>Public</b>	1,238,415	17,763,245	19,001,660	33,383	-	33,383	18,968,277
<b>Research</b>	1,366,739	18,947,197	20,313,936	221,763	-	221,763	20,092,173
<b>Treasury Funds</b>	101,416	2,792,471	2,893,887	5,150	-	5,150	2,888,737
<b>We the People</b>	762,659	3,727,093	4,489,752	7,991	-	7,991	4,481,761
<b>2013 Total</b>	<b>8,701,762</b>	<b>139,757,823</b>	<b>148,459,585</b>	<b>1,288,122</b>	<b>-</b>	<b>1,288,122</b>	<b>147,171,463</b>
<b>FY 2012 Programs</b>	<b>Intragovernmental costs</b>	<b>Public costs</b>	<b>Total costs</b>	<b>Intragovernmental earned revenue</b>	<b>Public earned revenue</b>	<b>Total earned revenue</b>	<b>Net costs</b>
<b>Federal/State Partnerships</b>	1,894,016	48,376,148	50,270,164	-	-	-	50,270,164
<b>Preservation and Access</b>	1,236,852	18,725,046	19,961,898	627,042	-	627,042	19,334,856
<b>Research</b>	1,323,074	19,311,132	20,634,206	87,784	-	87,784	20,546,422
<b>Public</b>	1,373,733	17,775,062	19,148,795	-	-	-	19,148,795
<b>Education</b>	1,197,985	15,584,211	16,782,196	-	-	-	16,782,196
<b>We The People</b>	222,301	6,036,295	6,258,596	-	-	-	6,258,596
<b>Challenge Grants</b>	584,617	11,507,751	12,092,368	-	-	-	12,092,368
<b>Other Programs</b>	769,046	6,942,672	7,711,718	151,061	-	151,061	7,560,657
<b>2012 Total</b>	<b>8,601,624</b>	<b>144,258,317</b>	<b>152,859,941</b>	<b>865,887</b>	<b>-</b>	<b>865,887</b>	<b>151,994,054</b>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 13 –Reconciliation of Net Obligations to Net Cost of Operations**

	<u>2013</u>	<u>2012</u>
<b>RESOURCES USED TO FINANCE ACTIVITIES:</b>		
Budgetary Resources Obligated		
Obligations incurred	\$ 141,471,385	\$149,336,352
Less: Spending authority from offsetting collections and recoveries	3,030,692	2,243,011
Obligations net of offsetting collections and recoveries	138,440,693	147,093,341
Less: Offsetting receipts	716,082	1,311,572
Net Obligations	137,724,611	145,781,769
Other Resources		
Imputed financing from costs absorbed by others	1,277,142	1,340,909
<i>Total resources used to finance activities</i>	<b>139,001,753</b>	<b>147,122,678</b>
<b>RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS:</b>		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	7,838,502	3,610,811
Budgetary offsetting collections and receipts that do not affect net cost of operations	716,082	1,311,572
Resources that fund expenses recognized in prior periods	(18,710)	(3,119)
Resources that finance acquisition of assets	(425,628)	(153,293)
<i>Total resources used to finance items not part of the net cost of operations</i>	<b>8,110,246</b>	<b>4,765,971</b>
<i>Total resources used to finance the net cost of operations</i>	<b>147,111,999</b>	<b>151,888,649</b>
<b>COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT YEAR:</b>		
Components requiring or generating resources in future periods:		
Annual leave liability increase	-	-
Other	(44,792)	84,455
<i>Total components of Net Cost of Operations that will require or generate resources in future periods</i>	<b>(44,792)</b>	<b>84,455</b>
Components not requiring or generating resources:		
Depreciation and amortization	104,256	20,950
Other	-	-
<i>Total components of Net Cost of Operations that will not require or generate resources</i>	<b>104,256</b>	<b>20,950</b>
<i>Total components of the Net Cost of Operations that will not require or generate resources in the current year</i>	<b>59,464</b>	<b>105,405</b>
<b>NET COST OF OPERATIONS</b>	<b>\$ 147,171,463</b>	<b>\$ 151,994,054</b>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 14 –Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations**

<b>Obligations Incurred</b>	<u>2013</u>	<u>2012</u>
Direct:		
1. Category A total, direct obligations	\$ -	\$ -
2. Category B total, direct obligations	141,056,343	149,033,536
3. Exempt from apportionment	-	-
Reimbursable:		
1. Category A total, direct obligations	-	-
2. Category B total, direct obligations	415,042	302,816
3. Exempt from apportionment	-	-
Total direct and reimbursable	<u>\$ 141,471,385</u>	<u>\$ 149,336,352</u>

**Note 15 –Exchange Revenues for Reimbursable Services Activities**

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

**Note 16 –Undelivered Orders at the End of the Period**

On the Statement of Budgetary Resources, the obligated balance, net, end of period includes the following:

	<u>2013</u>	<u>2012</u>
Unpaid obligations:		
Undelivered orders	\$ 110,225,247	\$ 119,364,503
Accounts payable	25,182,290	25,921,500
Less: uncollected customers payments from Federal sources	<u>168,902</u>	<u>7,403</u>
Total, unpaid obligated balance, net, end of period	<u>\$ 135,238,635</u>	<u>\$145,278,600</u>

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

**Note 17 –Reconciliation of Federal Appropriation to Federal Expended  
Appropriation**

	<u>2013</u>	<u>2012</u>
Federal appropriation	\$ 138,383,218	\$ 146,020,992
Unexpended appropriation – current year	(71,534,302)	(76,345,127)
Amounts obligated in previous years, expended in current year	78,024,251	79,954,031
Federal expended appropriation	\$ 144,873,167	\$ 149,629,896

**Note 18 –Reconciliation of Expenses to Federal Appropriation**

	<u>2013</u>	<u>2012</u>
Total expenses	\$ 148,459,585	\$ 152,859,941
Depreciation and amortization	(104,256)	(20,950)
Unpaid annual leave	16,948	3,119
Reimbursable expenses	(1,104,810)	(812,500)
Trust fund expenses	(1,589,339)	(1,127,643)
Unfunded expenses	(1,230,589)	(1,425,364)
Unexpended appropriation – current year	71,534,302	76,345,127
Amounts obligated in previous years, expended in current year	(78,024,251)	(79,954,031)
Capital expenditures	425,628	153,293
Federal appropriation	\$ 138,383,218	\$146,020,992

**Note 19 –Types of Matching Grants**

Matching Grants - Challenge Grants and Treasury Fund Grants

Matching grants are awarded in most programs of the Endowment. A matching award entails an offer of NEH funding that is conditioned on an equivalent amount of fund-raising by the recipient. The Endowment uses two types of matching grants: Challenge Grants and Treasury Fund Grants.

1. Challenge grants are used to assist organizations in developing long-term sources of support for humanities programs, activities and resources. Some examples include the establishment of endowment funds, the purchase of capital equipment, the retirement of debt, and the renovation or construction of facilities. Recipients of a challenge grant must match every federal dollar with three nonfederal dollars in gifts to the grant recipients.

**National Endowment for the Humanities**  
**Notes to the Financial Statements**  
**As of and For the Years Ended**  
**September 30, 2013 and 2012**  
(In Dollars)

2. Treasury Fund grants are appropriated funds used to match nonfederal contributions in support of humanities projects. Treasury matching grants, which match nonfederal donations on a one-to-one basis, have proven to be an effective mechanism for leveraging the contributions of businesses, foundations, and individuals on behalf of the humanities.

# National Endowment for the Humanities

## Required Supplementary Stewardship Information Stewardship Investments

(Unaudited)

As of September 30, 2013

### RSSI – Investment in Non-Federal Physical Property

The National Endowment for the Humanities (NEH) provides a long term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets.

NEH's investment in non-Federal physical property currently includes facilities, structures, and equipment. The principal program funding this investment is Challenge Grants. This program is best understood as a lasting partnership between the community of humanities institutions and NEH. Through this program, NEH invested funding in historic buildings, conservation centers, museums, and libraries. For example, NEH grants funded: the restoration of buildings at the Historic Dyess Colony, Arkansas; the construction of the humanities portion of the public library in Lake County, Oregon; the expansion of the conservation facility at SUNY Buffalo State College; the renovation of the historic Hilton Mansion House, Baltimore, Maryland; relocation and expansion of the Center for Oral and Public History at California State University, Fullerton; and the construction of a tribal college research lab at Northwest Indian College, Washington.

The following exhibit shows the National Endowment for the Humanities investment in non-Federal physical property displayed in four major categories for FY 2013 and the previous four fiscal years.

Type of Property	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Historic Home/Building	-	-	-	-	\$475,000
Conservation Center	-	\$184,255	-	-	-
Museum/Library	-	\$300,000	-	\$400,000	-
Research/Lab Center					\$470,000
<b>Total</b>	-	\$484,255	-	\$400,000	\$945,000

#### IV. OTHER ACCOMPANYING INFORMATION

##### NEH Inspector General's Summary of Management Challenges

November 13, 2013

Carole Watson  
Acting Chairman, National Council on the Humanities  
National Endowment for the Humanities  
Washington, DC 20506

Dear Acting Chairman Watson:

In accordance with the Reports Consolidation Act of 2000 (Public Law 106-531), I am submitting the annual statement summarizing what the Office of Inspector General considers to be the most serious management and performance challenges facing the National Endowment for the Humanities (NEH). This assessment is based on OIG reviews and inspections, as well as a general knowledge of the agency's operations.

The OIG has identified three management and performance challenges for inclusion in the NEH's *FY 2013 Performance and Accountability Report (PAR)*.

1. Grant Management
2. Information Technology Security
3. Continuity of Operations Planning

The Reports Consolidation Act of 2000 permits agency comment on the Inspector General's statements. Agency comments, if applicable, are to be included in the final version of the PAR that is due by December 16, 2013.

Laura Davis  
Inspector General

Attachment

cc: Jeff Thomas, Assistant Chairman for Planning and Operations

**Inspector General's Statement on the  
National Endowment for the Humanities'  
Management and Performance Challenges**

**FY 2013**

**Grant Management**

Annually, disbursements to recipients of NEH awards represent approximately 80 percent of the overall NEH budget. Therefore, monitoring grantee activities is a key management tool in ensuring that Federal funds are being properly spent. Such monitoring is primarily accomplished through receipt and review of interim and final reports (performance and financial), as submitted by grantees. Grant progress is also monitored through remote contact with project directors and others at grantee organizations (e-mail and telephone), and for a cross-section of grantees, through site visits by program staff, as the availability of travel funds permit.

Impending reform of Office of Management and Budget (OMB) guidance relating to grants and cooperative agreements, cost principles, and administrative requirements, has been crafted to ensure the highest integrity in the financial management and operation of Federal programs and strengthen accountability for Federal dollars through improved policies that protect against waste, fraud, and abuse. However, the reformed policies will require additional effort by the Agency, particularly during the pre-award and post-award phases of the grant process, to ensure responsible stewardship of Federal dollars.

The number of NEH awards that are made to small, non-profit organizations with internal control challenges and limited financial management experience and/or competencies necessitate consistent application of risk assessment procedures (pre-award and post-award), since these entities are more susceptible to fraud, waste, and abuse. Forthcoming OMB guidance anticipates agency pre-award review processes to include both a review of the merit of applications and a review of risk posed by applicants. As a proactive, post-award measure, NEH management should consider supplementing current grant administrative guidance published on the Agency website with web-based, interactive training modules to assist new grantees with their understanding of Federal financial management standards and administrative requirements.

As travel budget restraints continue to impact on-site monitoring activities, Agency management should continue to research and pursue viable alternatives to accomplish site visit objectives, to include use of video teleconferencing tools or use of GPS-enabled internet tools (i.e., Google Earth) to monitor construction projects supported by challenge grants.

Currently, recipients of large, high-profile grant awards may be subject to the audit requirements of Office of Management and Budget (OMB) Circular A-133, (i.e., Single Audit). The Single Audit process represents a useful tool for purposes of monitoring NEH grantees, especially state humanities councils. Impending OMB guidance

anticipates an increase in the threshold for the single audit requirement from \$500,000 to \$750,000. This higher threshold will result in the loss of annual audit coverage of state humanities councils approximating forty-nine (49) percent, (based on the number of state councils subject to the single audit requirement during FY 2012). Consequently, current monitoring activities would need to be enhanced to compensate for the extensive loss of accountability assurances afforded by the Single Audit. In addition to state humanities councils, recipients of NEH challenge grants and media production awards would be most impacted by the increase in the single audit threshold.

Collectively, effective pre-award and post-award monitoring procedures, (including timely grant close-out procedures) ensure responsible stewardship of Federal funds.

### **Information Technology Security**

The NEH relies on information management systems to carry out the agency's vital mission. Protecting information continues to be a challenge for all organizations, both private and government. The macro statistics are quite sobering:

- According to Symantec's *Internet Security Threat Report*<sup>1</sup>, more than 232 million identity records were exposed in 2011 through malicious cyber-attacks.
- According to a 2010 study<sup>2</sup>, forty-six percent of lost laptops contained confidential data.
- Through 2016, the financial impact of cybercrime will grow ten percent per year due to the continuing discovery of new IT vulnerabilities<sup>3</sup>.

The Federal Information Security Management Act (FISMA) requires each Federal agency to develop, document, and implement an agency-wide program to provide information security and develop a comprehensive framework to protect the government's information, operations, and assets. Over the years, the NEH has taken significant steps to implement an information security program consistent with FISMA and National Institute of Standards and Technology (NIST) requirements.

Per OMB Memorandum M-12-20 and Department of Homeland Security guidance, *FY 2013 Inspector General FISMA Reporting Metrics*, the Administration's FISMA priorities stress IT security to include such items as continuous monitoring; developing strong user authentication protocols; and implementing trusted internet connection (TIC) capabilities and traffic consolidation.

---

<sup>1</sup> *Internet Security Threat Report – Volume 17*, Symantec, April 2012

<sup>2</sup> *The Billion Dollar Laptop Study*, Ponemon Institute and Intel Corporation, December 2010

<sup>3</sup> *Gartner Top Predictions for 2012: Control Slips Away*, Gartner, December 2011

### Continuous Monitoring

In the past, FISMA required agencies to review core IT systems every three years through a certification and accreditation process. However, recent guidance has moved away from this traditional approach and emphasizes that agencies must reauthorize the security of all IT systems at least annually, if not on a continual basis. To address these changes, the NEH issued a new *Security Program and Risk Management Policy* in FY 2012. The policy defines the required components of a continuous monitoring plan and mandates the development of continuous monitoring plans (CMPs) for each major IT system. Due to competing demands, the individual CMPs have yet to be drafted by the Agency. This step is critical since the sophistication and frequency of cyber-attacks continue to escalate. Furthermore, the Agency's potential risk exposure will increase due to the planned migration of several software applications to the cloud. Continuous monitoring plans will provide management with the necessary blueprint to identify risks and target IT security efforts.

### Use of Mobile Devices

With the explosion of smartphone and tablet sales in recent years, there has been a recent blurring between personal and professional lives. Accordingly, many employees want access to NEH data via their personal devices, which creates additional IT security challenges.

To address this new risk, we recommend the Agency promptly develop a formal policy devoted to the use of personal devices. This policy should specifically discuss the importance of protecting personally identifiable information (PII); require the installation of security software that will allow OIRM to remotely delete downloaded NEH data on lost or stolen devices; and require employees to complete a brief training session and certify that they will comply with Agency guidelines.

### HSPD-12 Implementation

As discussed last year, Homeland Security Presidential Directive 12 (HSPD-12), *Policy for a Common Identification Standard for Federal Employees and Contractors* (the Directive) requires the implementation of a mandatory, government-wide standard for secure and reliable forms of identification for Federal employees and contractors. Accordingly, the Secretary of Commerce issued Federal Information Processing Standard 201 (the Standard). Successful implementation of the Directive and the Standard increases the security of Federal facilities and information systems. It was anticipated by the Directive and Standard that background investigations for all Federal department or agency employees would be completed and Personal Identity Verification (PIV) credentials issued by October 2008. In February 2011, the U.S. Department of Homeland Security issued a memorandum in which a plan of action for agencies was outlined to expedite full use of the PIV credentials for access to Federal facilities and logical access to information systems. According to the memorandum, each agency was to develop and

issue an implementation policy by March 31, 2011, through which the agency will require the use of PIV credentials as the common means of authentication for access to that agency's facilities, networks, and information systems.

We understand that management has made great progress this year and expects to issue PIV credentials to all staff in advance of the pending office move scheduled for March 2014. At that time, staff will be required to utilize their PIV credentials to gain physical access to the Agency's new location, thus completing the first HSPD-12 requirement. In order to comply with the Directive and further tighten IT security, we recommend management continue addressing current technical complications that prevent the Agency from moving forward with the second phase of HSPD-12 implementation (utilizing PIV credentials for logical access to NEH systems). During the interim, we encourage the continued use of the two-factor identification process for remote users accessing the full suite of NEH applications.

### **Continuity of Operations Planning**

It is the policy of the United States to maintain a comprehensive and effective continuity capability composed of Continuity of Operations (COOP) and Continuity of Government (COG) programs to ensure the preservation of our form of Government under all conditions. Continuity requirements must be incorporated into the daily operations of all agencies to ensure seamless and immediate continuation of Primary Mission Essential Function capabilities so that critical government functions and services remain available to the Nation's citizens. The NEH has made significant progress in maintaining its Continuity of Operations Plan, however, this area continues to represent a challenge for Agency management.

In July 2012, an exercise was conducted to evaluate the Agency's emergency response procedures. Based on observation of the FY 2012 exercise, weaknesses concerning the following areas were identified by the OIG:

- Continuity Facilities
- Test, Training, and Exercise Program

A COOP exercise was not conducted in FY 2013.

#### Continuity Facilities

As part of continuity planning, agencies must identify alternate facilities; alternate uses for existing facilities; and as appropriate, virtual office options, including telework. The NEH COOP identifies one alternate facility located within the downtown Washington, DC area for which a Memorandum of Understanding (MOU) has been executed with the host agency. However, the alternate facility is geographically located in close proximity to the Agency's primary location, thus rendering the alternate site vulnerable to the same continuity (natural or terrorist) events that may impact the Agency's existing facility. Also, it was discovered during the FY 2012 testing exercise that an alternate facility has not been identified to accommodate scheduled application review panels.

### Test, Training, and Exercise Program (TT&E)

An effective TT&E program is necessary to assist agencies to prepare and validate their organization's continuity capabilities and program. Tests and exercises serve to assess and validate all components of continuity plans, policies, procedures, systems, and facilities used to respond to and recover from an emergency situation and identify issues for subsequent improvement. COOP exercises during previous years were designed to test the performance of essential functions through telework. Since telecommunications represent a key component of the Agency's continuity capability, management should consider broadening the scope of COOP testing to include scenarios such as extended loss of power; loss of telecommunications; and inability to access the primary location of the Agency for an extended period, (i.e., inability to access hard copy documents).

## **Chairman's Response to Inspector General's Summary of Management Challenges**

### **MEMORANDUM**

Date: November 29, 2013

To: Laura Davis  
Inspector General

From: Carole M. Watson  
Acting Chairman

Subject: Response to OIG's Management Challenges

Thank you for your letter of November 13, which offers a thoughtful assessment of the most significant management challenges facing NEH.

After getting your letter I asked Assistant Chairman Jeff Thomas, Assistant Chairman Adam Wolfson, OGM Director Robert Straughter, and OIRM Acting Director Beth Stewart to review and comment on your three management challenges. That review process is still underway, but meanwhile I wanted to offer brief, interim responses to the three challenges. Fully developed responses will be provided to you as I hear back from the individuals named above.

### **Grant Management**

As you point out, in the next few months the Office of Management and Budget is expected to issue new guidance for the review and administration of federal grants. For the past year our Office of Grant Management has been preparing for this long-awaited guidance—which, when implemented, will amount to the most comprehensive overhaul of OMB's grant guidelines in decades. Drafts of revisions to NEH's "General Terms and Conditions" and to the terms and conditions of grant award letters are being prepared that will conform to this new OMB circular. And similarly, internal conversations have begun about needed revisions to the Endowment's current pre- and post-award grant processes. Those conversations will intensify as the implementation date of the circular draws nearer.

In addition, work continues on the implementation of the *Research Performance Progress Report* (RPPR). Representatives of every program office, the Office of Grant Management, and OIRM are participating in a workgroup to implement the new government-wide RPPR reporting method as the performance reporting format for NEH grants. The RPPR, which will replace the current NEH *Performance Reporting Requirements*, is a comprehensive performance/progress reporting format that covers a broad array of grant activities, outcomes, accomplishments, participants, and products. Particularly important for our grant monitoring efforts is a section that is included in the RPPR for "Changes/Problems" that specifically requests information on problems or concerns that grantees have confronted during the reporting period. This section

will provide staff with detailed information that can then be used to address problematic issues in project performance. We are hopeful that the implementation of the RPPR will greatly facilitate grant monitoring efforts.

### **Information Technology Security**

We appreciate your calling to our attention the sobering statistics on IT vulnerabilities. This helps remind us that we must be ever-vigilant in our efforts to secure NEH's data.

We share your concern about the need to develop continuous monitoring plans for each of NEH's major IT systems. As our IT office returns to its full staffing level in the coming months, they will be able to devote more of their attention to the completion of this vital task.

Concerning HSPD-12 implementation, we are making great progress in our efforts to issue PIV cards to all NEH staff prior to the agency's move to its new quarters early next year. As of this writing, I am happy to report that almost all staff have been issued such cards. As for the use of these cards for logical access to NEH's IT systems, we are seeking to identify best practices from other federal agencies which are similarly grappling with this challenge. We have not yet identified an agency that has come up with a plan that represents an ideal mix of security and ease of access. As we continue to look, we are continuing the use of two-factor authentication to ensure appropriate security.

### **Continuity of Operations Planning**

This is a transitional time for NEH in terms of continuity planning. Much of the planning and associated drilling is site-specific, and with a move to new quarters imminent, we have temporarily de-emphasized COOP planning. It is our understanding that COOP planning for other tenant agencies is already underway at the Constitution Center, so we will eagerly join in that effort once we move in. And similarly, once we settle in we will focus anew on our COOP-related "test, training, and exercise" program.

As for the IG's concern about the geographic proximity of NEH's alternate COOP site, we do not consider this a significant challenge. We believe there is a far greater likelihood that there will be a building-specific incident—e.g., a fire or major flood—than there will be a city-wide catastrophe that renders the entire city uninhabitable for days on end. Consider that even after the disastrous events of 9/11, most of the city of New York remained open for business. With this in mind we are confident that the risk is very low that NEH's building, as well as its alternate site—which is almost three miles away—will be unusable at the same time.

## Summary of Financial Statement and Management Assurances

### Other Information

**Table 1 - Summary of Financial Statement Audit for the Year Ending September 30, 2013**

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
No items to report	0	-	-	-	0
Total Material Weaknesses	0	-	-	-	0

**Table 2 - Summary of Management Assurances for the Year Ending September 30, 2013**

<b>Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)</b>						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report						
Total Material Weaknesses	0	-	-	-	-	0
<b>Effectiveness of Internal Control over Operations (FMFIA § 2)</b>						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
<b>Conformance with Financial management system requirements (FMFIA § 4)</b>						
Statement of Assurance	Systems conform financial management system requirements					
Non-conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No items to report	0	-	-	-	-	0
Total Material Weaknesses	0	-	-	-	-	0
<b>Compliance with Federal Financial Management Improvement Act (FFMIA)</b>						
*Not Applicable to Non-CFO Act Agencies per OMB Circular A-127 Sec. 8D						
	Agency			Auditor		
Overall Substantial Compliance	Not Applicable*			Not Applicable*		
1. System Requirements	Not Applicable*			Not Applicable*		
2. Accounting Standards	Not Applicable*			Not Applicable*		
3. USSGL at Transaction Level	Not Applicable*			Not Applicable*		

## **Improper Payments Improvement Act (IPIA) Reporting**

The Improper Payments Information Act of 2002 (IPIA) requires each agency to assess its programs and identify which, if any programs may be subject to high risk with respect to improper payments, and take corrective measures, as necessary. OMB has established specific reporting requirements for agencies with programs that possess a significant risk of erroneous payments and for reporting on results of recovery auditing activities.

On July 22, 2010, the President signed into law the Improper Payments Elimination and Recovery Act (IPERA, Public Law 111-204), which amends the IPIA Act, generally repeals the Recovery Auditing Act (RAA, Section 831 of the FY 2002 Defense Authorization Act, Public Law 107-107), and significantly increases agency payment recapture efforts — by expanding the types of payments that can be reviewed and lowering the threshold of annual outlays that requires agencies to conduct payment recapture audit programs.

IPERA defined a significant erroneous payment as an annual erroneous payment in a program that (1) exceeds both 2.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays). The new law establishes a 2.5 percent improper payment rate threshold to determine risk susceptible programs (in addition to the monetary threshold identified above). OMB has determined as a policy matter that, beginning with fiscal year 2013 reporting, agencies should instead apply a 1.5 percent improper payment rate (with other aspects of the above definition unchanged).

On April 14, 2011, the Office of Management and Budget (OMB) issued government-wide guidance on the Improper Payments Elimination and Recovery Act (IPERA) in OMB Memorandum M-11-16: *Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123*. Federal agencies are required to follow the steps in the revised A-123 to determine whether the risk of improper payments is significant and to provide valid annual estimates of improper payments.

---

### ***THE CRITERIA FOR THE RISK ASSESSMENT***

At the National Endowment for the Humanities (NEH), risk assessments are currently performed on an annual basis, although a three year rotation is an option. NEH management followed the steps in the revised OMB Circular A-123, Appendix C, Part I, to determine whether the risk of erroneous payments is significant.

IPERA defined "payment" as any payment or transfer of Federal funds to any non-Federal person or entity. Therefore, agencies are not obligated to review intra-governmental transactions and payments to employees.

### ***THE DESCRIPTION OF THE SAMPLING PROCESS***

Using the following systematic process, NEH conducted an annual review of randomly selected individual grant payments of its major grant program. For each selected payment, the NEH verified the:

- a. existence of a properly approved grant award document;
- b. properly signed request for payment from the grantee;
- c. payment was made to the correct grantee's banking information on record;
- d. accuracy of the payment; and
- e. payment was charged to the correct grant obligation in Oracle.

**THE DESCRIPTION O THE CORRECTIVE ACTION PLAN**

The result of the sampling was an error rate of zero percent for FY 2013 IPIA reporting; therefore, no corrective action plan was needed to manage and reduce improper payments.

NEH identified no programs and activities susceptible to significant improper payments, and consequently determined that no annual estimated amount of improper payments was necessary. OMB's guidance states "when calculating a program's annual improper payment amount, agencies should only utilize the amount paid improperly."

**Results of FY 2013 testing for improper payments (in thousands of dollars)**

Fund	Population Outlays	Tested Outlay Amount	Population Insufficient Documentation		Population Improper Payment Error	
			Dollars	Rate	Dollars	Rate
Major Grant Fund	\$41,381	\$2,388	-0-	0.0%	-0-	0.0%

**IMPROPER PAYMENT REDUCTION OUTLOOK**

The result of the sampling was an error rate of zero percent for FY 2013 IPIA reporting.

**Improper payment reduction outlook: FY 2011 - FY 2015 (in thousands of dollars)**

Program	FY 2011			FY 2012			FY 2013			FY 2014			FY 2015		
	Outlays	%	\$	Outlays	%	\$	Outlays	%	\$	Est Outlays	%	\$	Est Outlays	%	\$
Grant Program	\$126,148	0.0	-0-	\$123,402	0.0	-0-	\$119,878	0.0	-0-	\$120,000	0.0	-0-	\$120,000	0.0	-0-

**RECOVERY O IMPROPER PAYMENTS**

Post-Payment Reviews:

NEH has not identified any program that constitutes a high-risk for improper payments. Therefore, NEH considers all of its payments to fall within the realm of low-risk. Consequently, NEH will not conduct post-payment reviews.

**PAYMENT RECAPTURE AUDITS:**

NEH remains at low risk of making improper payments. Based on the FY 2013 IPERA risk assessment, NEH will not perform recapture audits due to the low risk of making improper payments.

***RISK ASSESSMENT AND OVERSIGHT BENEFITS***

NEH assessment resulted in an FY 2013 IPIA reporting error rate of zero percent, demonstrating that overall, NEH has adequate internal controls over its payment process. To maintain a zero percent testing error rate, NEH continues to improve internal controls, conduct continuous internal monitoring of possible improper payments, use centralization of accounting functions, and improve communication and follow-up prior to payment authorization to reduce the potential for error.

***MANAGEMENT ACCOUNTABILITY***

Existing control processes and the implementation of the revised OMB Circular A-123 requirements continue to ensure that NEH's internal controls over financial reporting and systems are documented, sufficiently tested, and properly assessed. In turn, improved internal controls enhance safeguards against improper payments, fraud, waste, and abuse better ensure that the taxpayer dollars continue to be used effectively and efficiently to meet NEH's program objectives.