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**National Endowment for the Arts**

**PERFORMANCE & ACCOUNTABILITY REPORT  
FISCAL YEAR 2013**

Submitted to the Congress,  
the Office of Management and Budget,  
the Department of the Treasury, and  
the Government Accountability Office  
December 2013

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# NATIONAL ENDOWMENT FOR THE ARTS

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## Performance & Accountability Report for Fiscal Year 2013 December 2013

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# *Fiscal Year 2013*

## *Performance and Accountability Report*

*~ A Message from the Chairman ~*

I am pleased to present the National Endowment for the Arts' *Fiscal Year 2013 Performance and Accountability Report*. This report summarizes the Agency's performance and accomplishments – programmatically, financially, and operationally – during the past year.

### **Mission and Organizational Overview**

The National Endowment for the Arts (NEA) is a public agency dedicated to advancing artistic excellence, creativity, and innovation for the benefit of individuals and communities. Since its establishment by Congress in 1965 as an independent agency of the Federal government, it has awarded more than \$4 billion for projects that support this mission. The NEA extends its work through partnerships with State arts agencies, local leaders, other Federal agencies, and the philanthropic sector, reaching rural, suburban, and metropolitan areas in all 50 States, the District of Columbia, special jurisdictions, and military installations. The Arts Endowment is committed to providing the American people with access to the best of their artistic legacy and does so through the following four goals:

- *The creation of art that meets the highest standards of excellence.*
- *To engage the public with diverse and excellent art.*
- *To promote public knowledge and understanding about the contributions of the arts.*
- *To enable the NEA mission through organizational excellence.*

We carry out our activities primarily with funds appropriated by the Congress to the NEA, but also with funds donated from the private sector and transferred from other Federal agencies. We pursue our goals principally through grantmaking, as well as through our leadership, convening, research, communication and dissemination, and partnership activities. All of these are discussed elsewhere in this report.

### **Performance Goals, Objectives, and Results**

This Performance and Accountability Report demonstrates the successes achieved by the National Endowment for the Arts through the following strategies:

- Serving as a national voice and leader for excellence and innovation in the arts.
- Awarding thousands of competitive grants and supporting leadership projects every year to: encourage artistic excellence and innovation; engage the public with the arts; advance arts education; and promote understanding about the contributions of the arts to the nation.

- Ensuring complete geographic coverage of our programs.
- Providing focused leadership and careful management to improve Agency performance and productivity.

A wide array of Agency programs and initiatives are providing Americans with opportunities to experience the best of the arts. These include:

- A national research agenda to investigate the characteristics and contributions of arts and culture in American lives and communities.
- *Our Town*, an initiative built on the premise – confirmed through experience and empirical research – that the arts are an essential element of the lives of individuals and the livability of our communities.
- Collaborations with other Federal agencies (e.g., the Departments of Defense, Commerce, Education, Agriculture, and Interior, and the National Science Foundation) in recognition of the ability of the arts to help them achieve their goals.
- Other program leadership initiatives such as *Blue Star Museums*; *The Big Read*; *Poetry Out Loud: National Recitation Contest*; *Shakespeare for a New Generation*; and the *Mayors' Institute for City Design*.
- Outreach through programs such as *Challenge America*; grant information workshops (now conducted largely through online media); an online newsletter; our completely redesigned Web site; and increased use of webinars, webcasting, and social media such as blogs, Twitter, and Facebook.
- Efficiency improvements obtained through expanded use of technology. For example, after a successful pilot in 2011, we have now implemented across all programs the NEA GrantsOnline™ system, which allows application reviewers access to more application material in advance of panel meetings than in the past, and to score and comment on applications online, improving the efficiency and productivity of application review. In addition, after another successful pilot, we began rolling out the use of remote review panels – conducted via the Internet – across most of our programs, thereby reducing travel costs and further enhancing the efficiency of the application review process.

## **Looking Forward**

The NEA continues our work to partner with other federal agencies where the arts have not traditionally been a focus.

- The NEA and Walter Reed National Military Medical Center have formed the [NEA / Walter Reed Healing Arts Partnership](#). Since 2011, the NEA Walter Reed partnership has supported music and writing therapy in the clinical setting for patients at Walter Reed National Military Medical Center, including patients at the National Intrepid Center of Excellence (NICoE), a Department of Defense institute dedicated to providing cutting-edge evaluation, treatment planning, research, and education for service members dealing with Traumatic Brain Injury, post-traumatic stress, and other psychological health

conditions. We have initiated a pilot expansion of this work to Ft. Belvoir, where we will work with an outpatient population that is approximately 10 times as large as the one at NICoE.


- The NEA has collaborated with the National Endowment for the Humanities and the National Science Foundation to begin exploring opportunities to support research, practice, and innovation at the intersection of arts, science, and the humanities.
- The Department of Agriculture officially joined the NEA as a project partner for the Citizens' Institute on Rural Design, which works with rural communities with populations of 50,000 or fewer to enhance their quality of life and economic vitality through facilitated design workshops. The Department's Office of Rural Development is engaging its nationwide network of local offices to support the institute.

The NEA also continues our focus on research.

- The NEA and the Department of Commerce's Bureau of Economic Analysis (BEA) announced in October 2012 that for the first time, the American creative sector will be measured on a macroeconomic level. The BEA and the NEA will develop an Arts and Cultural Production Satellite Account to identify and calculate the arts and culture sector's contributions to the Gross Domestic Product. The first data will be released in December 2013.
- The NEA and the Department of Health and Human Services have created a task force of 13 federal agencies and departments, which has convened regularly since November 2011 to encourage more and better research on the role of the arts in human development across the entire lifespan.
- Working with the US Census Bureau, the NEA is producing the latest iteration of the Survey of Public Participation in the Arts, which measures American adults' rates of live arts attendance, movie going, reading, electronic arts consumption, art making and sharing, and arts learning. Initial findings, and their underlying data, have been made public, and the full report will be available in 2014.

### **Data Reliability**

The financial and performance data contained in this report are, to the best of our knowledge, complete and reliable. I am very pleased to report that during the course of our FY 2013 audit, the auditors identified no material weaknesses. Thus, the Agency has received its eleventh consecutive unqualified opinion.

  
Joan Shigekawa  
Senior Deputy Chairman

December 4, 2013

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# *Fiscal Year 2013*

## *Performance and Accountability Report*

### *~ Management's Discussion and Analysis ~*

#### **Mission and Organizational Structure**

The National Endowment for the Arts is the federal agency dedicated to advancing artistic excellence, creativity, and innovation for the benefit of individuals and communities. The Arts Endowment's successes are achieved through the following strategies.

- Serving as a national voice and leader for excellence in the arts.
- Awarding thousands of competitive grants and supporting leadership projects every year to encourage artistic excellence; broaden access to, engagement with, and understanding of the arts; advance arts education and life-long learning in the arts; and promote the livability of communities throughout the country.
- Ensuring complete geographic coverage of our programs.
- Providing focused leadership and careful management to improve Agency performance and productivity.

The Arts Endowment supports excellent art with broad public reach in multiple disciplines across all 50 States, the District of Columbia, and special jurisdictions, reaching rural, suburban, and metropolitan areas, as well as military facilities. We are committed to providing the American people with access to the best of their artistic legacy.

An independent federal agency, the Arts Endowment was established by Congress in 1965 and is lead by a Chairman – appointed by the President and confirmed by the United States Senate – and advised by the National Council on the Arts. Up to eighteen private citizens are appointed by the President and confirmed by the Senate; six ex officio members are Members of Congress appointed by the Senate and House leadership. Currently, the Council has sixteen confirmed members.

The Arts Endowment is structured around several major programmatic and administrative Divisions headed by two Deputy Chairmen, a Chief Information Officer (CIO), and several other office heads – all of whom report to a Senior Deputy Chairman, the Agency's Chief Operating Officer. The Senior Deputy Chairman reports to the Chairman, who also oversees a support staff and several direct-report office heads. The major program Division, Programs and Partnerships, is chiefly responsible for handling the review of grant applications and management of cooperative agreements and leadership initiatives. An organizational chart can be found at the end of this section. In FY 2013, the Agency operated with a staffing level of 159 full-time equivalents.

## **Arts Endowment Status**

The Agency is committed to exercising thoughtful leadership and careful management, as the following demonstrates.

### 1. Enhanced Grants Management Initiatives

*Interagency Efforts.* The key development in this area in FY 2013 was the continuation of our joint development with the National Endowment for the Humanities of a new Web-based grants management system (eGMS) that will provide significant new capabilities and efficiencies in the management of our grant application, award, and monitoring processes. The partnership has now expanded to include the Institute of Museum and Library Services (IMLS). As noted in last year's report, the Agency's Chief Information Officer and Grants & Contracts Officer both actively participate in outreach forums of the interagency Council on Financial Assistance Reform (COFAR).

*Other Internal Efforts.* We continue to develop tools that enable Agency staff and application review panelists to work more easily with electronic applications, making application processing more efficient and improving grant management. During FY 2013, we expanded the use of NEA GrantsOnline™, or NEA-GO, the Agency's electronic application review system, across all of our programs. Applications are reviewed and rated through a secure Web site, and funding recommendations are presented to the National Council on the Arts electronically.

*Improved Grantee Compliance.* Our efforts to help grantees improve their accountability and understanding of federal grants include: financial management and compliance evaluations and limited scope audits of grantees conducted by the Agency's Office of Inspector General; regular revisions of the Agency's Terms and Conditions for Grants and Cooperative Agreements to ensure clarity and currency of guidance; and increasing grantees' electronic access to information, particularly through the Agency's Web site (e.g., My Grant-At-A-Glance, where grantees can access information about their current and past grants to help them manage their awards, and a downloadable and fillable Section 504 self-assessment workbook designed to assist award recipients in evaluating the current state of accessibility of their programs and activities to disabled visitors and employees). We also now receive and review organizational grantee final reports electronically. In addition, the Grants & Contracts Office continues to provide technical assistance in all areas of grants compliance, including through expanded use of online tools and webinars.

### 2. Effective Outreach

Outreach is a critically important strategy for all agency goals; our efforts focus primarily on the use of our website, the production and distribution of materials, and the use of social media as a vehicle for communication. We support outreach intended to educate applicants, grantees, and the general public. Additionally, we provide technical assistance that encourages accessibility in arts programming for older adults,

veterans, people with disabilities, and people who reside in institutions. Some examples of recent accomplishments include:

- Providing on our website a means to: download and print the agency's grant application guidelines, applications, and related administrative forms; obtain up-to-date information on the [Art Works blog](#), which was created in October 2009 to highlight the ways that art works in neighborhoods and towns across America; view live webcasts such as the January 14, 2013 *NEA Jazz Masters* awards ceremony and concert, the April 29-30, 2013 *Poetry Out Loud* national finals, and public meetings of the National Council on the Arts. In addition, in April 2013, the NEA launched an [online grant search](#) system that allows members of the public to search all of the NEA's grants since 2000 using a variety of attributes to customize their results.
- Expanding the use of webinars to interact with the public. Webinars cover a wide variety of subjects, from grant workshops, to press conferences, to presentations on topics of interest to both the agency and its constituents. Recent webinars include a session to discuss best practices for making websites and digital content widely accessible to all audiences, and a session on the role of collective impact in advancing arts education. The use of webinars provides members of the public with both a mechanism to communicate directly with and ask questions of the agency, and an on-demand tool to share with others and use for reference in the future. In turn, the Arts Endowment is able to interact with more members of the public than it could in a single in-person forum, while also saving travel and meeting costs.
- Producing and distributing materials such as: the [Guide to the National Endowment for the Arts](#); [The Arts and Aging: Building the Science](#), a report resulting from the National Academies September 2012 workshop titled "Research Gaps and Opportunities for Exploring the Relationship of the Arts to Health and Well-Being in Older Adults" sponsored by the NEA and National Institutes for Health; [Design and Social Impact: A Cross-Sectoral Agenda for Design Education, Research, and Practice](#), a white paper based on the February 27, 2012 convening at The Rockefeller Foundation offices in New York titled "Social Impact Design Summit" sponsored by the NEA, Smithsonian's Cooper-Hewitt, National Design Museum, and The Lemelson Foundation; and *NEA Arts*, the agency's quarterly magazine.
- Using social media: since 2010, the agency has had a presence on [Twitter](#), [YouTube](#), and [Facebook](#), all with the goal of helping the Arts Endowment share information and stay connected to the online public. On YouTube, the public can access information such as video profiles of *NEA Jazz Masters*, and hear students who participated in the *Poetry Out Loud Recitation Contest* talk about their experience with the program. The Agency now has more than 40,000 Twitter followers.

*Grants Workshops.* There is great demand for funding from the Arts Endowment; as a result, the grant process is extremely competitive. The Agency is committed to broad public and geographic outreach; offering grants workshops, often hosted by Members

of Congress, the Arts Endowment provides public service and important information to small and mid-size nonprofit organizations throughout the country. Increasingly, we are offering these workshops via webinar, which has dramatically increased their reach. By providing general technical assistance to potential applicants and grantees at community, State, and national workshops and conferences, the Arts Endowment ensures that organizations serving underserved areas have knowledge of available funding opportunities. In FY 2013, some 3,000 people attended more than 30 grant workshops, either in person or online; more than double that number subsequently viewed the archived webinar-based workshops. This has contributed to the fact that since FY 2009, nearly 1,400 organizations – from all 50 States, the District of Columbia, and the Virgin Islands – have received grants from the Arts Endowment for the first time.

*Leadership Initiatives.* Planning for and effective delivery of the Agency’s leadership initiatives requires extensive interaction with arts organizations, school systems, other federal agencies, and underserved communities throughout the nation.

*International Efforts.* The Arts Endowment, through its international activities, raises awareness among other countries and cultures about the exemplary offerings of American artists, and exposes American audiences to works being created abroad. The Agency will continue efforts to strengthen cultural ties and promote the exchange of artistic resources between the United States and its international partners.

### 3. Strategic Management of Human Capital

We have established human capital (HC) strategies that enable us to carry out the Agency’s Strategic Plan. We manage our HC programs consistent with applicable internal controls and merit-based principles, and we build our budgets and programs consistent with our available HC resources. We conduct assessments on an ongoing basis to ensure that our staffing level and competency mix are sufficient to operate effectively and achieve our mission. This past fiscal year (and continuing into the current year), we contracted with an outside firm to undertake a comprehensive workflow analysis. Through focus groups and an online survey, nearly 90% of Agency staff provided direct input into this process. Agency leadership is now reviewing the recommendations resulting from the analysis.

We were pleased that nearly 74% (an increase from last year’s 62%) of the Arts Endowment’s employees responded to the 2012 Federal Employee Viewpoint Survey, compared with just 48% government-wide; we believe this reflects the high engagement of our work force. In fact, 98% of NEA employees said that when needed, they are willing to put in the extra effort to get a job done, and nearly 93% said that they are constantly looking for ways to do their job better. Notably, 90% of employees said they know how their work relates to the Agency’s goals and priorities.

4. Improved Financial Management

With our use of the U.S. Department of Transportation's (DOT) Oracle-based fully-compliant financial system (Delphi), we continue to realize improvements in reliability and timeliness of financial information. We also continue to participate in the Delphi users' group to ensure that Agency needs are considered in the development of system enhancements and upgrades, particularly in anticipation of DOT's eventual upgrade to the Federalized Version of Oracle 12i (anticipated to occur during FY 2014).

5. Integration of Budget and Performance

We prepare our budget requests as performance budgets, with performance data integrated throughout. This integration ensures that Agency goals, programs, and budget categories are aligned with and mirror one another. As mentioned previously, we implemented a new Strategic Plan in FY 2012, which included the introduction of new goals and performance measures, which were incorporated into our performance budgets and annual performance reports. Along with other federal agencies, we will be submitting a revised Strategic Plan, covering FY 2014-2018, to OMB in December.

**Performance Goal Highlights: Trends and Actions**

The National Endowment for the Arts serves the American people through the following four goals, established in our current Strategic Plan:

- *The creation of art that meets the highest standards of excellence.*
- *To engage the public with diverse and excellent art.*
- *To promote public knowledge and understanding about the contributions of the arts.*
- *To enable the NEA mission through organizational excellence.*

For each of the above performance goals, we have identified several outcomes that we intend to achieve, and we established performance indicators for each outcome – all of which tie directly back to our mission statement. Since FY 2013 has just ended, however, we cannot yet report on final accomplishments related to our grantmaking during that year. As we regularly explain in our annual performance reports, actual performance data from each fiscal year are not available until final reports on funded projects have been received. We have established a threshold of 90 percent of such reports as a level that allows us to make reliable assessments of actual performance. This threshold is usually reached within two years after the end of the fiscal year in which the awards were made (e.g., by the end of FY 2013, we had received 91% of the FY 2011 final reports).

In each year's performance plan, we provide projections of what will be accomplished as a result of our funding; with each year's performance report, we provide updated estimates, based on grantees' anticipated and actual accomplishments. Data related to Agency-wide

accomplishments from the 2,200 grants and cooperative agreements awarded in FY 2013 include:

- More than 38 million individuals attending “live” arts events through Agency programs (exclusive of television and radio broadcast audiences), including nearly 7 million children and youth.
- A combined audience of hundreds of millions benefiting from Agency programs that support national and regional broadcast performances on radio and television, both single and recurring programs.
- 100 percent of Congressional districts receiving at least one direct grant.
- Nearly 16,000 communities participating in Agency-sponsored, discretionary projects – many benefiting from projects such as touring and outreach that take place in communities beyond that of the grant recipient.
- Approximately 4,500 communities participating in projects funded by a combination of federal funds and State Arts Agency and Regional Arts Organization funds.
- Grantees will partner with more than 6,500 organizations including schools; colleges and universities; religious organizations; non-profit and for-profit organizations; foundations; and local, State and Federal agencies.
- Direct Arts Endowment awards generating roughly \$600 million in matching support; this translates into a ratio of matching to federal funds of greater than 9:1, far exceeding the required 1:1 match.
- Arts Endowment awards helping to make possible nearly 70,000 concerts, readings, and performances; and 1,600 exhibitions.
- Internationally, 74 U.S. professional arts organizations and more than 1,200 artists providing performances, exhibits, and other arts activities in 55 countries.

The grantees’ final reports – supplemented by selected post-award reviews conducted by the Office of Research and Analysis – provide the information that allows us to report what we actually achieved across the country with our programmatic activities. We have found the actual results to be quite consistent with our projections, and periodic reviews of the grantee reporting process have confirmed the accuracy and relevance of our performance data. Thus, we believe that the performance data we receive (which are reported in our annual performance reports) indicate that our goals for these programs are being met, and the observations we receive from the panelists who convene to review grant applications and discuss program policies confirm that our programs are effective. We can also confidently assert the efficiency of our programs as we have continued to do more with level or reduced resources.

### **Improper Payments Reporting**

The Arts Endowment has four major fund categories that comprise its “program inventory” (per OMB Circular A-136): Administrative; Program Support; Direct Grantmaking; and Partnership. Based on previous risk assessments conducted in accordance with OMB guidance, none of these “programs” qualifies as risk-susceptible. The percentage of improper payments made has been below the 2.5% threshold (at or below 0.2%), and all payments have been recovered. In FY 2013, the only improper payment was a travel payment paid to a traveler for a rail ticket that turned out to be funded through the agency's travel agent, causing only a 0.0002% error rate. This overpayment was corrected on the next voucher. Due to our strong internal controls and recent risk assessment and sample results, we believe that the NEA has an insignificant risk of improper payments for the 2013 fiscal year.

### **Analysis of Financial Statements**

The Arts Endowment's principal financial statements have been prepared to report the financial position and results of operations of the Agency, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the Arts 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. These statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

The Arts Endowment receives an annual appropriation of “no-year” funds from Congress, and has been granted authority to receive donations and invest in interest-bearing accounts. Accounts are maintained for restricted as well as unrestricted funding, and the same guidelines are used to account for both appropriated and non-appropriated funds. The Arts Endowment's property, plant, and equipment are recorded at cost and are depreciated according to a written asset capitalization policy.

In general, the Arts Endowment faced reductions in all major financial areas in FY 2013. Although each area may have unique circumstances, there are some factors that have a similar impact on every financial measure:

- NEA's FY 2013 net appropriation was about \$7.6 million less than that of FY 2012. Appropriations are the primary source of financial resources for the Agency, so the financial position of the Endowment generally trends with the amount of appropriations received each year.
- The Endowment received about \$300,000 less in reimbursable agreement authority in FY 2013 compared to FY 2012. As with appropriations, the financial resources of the agency fluctuate in response to changes in reimbursable authority received.

Explanations for significant changes to specific financial items on the following "Table of Key Measures" between FY 2013 and FY 2012 are provided below:

- Fund Balance with Treasury - In FY 2013, NEA received about \$7.6 million less than in FY 2012. This accounts for the majority of the reduction this year.
- Investments - Funds eligible for investment by the Endowment were invested as of September 30, 2013, as interest rates improved.
- Accounts Receivable - The increase represents the addition of a new receivable due to the findings of an IG audit.
- Property, Plant and Equipment - The purchase price less depreciation is reflected on the balance sheet.
- Other Assets - This line item consists entirely of advances to other parties. The reduction in advances during FY 2013 is due to expenditures of advances. See Note 6 for additional details.
- Accounts Payable - This is primarily due to a reduction of advances received from other government agencies.
- Accrued Liabilities - The ratio of grant obligations to outlays decreased during FY 2013, resulting in a smaller accrued liability compared to FY 2012.
- Other liabilities - Reductions in accrued funded payroll accounts for the majority of the decrease. See Note 8 for additional details.
- Net Position - The overall net position of the Endowment increased by \$773,000, which can be attributed to a greater decrease in liabilities than the decrease in appropriations.

In addition, provided below are explanations of Changes in Obligations and Outlays in FY 2013 compared to FY 2012:

- Obligations - Three items factor into the 8% reduction in obligations. First, there was a reduction in the net appropriation in FY 2013 compared to FY 2012. Second, there was a reduction in reimbursable authority received from other agencies compared to FY 2012. Third, there was a reduction in the dollar amount of grants awarded during 2013.
- Outlays - A smaller appropriation and fewer grant obligations in FY 2013 account for the reduction of outlays during FY 2013.

Significant qualitative issues relating to financial management. During FY 2013, the Agency continued to allocate indirect costs – and will continue to do so over the next few years – to the former strategic goals until they are fully expended.



Overall, and given the unpredictability of Congressional appropriations from year to year, the current financial condition of the Agency is strong. The Agency received an unqualified audit opinion on its FY 2013 financial statements as presented herein. This is the Agency's eleventh consecutive year receiving a clean audit opinion. As mentioned above, the Agency's programs and operations are funded primarily through appropriated funding as provided by Congress and approved by the President. Therefore, year to year changes in the Agency's financial condition are highly dependent on these appropriated funding levels.

[Continued on next page.]

**National Endowment for the Arts  
Table of Key Measures**

Amounts in Dollars			Increase/(Decrease)	
	Current FY	Prior FY	\$	%
<b>Costs<sup>1</sup></b>				
Total Financing Sources	\$ 139,980,753	\$ 160,910,099	\$ (20,929,346)	-13.0%
Less: Net Cost	139,217,992	159,921,054	(20,703,062)	-12.9%
Net Change of Cumulative Results of Operations	\$ 762,761	\$ 989,045	\$ (226,284)	22.9%
<b>Net Position<sup>2</sup></b>				
Assets:				
Fund Balance with Treasury	\$ 136,613,054	\$ 148,628,656	\$ (12,015,602)	-8.1%
Investments	1,111,296	-	1,111,296	100.0%
Accounts Receivable	161,800	31,250	130,550	417.8%
Property, Plant, and Equipment	166,499	195,881	(29,382)	100.0%
Other	329,683	452,867	(123,184)	-27.2%
Total Assets	\$ 138,382,332	\$ 149,308,654	\$ (10,926,322)	-7.3%
Liabilities:				
Accounts Payable	\$ 587,265	\$ 1,025,925	\$ (438,660)	-42.8%
Accrued Liabilities	37,790,136	48,740,008	(10,949,872)	-22.5%
Other	2,042,831	2,354,341	(311,510)	-13.2%
Total Liabilities	\$ 40,420,232	\$ 52,120,274	\$ (11,700,042)	-22.4%
Net Position (Assets-Liabilities)	\$ 97,962,100	\$ 97,188,380	\$ 773,720	0.8%

<sup>1</sup> Source : Statement of Net Cost and Statement of Changes in Net Position

<sup>2</sup> Source: Balance Sheet

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

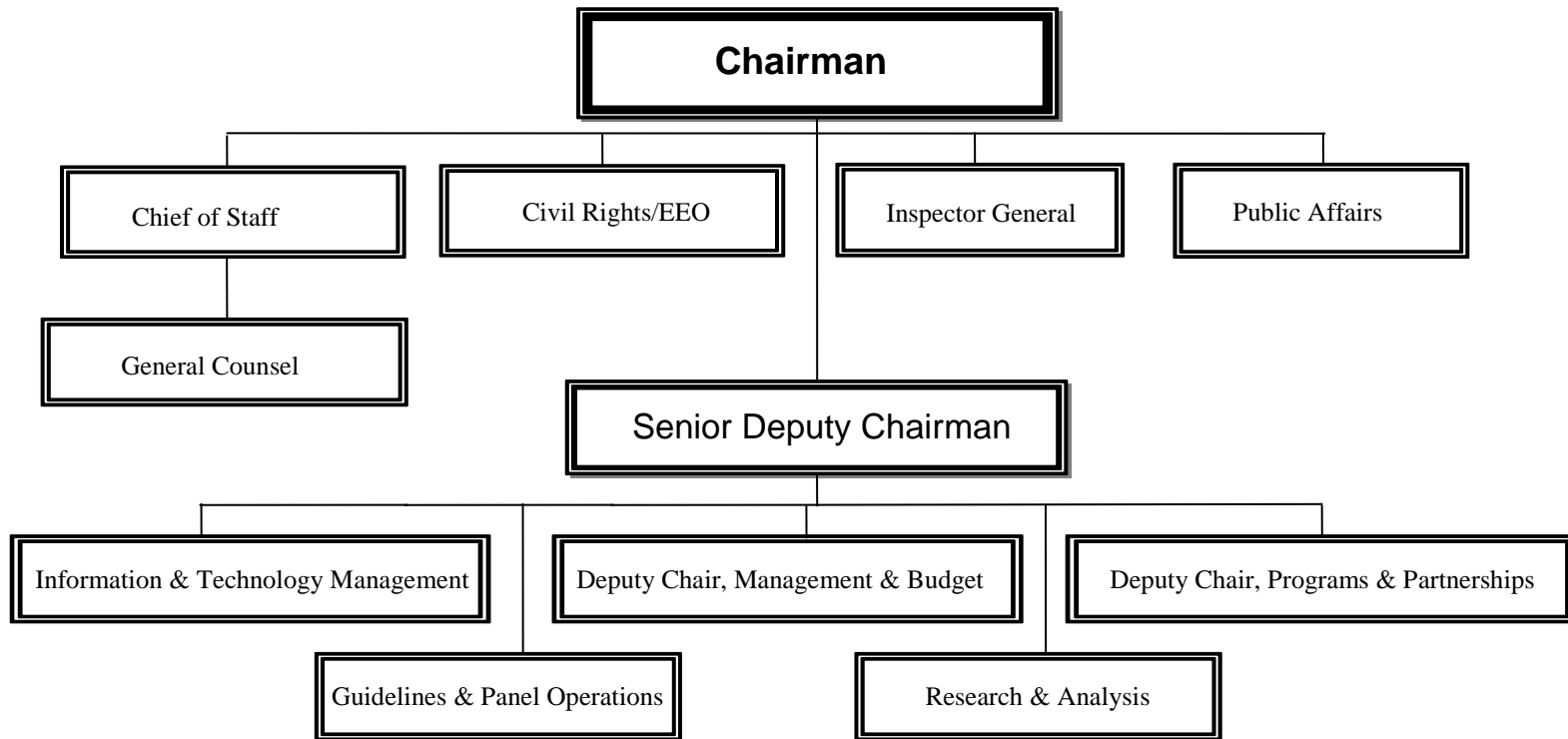
The National Endowment for the Arts is cognizant of the importance of establishing and maintaining adequate controls over its programs and administrative functions.

Management continues to evaluate and, where necessary, modify existing controls – and establish new ones as appropriate – to ensure that we are able to provide reasonable assurance that we are accountable for our resources. We also recognize the importance of using technology to enhance effectiveness and efficiency, as well as to ensure an adequate degree of internal control and compliance with applicable laws and regulations.

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

In previous years, we reported on the challenges presented by our reliance on an outdated grants management system (GMS); as noted in last year's report, we have taken decisive action to address this. With the approval of OMB, we established a strategic partnership with the National Endowment for the Humanities (since joined by the Institute for Museum and Library Services), through which we will migrate our outdated GMS to a new eGMS – a modern, flexible, cloud-based grants management system that is being developed collaboratively and will be maintained by the NEH. We expect to see major improvements in our internal grants management and panel management processes as a result of this partnership; our grant applicants, grantees, and panelists will also find that doing business with the NEA will be easier and more flexible. Development work began in FY 2012, and is currently on schedule and within budget; we expect to begin using the eGMS in late 2014.

*National Endowment for the Arts – FY 2013 Performance & Accountability Report  
Management's Discussion and Analysis  
Organization Chart*



***NEA Strategic Plan FY 2012-2016***  
**Summary of Programmatic Goals and Outcomes**

<b><u>Goals</u></b>		
<b>Creation of Art</b>	<b>Engagement</b>	<b>Promoting</b>
The creation of art that meets the highest standards of excellence.	To engage the public with diverse and excellent art.	To promote public knowledge and understanding about the contributions of the arts.
<b><u>Outcomes*</u></b>		
1. The portfolio of American art is expanded.	1. Americans throughout the nation experience art.	1. Evidence of the value and impact of the arts is expanded and promoted.
	2. Americans of all ages acquire knowledge or skills in the arts.	2. Partnerships increase the domestic and international impact of the arts.
	3. American communities are strengthened through the arts.	
<p>* The outcomes refer to the intended results of Agency-funded grant projects and activities with arts organizations, arts service organizations, educational institutions, units of government, individuals, and other public and private sector organizations involved in arts activities.</p>		

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# *Fiscal Year 2013*

## *Performance and Accountability Report*

### *~ Management Assurances ~*

#### **Overall Internal Control**

The National Endowment for the Arts' management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). The Arts Endowment conducted its assessment of the effectiveness of internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, the Arts Endowment can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2013, was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

#### **Internal Control over Financial Reporting**

The National Endowment for the Arts conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with *OMB Circulars A-123, Management's Responsibility for Internal Control*, and *A-136, Financial Reporting Requirements*. Based on the results of this evaluation and that of our independent auditors, the National Endowment for the Arts can provide reasonable assurance that internal control over financial reporting as of September 30, 2013, was operating effectively, and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

**Table 1.**

## Summary of Financial Statement Audit

Audit Opinion		Unqualified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance	
<i>Total Material Weaknesses</i>	0	0	0	0	0	

**Table 2.**

## Summary of Management Assurances

<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
<i>Total Material Weaknesses</i>	0	0	0	0	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
N/A						
<i>Total Material Weaknesses</i>	0	0	0	0	0	0
<b>Conformance with financial management system requirements (FMFIA § 4)</b>						
Statement of Assurance		Systems conform				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
N/A						
<i>Total non-conformances</i>	0	0	0	0	0	0
<b>Compliance with Federal Financial Management Improvement Act (FFMIA)</b>						
	Agency			Auditor		
Overall Substantial Compliance	Yes			Yes		
1. System Requirements				Yes		
2. Accounting Standards				Yes		
3. USSGL at Transaction Level				Yes		



Joan Shigekawa  
Senior Deputy Chairman  
December 4, 2013





*Fiscal Year 2013*  
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*~ Performance and Impact ~*

In this section, we provide documentation of the impact of the Agency's programs, projects, initiatives, and activities. We present this information in five groupings.

**Agency-Wide Program Accomplishments** – Cumulative information on the impact of Agency activities, projects, and initiatives.

**Achieving Agency Performance Goals** – Information on the impact of Agency activities, projects, and initiatives by Agency goal, including specific project examples.

**Research and Analysis** – Summary information on Agency research activities intended to inform the American public, opinion makers, and the arts field.

**Performance Tables** – Quantitative reports for fiscal years 2009 – 2013.

## **Agency-Wide Program Accomplishments**

The Agency's funding of programs, projects, and initiatives results in the development and delivery of broad services to the American public. Based on activity to date and information from Agency awardees for FY 2013, we can report and anticipate the following:

- **Approximately 2,200 awards were made in communities in all 50 States and six special jurisdictions.**
- **More than 38 million individuals attend 'live' arts events through Agency programs (exclusive of television and radio broadcast audiences) including nearly 7 million children and youth.**
- **A combined audience of hundreds of millions will benefit from Agency programs that support national and regional broadcast performances on radio and television, both single and recurring programs.**
- **100 percent of Congressional districts received at least one direct grant.**
- **Nearly 16,000 communities will participate in Agency-sponsored, discretionary projects – many benefiting from projects such as touring and outreach that take place in communities beyond that of the grant recipient.**
- **Approximately 4,500 communities will participate in projects funded by a combination of Federal funds and State Arts Agency and Regional Arts Organization funds.**
- **Grantees will partner with more than 6,500 organizations including schools; colleges and universities; religious organizations; non-profit and for-profit organizations; foundations; and local, State and Federal agencies.**
- **Direct Arts Endowment awards will generate roughly \$600 million in matching support; this translates into a ratio of matching to Federal funds of greater than 9:1, far exceeding the required 1:1 match.**
- **Arts Endowment awards will help make possible nearly 70,000 concerts, readings, and performances; and 1,600 exhibitions (including visual and media arts).**
- **Internationally, 74 U.S. professional arts organizations and more than 1,200 artists will provide performances, exhibits, and other arts activities in 55 countries.**

## **Achieving Agency Performance Goals**

The achievement of the Agency's programmatic accomplishments occurs (through FY 2013) through three programmatic goals: To Create Art that Meets the Highest Standards of Excellence; To Engage the Public with Diverse and Excellent Art; and To Promote Public Knowledge and Understanding about the Contributions of the Arts.

### **To Create Art that Meets the Highest Standards of Excellence**

American artists enrich the cultural, civic, and economic life of our Nation by producing original works in such fields as music and dance; drama and literature; architecture and design; and visual, media, and folk and traditional arts. By awarding organizational grants in the category of original art-making, and grants to individuals where permitted, the NEA helps to channel the ingenuity of American artists and fosters leadership in creativity and innovation. In doing so, the NEA will contribute to a dynamic, national portfolio that can be enjoyed by present and future generations.

Artworks that result from these projects will replenish and rejuvenate America's enduring cultural legacy. With this goal, the Arts Endowment is amplifying a core component of its legislative mandate, "to help create and sustain not only a climate encouraging freedom of thought, imagination, and inquiry but also the material conditions facilitating the release of this creative talent."

The Arts Endowment recognizes that conditions for arts creation are vastly different from those in 1965, when the NEA was established. Hybrid art forms have emerged; generations of immigrant artists have blazed new idioms of expression; the popular distinction between "highbrow" and "lowbrow" genres has eroded; and the rise of new technologies and methods has altered the very processes by which art-making can occur, with implications for more inclusive public participation. The NEA takes such factors into consideration when developing and administering policies and programs.

Against this backdrop, the public appetite for many forms of art-making is as healthy as ever. Recent data from the NEA's Survey of Public Participation in the Arts (SPPA) show that young adults are highly engaged in creating artworks of their own, notably through electronic media and the Internet. Arts creation, in many forms, is equally prevalent among urban and rural communities, and among Americans of diverse socioeconomic characteristics.<sup>1</sup>

The following table highlights recent accomplishments made possible through this funding. Significant changes to the Agency's goal structure beginning in FY 2012 preclude comparative reporting across previous fiscal years. Required reports on FY 2009 through FY 2011, which reflect the goal structures of applicable Performance Plans, are provided later in this document.

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<sup>1</sup> NEA Research Report #51, *Audience 2.0: How Technology Influences Arts Participation* (2010), and NEA Research Note #100, *Come as You Are: Informal Arts Participation in Urban and Rural Communities* (2010).

**To Create Art that Meets the Highest Standards of Excellence  
Selected Performance Results – FY 2013 and FY 2012**

<b>Fiscal Year</b>	<b>Artists Compensated</b>	<b>Children/Youth Benefitting</b>	<b>Concerts/ Performances</b>	<b>Artworks Created</b>
2013 Projected	14.2 k	238.7 k	8.4 k	.7 k
2012 Projected	15.3 k	322.5 k	7.8 k	4.0 k

Numbers are rounded. k=thousand; m=million.

FY12 projections based on 65% of final reports received for grants with this outcome.

FY13 projections based on 18% of final reports received for grants with this outcome.

The cumulative accomplishments reflected in the table above result from the 433 direct grants and cooperative agreements awarded to support projects that expand the portfolio of American art. Below is a list of representative project activities supported through these awards, followed by specific project examples.

- Commissions, development, and production of new work.
- Design competitions and design or planning projects for new arts or cultural spaces or landscapes.
- Artist workshops or residencies where the primary purpose is to create new art.
- Opportunities for writers and translators to create or refine their work.<sup>2</sup>
- Media arts productions.
- Projects that employ innovative forms of art-making and design.

**Here are examples from FY 2013 of grants awarded *To Create Art that Meets the Highest Standards of Excellence*:**

The **City of Sacramento, California Arts Commission** received a \$20,000 FY 2013 matching grant to support *Broadway Augmented*, a temporary public art project. The innovative project will employ “augmented reality” technology (a process that combines computer-generated environments with real environments), visible on smartphones, to create virtual public artworks in one of Sacramento’s most diverse transitional neighborhoods. *Broadway Augmented* will lay the groundwork for the funding and commissioning of a permanent work of public art and give the arts commission, city planners, and designers an opportunity to experiment with and develop smartphone applications to assist the planning and

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<sup>2</sup> The Arts Endowment recognizes promising and mid-career writers, poets, and translators with Literature Fellowships that enable them to set aside time for writing and research. Literature Fellowships are the Agency’s most competitive funding category; in FY 2013, only 40 of the 1,137 Creative Writing: Poetry applicants (just 3.5%) were supported. While Creative Writing Fellowship recipients are not required to produce a particular product, the underlying purpose of the Fellowships is to encourage and support creative output; thus, it is appropriate to include them under the *Creation of Art* goal. As one of the Nation’s most significant supporters of literary translation, the Arts Endowment provides Literature Fellowships for Translation projects, as well as support to nonprofit presses for the publication of translations of literary work into English. These efforts give American readers opportunities to read significant contemporary international literature that originated in languages other than English.

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development of future city projects. The project also will inform the “Broadway Vision Plan” (a preliminary master plan for this Sacramento neighborhood).

**In Boise, Idaho, Trey McIntyre Project** received a \$15,000 FY 2013 matching grant that supported the creation and presentation of a new multimedia dance titled *Pass, Away* by choreographer Trey McIntyre. In the piece, McIntyre explores themes of loss, death, the impermanence of the moment, and making the present meaningful. The three-part work also included a video component and operatic score, and premiered at the Morrison Center in Boise, with plans to tour across the United States, reaching an estimated 13,500 individuals.

**In Kansas City, Missouri, Kansas City Artists Coalition** received a \$15,000 FY 2013 matching grant to support the curated *International Artist Residency Program*. Fatma Abu Rumi (Israel), Zehra Cobanli, (Turkey), Michel Delacroix (France), and Bai Ming (China) will serve as artists in-residence at the Kansas City Artists Coalition. As many as 475 people from the community will have the opportunity to interact with the artists.

**In Omaha, Nebraska, Omaha Theater Company** received a \$10,000 FY 2013 matching grant to support the commissioning of playwright Y York to adapt Kate DiCamillo’s novel *The Tiger Rising* into a play for young audiences through readings, workshops, and subsequent full production. The play tells the story of a young boy dealing with the recent loss of his mother and being bullied at a new school, who finds a caged tiger in the woods. The project is expected to reach an audience of 14,000, including 10,000 children through school performances.

**In New York, New York, NYU School of Medicine, on behalf of the Bellevue Literary Review**, was awarded a \$10,000 FY 2013 matching grant to support author payments and the creation and promotion of a digital version of the *Bellevue Literary Review*, which explores the relationships between illness, health, and healing through fiction, poetry, and nonfiction. The journal will actively pursue ways to connect with urban neighborhoods; hospitalized patients; medical staff; and disabled, hearing-impaired, and visually-impaired individuals.

**In Nashville, Tennessee, the Nashville Ballet** received a \$10,000 FY 2013 matching grant to support the creation and presentation of a new ballet choreographed by Gina Patterson. The work was accompanied by live music performed by local artists, which the company has been committed to presenting for several years. The performances took place at the Tennessee Performing Arts Center’s Polk Theater and reached approximately 2,000 individuals.

**In Logan, Utah, Charles Waugh** received a \$12,500 FY 2013 grant to support the translation of an anthology of short fiction by young Vietnamese writers, *New Voices from Vietnam*. All 19 authors included in this project were born after 1969, and their work represents a culture and aesthetic which differs radically from previous generations of Vietnamese writers, reflecting stories from a vibrant culture racing through changes wrought by rapid modernization and globalization. There is

a lack of contemporary Vietnamese prose represented in English, and this project offers an unprecedented collection.

In **Arlington, Virginia, Syntetic Theater, Inc.** received a \$20,000 FY 2013 matching grant to support the creation and production of a 90-minute, movement-based, wordless adaptation of Shakespeare's *The Tempest* with an original score. With the script on hand, the piece was developed primarily through improvisation by a company of actors trained in the theater's specific vocabulary of movement and choreography, while the score was developed simultaneously throughout the rehearsal process. The project reached an audience of nearly 7,600.

**In addition to the direct grant examples above, some of the funds awarded through our Partnership Agreements with the States and Regions are also expected to support the expansion of America's portfolio of art.**

### **To Engage the Public with Diverse and Excellent Art**

The National Endowment for the Arts encourages engagement with diverse and excellent art by supporting projects that represent the full range of artistic creativity, preserve our diverse cultural heritage, provide opportunities for people of all ages to learn in and through the arts, make the arts more widely available in communities throughout the country, strengthen arts organizations' ability to achieve their goals, and make communities more livable.

Artworks and audiences come together to create an experience that is unique, memorable, and life-affirming. Americans connect with art by attending music, dance, and theater performances; by touring architectural sites and art exhibits; by reading works of literature; and by enjoying artworks through electronic and digital media. The NEA provides new opportunities for Americans to have profound and meaningful arts experiences.

Americans also participate in the arts through a variety of learning opportunities. NEA research has identified arts education as the single best predictor of a person's arts participation patterns throughout life.<sup>3</sup> By helping to foster public appreciation and understanding of various art forms, genres, and artistic traditions, as well as opportunities to participate in the creation of art, the NEA builds public capacity for creativity and innovation, and for lifelong participation in the arts.

Art makes an impact on individual lives, but also on neighborhoods, towns, and cities. Artists, arts workers, and arts industries play a critical role in shaping the life of a community. They can improve its aesthetic appeal and the civic pride of its residents. They can spur job creation, productivity, and economic growth. They can also provide spaces and opportunities for community members of different backgrounds to converge

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<sup>3</sup> For example, see NEA Research Report #52, *Arts Education in America: What the Declines Mean for Arts Participation* (2011).

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on a shared arts experience, one that summons their collective creativity and allows them to re-imagine their surroundings. In recognition of these benefits, the NEA supports projects that integrate the arts with strategies to improve the livability of communities.

Grants for *Engaging the Public with Diverse and Excellent Art* were awarded for projects expected to advance at least one of the three outcomes described below, relying upon various program strategies. Underlying all of the outcomes and program strategies are a number of supporting strategies; they include:

- 1) Ensure complete coverage of NEA programs by supporting outreach efforts through the *Challenge America* grant program to support communities without reliable access to the arts and arts education, by maintaining the Agency's commitment to award at least one direct grant in each Congressional district – a goal we have achieved each year since FY 2005.
- 2) Enhance geographic data collection and reporting capabilities to ensure that grants for the purpose of providing engagement with artistic excellence are being funded across the United States.
- 3) Continue to ensure that NEA grant application reviewers have the qualifications and expertise necessary to identify projects that can engage the public with diverse and excellent art.
- 4) Continue to maintain an unbiased, transparent application review process that provides panel members with adequate information to determine which projects meet the highest standards of excellence.
- 5) Continue to develop and support leadership initiatives that provide opportunities for the Arts Endowment to address special artistic or cultural needs – whether field- or geography-based.
- 6) Work effectively and efficiently with the State Arts Agencies and Regional Arts Organizations to develop strategies that can help us fulfill this goal.

Outcome #1: Americans Throughout the Nation Experience Art

The Arts Endowment has a responsibility to help preserve America's great artistic traditions in all their diversity, and bring that work to diverse populations so that it may stimulate new discoveries in people from multiple backgrounds. This emphasis on art "delivery" systems is entirely in keeping with a new generation of arts audiences who, faced with many competing time-use options, nevertheless appear to value personal participation over passivity. The following table highlights accomplishments made possible through this funding. (Significant changes to the Agency's goal structure beginning in FY 2012 preclude comparative reporting across previous fiscal years. Required reports on FY 2009 through FY 2011, which reflect the goal structures of applicable Performance Plans, are provided later in this document.)

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***Americans Throughout the Nation Experience Art  
Selected Performance Results – FY 2013 and FY 2012***

<b>Fiscal Year</b>	<b>Total Non-Broadcast Audience</b>	<b>Children/Youth Benefitting</b>	<b>Concerts/Performances</b>	<b>Exhibitions</b>
2013 Projected	13.7 m	2.8 m	20.8 k	.7 k
2012 Projected	13.7 m	2.3 m	17.0 k	1.1 k

*Numbers are rounded. k=thousand; m=million.*

*FY12 projections based on 68% of final reports received for grants with this outcome.*

*FY13 projections based on 13% of final reports received for grants with this outcome.*

The cumulative accomplishments reflected in this table result from the 1,231 direct grants and cooperative agreements awarded to support projects that enable Americans throughout the Nation to experience art. Below is a list of representative project activities supported through these awards, followed by specific project examples.

- Presenting exhibits, performances, concerts, and readings.
- Touring and outreach activities.
- Art fairs and festivals.
- Restaging of repertory and master works of historical significance.
- Documentation, preservation, and conservation of artwork.
- Public programs that raise awareness of arts programming and cultural heritage.
- Film screenings.
- Broadcasts on television or radio; video games; mobile apps; live streaming, audio- and video-on-demand, podcasts, digital audio files, or other digital applications.
- Design charrettes.
- Publication, production, and promotion of digital, audio, mobile, or online publications; books; magazines; catalogues; and searchable information databases.
- Services to artists and arts organizations.
- Projects that extend the arts to underserved populations – those whose opportunities to experience the arts are limited by geography, ethnicity, economics, or disability.
- Projects that employ innovative forms of art and design delivery.

***Here are examples from FY 2013 of grants awarded *To Engage the Public with Diverse and Excellent Art* for projects that provide opportunities for Americans throughout the nation to experience art.***



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In **Juneau, Alaska, Juneau Jazz & Classics, Inc.** received an \$11,000 FY 2013 matching grant to support the 2013 annual *Juneau Jazz & Classics Music Festival*. More than 30 professional jazz, classical, and blues musicians – such as Arlo Guthrie and The Jasper String Quartet – were featured in free and ticketed concerts in and around Juneau, and participated in workshops, master classes, auditorium concerts for school children, lectures, and performances in outlying communities. A total audience of nearly 9,000 was reached, including 3,500 children.

In **Phoenix, Arizona, the Heard Museum** received a \$30,000 FY 2013 matching grant to support the *Masterworks Online Project* to make the work of American Indian artists digitally accessible. Designed to improve the scholarship and accessibility of American Indian art history, the project will include scanning of images and primary documents for approximately 90 works of art.

In **Corona, California, the Fender Museum of the Arts Foundation** received a \$10,000 FY 2013 matching grant to support *Kids Rock Free* music lessons. Regular instrumental music classes bolstered by visiting artists will be offered free or at reduced fees to low income, underserved students.

In **Eureka, California, Ink People, Inc.**, received a \$25,000 FY 2013 matching grant to support the *DreamMaker Program: Creating Healthy Communities through Arts and Culture*, an arts incubator program. The DreamMaker Program provides peer support, technical assistance, a series of nonprofit management workshops, and individualized training for Humboldt County cultural groups. The program will serve artists and crafts people drawn from this geographically isolated community of approximately 130,000 located 300 miles north of San Francisco.

In **Whitesburg, Kentucky, Appalshop, Inc.** (on behalf of **Roadside Theater**) received a \$15,000 FY 2013 matching grant to support the ongoing development of the bilingual musical play *Betsy*. Through the play, Roadside Theater (Whitesburg, Kentucky) and Pregones Theater (the Bronx, New York) will explore the reality of an American identity as shaped by the forces of race, place, and class, and also create a structure for collaboration and engagement among the *Betsy* project team, community members, and audiences.

In **Portland, Maine, Portland Ovarions** received a \$40,000 FY 2013 matching grant to support the presentation of dance, music, and culturally specific works. Each presentation by artists such as the Joffrey Ballet, ETHEL, The Bad Plus, Imani Winds, Voices of Afghanistan, and Pablo Ziegler Trio will be accompanied by discussions, lectures, workshops, master classes, and open rehearsals. The project will reach more than 6,600 audience members.

In **Becket, Massachusetts, the Jacob's Pillow Dance Festival, Inc.** received a \$75,000 FY 2013 matching grant to support the expansion of *Jacob's Pillow*

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*Interactive.* The online video exhibit currently gives access to more than 175 dance performances drawn from the Jacob's Pillow archives.

**In St. Paul, Minnesota, History Theatre, Inc.** received a \$15,000 FY 2013 matching grant to support the premiere of *Working Boys Band*, by composer Hiram Titus and playwright Dominic Orlando. The musical will depict the Working Boys Band Association, a Minneapolis institution at the start of the 20th century that both enriched the community and intended to save the hearts and minds of troubled youth. Professional actor-singers and student musicians from the MacPhail School of Music and McNally Smith College of Music will perform with the Walker West Music Academy's American History Band Project. The musical is expected to reach an estimated audience of 10,000 people.

**In Columbus, Mississippi, Columbus Arts Council, Inc.** received a \$10,000 FY 2013 matching grant to support *Opera...from a Sistah's Point of View*, featuring soprano Angela Brown. Project activity included a master class for Mississippi University for Women and Mississippi State University music students, school performances for junior high and high school students, and a culminating performance for the community at Rent Auditorium on the Mississippi University for Women campus.

**In Parkville, Missouri, Park University** received a \$7,500 FY 2013 matching grant to support writing workshops, performances at magnet high schools, and a public reading by The Symphony, a group of four African American and Latino poets. Award-winning poets R. Dwayne Betts, Marcus Jackson, John Murillo, and Randall Horton will interact online with participating students two weeks prior to the workshops about the content, theme, and format of their work. After the workshops, the artists will help produce an anthology of student work and perform with selected students at the American Jazz Museum in Kansas City. The project will engage 300 students.

**In Butte, Montana, Mainstreet Uptown Butte, Inc.** received a \$15,000 FY 2013 matching grant to support artists' fees for *First People's Gathering* at the Montana Folk Festival. The gathering presented Native arts and crafts in a display and demonstration area by traditional and contemporary Native artists from across the state. Additionally, traditional Native American music and dance performances occurred on various festival stages, reaching an estimated audience of 170,000.

**In Missoula, Montana, MCT, Inc.** received a \$35,000 FY 2013 matching grant to support the national performing arts residency tour to underserved communities and U.S. military bases. Touring actors and directors will cast local youth in original musicals and will rehearse and perform them within a one-week timeframe. Through an estimated 1,200 residencies, 62,000 local youth cast members will perform, 170,000 people will participate in workshops, and nearly 500,000 audience members will be reached through activities in all 50 states.

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In **Santa Fe, New Mexico, New Mexico Literary Arts** received a \$10,000 FY 2013 matching grant to support the *Alzheimer's Poetry Project*, providing arts programming to people living with Alzheimer's disease and related dementia. Bilingual poets will lead a series of workshops with a culminating presentation of readings at the National Hispanic Cultural Center in Albuquerque that will feature poet Valerie Martinez and the poetry workshop participants.

In the **Bronx, New York, Bronx Museum of the Arts** received a \$30,000 FY 2013 matching grant to support an exhibition and catalogue, *Beyond the Super Square: On the Corner of Art and Architecture*. The exhibition, to include work by 20 artists as well as commissioned temporary installations in the Bronx and Manhattan, will demonstrate how artists such as Alexandre Arrechea, Los Carpinteros, Jose Leon Cerrillo, Magdalena Fernandez, Carlos Garaicoa, Terence Gower, Jorge Pardo, Mauro Restiffe, Pedro Reyes, Karin Schneider, and Sergio Vega have been influenced by Latin American and Caribbean modernist architecture. The museum anticipates that the project will reach approximately 11,000 people.

In **New York, New York, the Writers Guild of America, East Foundation, Inc.**, received a \$20,000 FY 2013 matching grant to support *Helen Deutsch Veterans' Writing Workshops* in **San Antonio, Texas**, serving wounded veterans from Iraq and Afghanistan. The workshop provides a safe, informal environment in which an established writer and mentor helps injured soldiers tell their stories with attention to detail, description, dialogue, imagining another character's perspective, and other aspects of literary writing.

In **Wahpeton, North Dakota, Circle of Nations School, Inc.** received a \$10,000 FY 2013 matching grant to support *Our School, Our Stories*, an artist residency program. Featuring picture book illustrator and street artist Shawn McCann, the program will engage Native American children in fourth through eighth grade at the Circle of Nations School to develop their own picture books for exhibition in conjunction with McCann's work.

In **Mentor, Ohio, MusicAlliance, Inc.** received a \$10,000 FY 2013 matching grant to support the enrichment of *MusicAlliance Honor Band* programs. Guest professional jazz musician clinicians will work with high school students in Jazz Honor Band. An original work will be commissioned.

In **Norman, Oklahoma, the University of Oklahoma Norman Campus** received a \$15,000 FY 2013 matching grant to support the "Image and Word" issue of *World Literature Today*. The issue, devoted to photography and literature, features the work of more than 20 photographers who contributed a gallery of photographs with an essay describing their work as a creative language or as inspired by writers. Additionally, Seattle photographer Phil Borges spoke as part of the 2013 *Puterbaugh Festival of International Literature and Culture*, an annual festival for writers that included an international symposium, public talks, and workshops. The in-person activities reached an estimated 11,500 people.

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In **Eugene, Oregon**, the **University of Oregon** received a \$45,000 FY 2013 matching grant to support the *Southern Oregon Folk and Traditional Arts Survey*, organized by the Oregon Folklife Network. Working in the counties of Oregon's southeastern and south central region, the Oregon Folklife Network will document the region's folk arts and assess the needs of the region's folk artists. The Folklife Network will survey as many as four counties and expects to identify approximately 40 folk artists.

In **Pittsburgh, Pennsylvania**, **City of Asylum/Pittsburgh** received a \$23,000 FY 2013 matching grant to support *Jazz Poetry Concert* and *Exiled Voices*. American jazz ensembles and international poets, sometimes censored in their home countries, performed collaboratively and individually in this free street festival.

In **Providence, Rhode Island**, **FirstWorks** received a \$45,000 FY 2013 matching grant to support the *ART SPARKS* inaugural performance and education series. The project will present Wynton Marsalis and the Jazz at Lincoln Center Orchestra, the Joffrey Ballet, and the Kronos Quartet in a series of performances and engagement activities. *ART SPARKS* will serve approximately 10,000 adults and youth in three underserved Rhode Island communities.

In **Sioux Falls, South Dakota**, **Sioux Falls Jazz & Blues Society** received a \$10,000 FY 2013 matching grant to support an artist residency for jazz/classical violinist Mark O'Connor. In collaboration with Augustana College, a master class for music students will be offered, as well as workshops for stringed instrument students of all ages and underserved youth.

In **Germantown, Tennessee**, **Germantown Performing Arts Centre** received a \$10,000 FY 2013 matching grant to support *SoLe Sanctuary - A Hooper's Meditation on the Art of Tap*, featuring tap dancer Savion Glover. The Centre's Arts Access program provided free tickets and ticket subsidies for low-income residents, and Glover's community outreach activities included a lecture and demonstration for low-income, African American students attending Title I schools, and a post-performance discussion for the general public.

In **Austin, Texas**, **Allison Orr Dance** (aka **Forklift Danceworks**) received a \$10,000 FY 2013 matching grant to support the creation and presentation of *Journeyman*, by choreographer Allison Orr in collaboration with the employees of Austin's Municipal Energy Department. This is the third in a series of large-scale civic spectacles and will include original music by Graham Reynolds performed by the Austin Symphony and led by conductor Peter Bay, and feature 75 employees performing on 35-foot utility poles and ten bucket trucks and cranes.

In **Burlington, Vermont**, **Jeh Kulu Dance and Drum Theater, Inc.** received a \$10,000 FY 2013 matching grant to support the *West African Dance and Drum Festival*. Master artists from Mali, Guinea, and Senegal will offer a series of workshops and a performance, culminating with a West African dance

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performance featuring many of the artists and workshop students. The festival will involve as many as 22 artists and teachers while benefiting approximately 675 individuals.

In **Charlottesville, Virginia, American Focus, Inc.**, received a \$40,000 FY 2013 matching grant to support post-production of the documentary film *In Search of Finah Misa Kule*. The documentary tells the story of traditional poet Kewulay Kamara's journey back to Africa to recreate an ancient epic handed down in his family after the only written copy was destroyed in Sierra Leone's Civil War. The film is named for Finah Misa Kule, the progenitor and original ancestor of the Finah clan of poets and singers. American Focus will procure the rights for archival footage used in the film, provide a musical score, facilitate color correction and final editing, and support release screenings.

In **Vancouver, Washington, Vancouver Symphony Orchestra** received a \$10,000 FY 2013 matching grant to support audience engagement activities featuring international visiting artists who will provide master classes, performances, and special events.

In **Cody, Wyoming, the Buffalo Bill Memorial Association** received a \$28,000 FY 2013 matching grant to support planning of an exhibition featuring works from the Paul Dyck Plains Indian Buffalo Culture Collection. The exhibition will include approximately 150 objects from this comprehensive collection, which features pre-reservation and early reservation arts and related historical materials documenting the lives and cultures of the Native people of the Great Plains.

**In addition to the direct grant examples cited above, here is one example of a partnership activity that *provides opportunities for Americans throughout the nation to experience art*:**

The Arts Endowment's *Regional Touring Program* helps bring high-quality performing, literary, and visual arts activities to communities across the country. Offered in partnership with the six Regional Arts Organizations, the program provides assistance for interstate touring and gives priority to underserved communities. The *NEA Regional Touring Program* reflects both national priorities and the unique opportunities and needs of each region; virtually all grants awarded supplement touring performances with other community and educational activities. Reports from FY 2012 (the most recent year for which data are available) indicate that an estimated 500 communities were reached through nearly 2,000 performances and 4,100 related activities.

Outcome #2: Americans of All Ages Acquire Knowledge or Skills in the Arts

In national studies, arts education consistently emerges as the single best predictor of arts participation throughout life, whether through live attendance or the personal performance or creation of art.<sup>4</sup> By helping to foster public appreciation and understanding of various art forms, genres, and artistic traditions, the NEA builds public capacity for lifelong participation in the arts.

For audiences, the result is a richer, more complex and meaningful arts experience. And for artists and/or teachers, the NEA facilitates the transfer of critical knowledge and skills that will enable them to refine their abilities and improve their work.

Beyond enriching the quality of personal arts experiences, arts education is a hallmark of civilization. U.S. Secretary of Education Arne Duncan has observed, for example, "the important role that arts education plays in providing American students with a well rounded education. The arts can help students become tenacious, team-oriented problem solvers who are confident and able to think creatively."<sup>5</sup>

Further, he noted, "these qualities can be especially important in improving learning among students from economically disadvantaged circumstances." Indeed, NEA-supported research has shown that at-risk youth who have arts-rich experiences in and out of school are more likely to achieve key positive outcomes – academically, socially, and civically – compared with peers who lack those experiences.

Given these assumptions, the NEA can be most effective in two ways: by upholding rigorous, standards-based arts education for pre-K-12 students and teachers, in and out of school; and by providing Americans of all ages with more informal opportunities to learn about the arts. One track involves supporting school- and community-based projects that adhere to national or state arts education standards and that include knowledge- and/or skills-based assessment of students and/or teachers.

The other track is broader. It accommodates Americans still in school, those no longer in school, and those yet to begin school. These types of arts education grants might involve a seminar held as part of a theater performance, or a docent tour as part of a museum event. They might include a teaching artist at a day-care center or a writer's workshop at a nursing home. Although not aligned with national or state standards, these projects will meet NEA standards for artistic excellence and merit.

Several external factors that will affect the agency's achievement of this strategic objective also highlight the NEA's continued leadership in arts education as necessary and appropriate.

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<sup>4</sup> For example, see NEA Research Report #52, *Arts Education in America: What the Declines Mean for Arts Participation* (2011).

<sup>5</sup> Arne Duncan, U.S. Secretary of Education, letter to School and Education Community Leaders, August 2009.

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First, although Federal law has designated arts education a core academic subject to be taught in our nation’s public schools, states have struggled to keep it in the curriculum. Budget cuts to state education departments, SAAs, and school districts have contributed in many cases to a weakening of arts education at the local level. Secondly, state standards for evaluating teacher practices and assessing student learning in the arts differ widely – as do strategies for their implementation.

Even if arts education is not yet universal, today’s employers are acutely aware of the capacity for risk-taking and creative thinking that the subject can encourage. Business leaders have identified such abilities as highly desirable for a 21st-century workforce, even as they acknowledge problems in finding creative workers among today’s job applicants.<sup>6</sup> From this vantage point, arts education can not only improve the quality of Americans’ arts experiences, it may well improve the quality of their lives and livelihoods.

Moreover, the NEA’s renewed focus on lifelong learning in and about the arts is justified in part by generational shifts. As Americans head into retirement, there is every reason to expect their continued participation in the arts through classes, lessons, workshops, and online courses. Further, a literature review commissioned by the NEA in partnership with the National Institutes of Health showed promising health outcomes reported in studies of older adults who pursued arts learning opportunities.<sup>7</sup>

The following table highlights accomplishments made possible through this funding. Significant changes to the Agency’s goal structure beginning in FY 2012 preclude comparative reporting across previous fiscal years. Required reports on FY 2009 through FY 2011, which reflect the goal structures of applicable Performance Plans, are provided later in this document.

***Americans of All Ages Acquire Knowledge or Skills in the Arts  
Selected Performance Results – FY 2013 and FY 2012***

<b>Fiscal Year</b>	<b>Teachers Compensated</b>	<b>Children/Youth Benefitting</b>	<b>Distinct Communities Served</b>
2013 Projected	2.8 k	425.1 k	555
2012 Projected	.4 k	1.1 m	4.7 k

*Numbers are rounded. k=thousand; m=million.*

*FY12 projections based on 46% of final reports received for grants with this outcome.*

*FY13 projections based on 5% of final reports received for grants with this outcome.*

The cumulative accomplishments reflected in this table result from the 328 direct grants and cooperative agreements awarded to support projects that enable Americans

<sup>6</sup> The Conference Board, *Ready to Innovate: Are Educators and Executives Aligned on the Creative Readiness of the U.S. Workforce?* (2008).

<sup>7</sup> *The Arts and Human Development: Framing a National Research Agenda for the Arts, Lifelong Learning and Individual Well-Being* (2011), available at [www.arts.gov/research/TaskForce/Arts-and-Human-Development.html](http://www.arts.gov/research/TaskForce/Arts-and-Human-Development.html).

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of all ages to acquire knowledge or skills in the arts. Below is a list of representative project activities supported through these awards, followed by specific project examples.

- Lifelong learning activities for children, adults, and intergenerational groups.
- Standards-based arts education activities for pre-K through 12 students.
- Informal education programs, workshops, and demonstrations.
- Mentorships and apprenticeship programs.
- Professional development for artists, teaching artists, teachers, and other education providers.
- Assessments and evaluations of arts learning.
- Online courses or training.
- Lectures and symposia.
- Production, publication, and distribution of teachers'/facilitators' guides.
- Innovative practices in arts learning for Americans of all ages.

**Here are examples from FY 2013 of grants awarded *To Engage the Public with Diverse and Excellent Art* for projects that provide opportunities for Americans of all ages to acquire knowledge or skills in the arts.**

**In Sitka, Alaska, Sitka Fine Arts Camp** received a \$33,000 FY 2013 matching grant to support arts education at the Sitka Fine Arts Camp, a residential multidisciplinary summer arts camp for middle and high school students in Alaska. Students will be taught dance, theater, music, creative writing, visual arts, and Alaskan Native arts by a faculty of artists and educators from around Alaska and the nation. As many as 550 students from more than 60 Alaska communities are expected to attend, including students from rural areas and students for whom this will be their first encounter with professional artists.

**In Los Angeles, California, the Regents of the University of California at Los Angeles** received a \$50,000 FY 2013 matching grant to support a *Statewide Forum on Careers in the Arts for People with Disabilities* and forum follow-up activities. The forum will bring together representatives from the arts, rehabilitation, education, and disability communities to address barriers and implement strategies for advancing training and career opportunities of artists and arts administrators with disabilities. As many as seven states that previously convened forums will conduct follow-up activities to further their goals in this area.

**In San Diego, California, Media Arts Center San Diego** received a \$15,000 FY 2013 matching grant to support the 20<sup>th</sup> *San Diego Latino Film Festival*. The films and videos exhibited were produced by Latinos or were about the Latino



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experience. The event presented more than 170 films from Mexico, Venezuela, Colombia, Panama, Brazil, Spain, Peru, Chile, and Argentina to an estimated audience of nearly 20,000.

**In Dalton, Georgia, Creative Arts Guild, Inc.** received a \$10,000 FY 2013 matching grant to support a contemporary sculpture experience for Dalton area students and seniors. A free guided tour of the Robert T. Webb Sculpture Garden will be enriched by an educational presentation and the opportunity to create a small sculpture.

**In Chicago, Illinois, the National Vietnam Veterans Art Museum** received a \$15,000 FY 2013 matching grant to support *Transforming Trauma*, an arts education and art therapy outreach project reaching students in Chicago Public Schools and their families. U.S. military veterans will work with artists to serve as trauma workshop facilitators, using literary and visual arts workshops for students on the power of art to foster resiliency in dealing with traumatic situations in their communities. As many as 6,000 students will benefit from the project.

**In Whitesburg, Kentucky, Appalshop, Inc.** received a \$15,000 FY 2013 matching grant to support the Appalachian Media Institute youth media programs for high school students. Professional independent filmmakers and media artists will teach students the history, aesthetics, ethics, and practice of documentary media, resulting in the production of documentary films and radio programs. Approximately 60 students (ages 14 to 18) from eastern Kentucky are expected to participate in the project.

**In Baltimore, Maryland, Baltimore Symphony Orchestra, Inc.** received a \$100,000 FY 2013 matching grant to support the *OrchKids* program, a free choral and instrumental instruction program in four Baltimore City public schools. Professional musicians will provide in-school and after-school instrumental music training to at-risk students in East and West Baltimore, with a focus on influencing social change through the arts in the city's neediest communities. The program will serve as many as 720 pre-Kindergarten through fifth grade students at Title I schools.

**In Northhampton, Massachusetts, the Collaborative for Educational Services, Inc.** received a \$60,000 FY 2013 matching grant to support the *Artists in Juvenile Justice Residency Initiative*. The organization will bring theater, digital media arts, and visual arts to juvenile justice classrooms in institutional settings across Massachusetts.

**In Minneapolis, Minnesota, the Regents of the University of Minnesota** received a \$35,000 FY 2013 matching grant to support the development of design curricula and educational programming targeted to high school students. A partnership between University of Minnesota College of Design and Juxtaposition Arts, a youth design education organization, the project will include as many as

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five courses taught in an underserved north Minneapolis neighborhood, and introduce approximately 150 youth to new pathways to college and design professions.

**In Lincoln, Nebraska, University of Nebraska at Lincoln** received a \$20,000 FY 2013 matching grant to support a dance residency with STREB, the company founded and led by Elizabeth Streb, a recipient of the John D. and Catherine T. MacArthur Foundation 'Genius' Award (1997), at the Lied Center for Performing Arts. The interdisciplinary project will involve university students from dance, gymnastics, computer science, and engineering and architecture, local K-12 students and teachers, and the public in explorations of movement, space, and community with Elizabeth Streb. Through public performances, master classes, open rehearsals, and question-and-answer sessions, the project will reach more than 3,000 individuals.

**In Elmsford, New York, Westhab, Inc.** received a \$20,000 FY 2013 matching grant to support *StoryArts* classes for youth in theater, video documentation, music, and visual arts. Musicians, actors, directors, dancers, choreographers, video, and visual artists will teach children to tell stories through multiple art forms around various themes, leading to final performances that weave together what students learned. As many as 250 homeless and low-income children at five after-school youth centers in Westchester County, NY, are expected to participate.

**In Gatesville, North Carolina, the Gates County Board of Education** received a \$36,000 FY 2013 matching grant to support *Gates County A+*, a professional development program in arts integration for teams of teachers and administrators from three North Carolina schools, qualifying them to become part of the North Carolina A+ Schools Program. Through this project, Gates County will be the first district in North Carolina to include all of its schools in the A+ network.

**In Portland, Oregon, the Regional Arts & Culture Council** received a \$25,000 FY 2013 matching grant to support *Right Brain Initiative: Ensuring Arts Learning*, a project of year-long professional development for teachers and artist residencies in Portland. Teachers and teaching artists will receive coaching on how to collaborate to engage students in arts experiences where they create, perform, exhibit, and reflect upon works of art made by themselves and others. As many as 900 school leaders, teachers, and arts specialists, plus 75 teaching artists and 15,500 students in kindergarten through eighth grade in 46 schools are expected to participate.

**In Providence, Rhode Island, Providence City Arts for Youth, Inc.** received a \$35,000 FY 2013 matching grant to support year-round after-school and summer arts learning in a variety of disciplines that offers urban youth time to practice and create in studios with professional artist mentors. *CityArts Community Youth Arts Program* takes place in a newly renovated education building that houses fully equipped ceramics, dance, and printmaking studios, an art and nature lab, a

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MacMedia Lab, a gallery, and performance spaces. As many as 575 students (ages 8 to 14) will collaborate with 28 artist mentors.

**In Nashville, Tennessee, Country Music Foundation, Inc.** received a \$45,000 FY 2013 matching grant to support *Words & Music Outreach*. Professional songwriters will teach students in Nashville and in Middle Tennessee public schools to create original songs. Classroom language arts and music teachers will be trained to use the Words & Music Teacher’s Guide to instruct their students in writing song lyrics, leading to workshops with a professional songwriter who will demonstrate the process of adding melodies to lyrics using the students’ own work. As many as 7,000 students from all grade levels in Tennessee will participate in classroom instruction and workshops with artists, and students across the country will engage with the program via live videoconference.

**In Seattle, Washington, Clarion West** received a \$10,000 FY 2013 matching grant to support the 2013 Summer Writers Workshop on speculative fiction, as well as monthly one-day workshops for Pacific Northwest writers. Speculative fiction refers to fiction that portrays human nature and societal issues by imagining alternate realities -- past, present, and/or future. The Summer Writers Workshop will provide an intensive educational and training experience for up to 18 emerging writers. The ongoing workshops will help writers on such topics as honing character and setting, writing scenes, and jump-starting a novel.

**In addition to the direct grant examples cited above, here are some examples of leadership and partnership activities that *provide opportunities for Americans of all ages to acquire knowledge or skills in the arts:***

➤ ***Poetry Out Loud***, which began as a pilot in 2005, most recently served some 375,000 students during the 2012-2013 school year. By encouraging high school students to memorize and perform great poems, *Poetry Out Loud* helps students master public speaking skills, build self-confidence, and learn about their literary heritage. Created by the NEA and the Poetry Foundation, Poetry Out Loud: National Recitation Contest is administered in partnership with State Arts Agencies in all 50 States, as well as the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

Using curriculum and an anthology developed as part of *Poetry Out Loud*, teachers introduce students to poetry and recitation before holding a classroom poetry recitation competition. Following a pyramid structure, classroom champions move on to school competitions, regional and State competitions, and ultimately to the National Finals, which are held each spring. The Arts Endowment’s partner, the Poetry Foundation, produces substantive educational materials for teachers participating in *Poetry Out Loud* and provides additional financial support for the National Finals, with a total contribution of approximately \$500,000 annually.

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- Since beginning as a pilot in 2006, ***The Big Read*** has awarded more than 1,100 grants to organizations in communities across all 50 States, as well as the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, for reading programs devoted to the featured authors in *The Big Read* library. More than 3.3 million Americans have attended a Big Read event; about 47,000 volunteers have participated locally; some 31,000 community partner organizations have been involved; and more than \$15 million has been awarded in grants, leveraging approximately twice that much locally. Grantees continue to receive – free of charge – printed Big Read educational materials, and also have access to these items online. During FY 2013, 78 organizations (28 of them first-time *Big Read* grantees) conducted *Big Read* programs across the country, supported with \$1,000,000 in grants from the NEA.
  
- ***Shakespeare for a New Generation*** represents the current phase of the *Shakespeare in American Communities* initiative, launched in New London, Connecticut in September 2003. Annually, selected companies receive competitive grants to support performances and educational activities. These funds have enabled theater companies to offer more performances to schools and reach more students. They have expanded the geographic reach of their touring programs, and provided improved access to the arts for underserved schools. Since the program's inception, 101 theater companies across the United States have presented 66 of Shakespeare's works through 7,600 performances and over 19,000 educational activities at more than 6,400 schools in 3,100 communities in all 50 states, the District of Columbia, and the U.S. Virgin Islands. During FY 2013, 42 theater companies in 24 States and the District of Columbia participated in the program, supported with grants of approximately \$25,000 each. Each company was required to present plays to at least 10 schools.

Outcome #3: American Communities are Strengthened Through the Arts

Livability consists of a variety of factors that contribute to the quality of life in a community. Some commonly cited examples are affordable housing, ease of transportation, and public safety. Yet not to be overlooked are opportunities for social, civic, and cultural engagement – including arts participation – and an aesthetically pleasing environment. Indeed, a Knight Foundation study<sup>8</sup>, conducted by Gallup in 26 U.S. communities over a three-year period, recently identified "social offerings," "openness," and "aesthetics" as the three top drivers of community attachment, or why people love where they live.

Nationwide, there has been a surge of interest among arts organizations, artists, urban and rural planners, designers, and local economic development agencies in a strategy called creative placemaking. These grassroots initiatives typically involve multiple

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<sup>8</sup> *Knight Soul of the Community Survey; Why People Love Where They Live and Why It Matters: A National Perspective; Gallup, Inc. (2010).*

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partners from the nonprofit, corporate, and philanthropic sectors working together to shape the character of a community with local arts and cultural assets.

Some of the anticipated long-term results of these projects include measurable local benefits. For instance, communities may set out to achieve growth in overall levels of social and civic engagement; new avenues for expression and creativity; design-focused changes in policies, laws, and/or regulations; job and/or revenue growth; or positive changes in migration patterns.

The NEA is leading the national conversation about creative placemaking through its grantmaking and other efforts. The agency’s *Our Town* grants support projects that contribute toward the livability of communities and help transform them into lively, beautiful places with the arts at their core. The NEA also welcomes project proposals that seek to apply other strategies to strengthen communities through the arts.

The ability to strengthen communities through the arts depends on a variety of social, economic, and demographic factors unique to each location. As people and organizations move, often in response to local conditions, the livability of one community can greatly affect that of another. Additional information on *Our Town* can be found in the Leadership Initiative section of this document.

The following table highlights accomplishments made possible through this funding. Significant changes to the Agency's goal structure beginning in FY 2012 preclude comparative reporting across previous fiscal years. Required reports on FY 2009 through FY 2011, which reflect the goal structures of applicable Performance Plans, are provided later in this document.

***American Communities are Strengthened Through the Arts  
Selected Performance Results – FY 2013 and FY 2012***

<b>Fiscal Year</b>	<b>Individuals Compensated</b>	<b>Matching Funds Generated</b>	<b>Distinct Communities Served</b>
2013 Projected	6.2 k	\$27.5 m	890
2012 Projected	6.7 k	\$29.7 m	960

*Numbers are rounded. k=thousand; m=million.*

*FY12 projections based on 20% of final reports received for grants with this outcome.*

*Only one final report has been received from FY13 grants with this outcome. FY13 projections are calculated as 93% of FY12 projections based on the fact that FY13 funding in this outcome was 93% of FY12 funding in this outcome.*

The cumulative accomplishments reflected in this table result from the 95 direct grants and cooperative agreements awarded to support projects that enable American communities to be strengthened through the arts. Below is a list of representative project activities supported through these awards, followed by specific project examples.

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- *Develop Plan(s) for Cultural and/or Creative Sector Growth.* Includes activities such as planning for arts/cultural districts and creative industry hubs/districts/clusters, cultural asset mapping, and other cultural planning activities.
- *Use Design to Enhance/Revitalize Public Space(s).* Includes design activities such as charrettes and competitions, development of design specifications, and other design activities.
- *Commission and/or Install New Art to Improve Public Space(s).* Includes commissioning of permanent and/or temporary site-specific public art (e.g., murals and sculptures, sculpture gardens, and waterfront art).
- *Plan and/or Conduct Arts Activities to Foster Interaction Among Community Members.* Includes arts activities (e.g., arts festivals, outdoor exhibitions, and performances) intended to engage community members in public spaces.
- *Engage Artists and/or Arts Organizations.* Includes involvement of artists and the arts community in cultural planning, design, and community engagement activities.
- *Innovative Community-based Partnerships* that integrate the arts with livability efforts.
- *Other Strategies* to improve livability through arts and design.

**Here are examples from FY 2013 of grants awarded *To Engage the Public with Diverse and Excellent Art for projects that provide opportunities for American communities to be strengthened through the arts.***

In **Auburn, Alabama**, the **Auburn University Main Campus** received a \$42,000 FY 2013 matching grant to support the documentation of Rural Studio's 20 years of bringing quality design to rural Alabama. The project will include the creation of a documentary and social media campaign that highlights Rural Studio's anniversary project to build 20 houses that cost only \$20,000 each. The documentary will be distributed internationally, provoking conversation about the future of affordable housing design among policy makers, advocacy groups, architects, and community members.

In **Boise, Idaho**, **Idaho Shakespeare Festival, Inc.** received a \$25,000 FY 2013 *Our Town* matching grant to support the design of a theater, rehearsal space, and a cultural center in a vacant department store in downtown Boise. The project will give new life to the last of Boise's historic department stores, the 112,844-square-foot C.C. Anderson Building, and will also include units for affordable artist housing. City of Boise, Idaho Shakespeare Festival, and Northwest Real Estate Capital Corporation will collaborate to provide new space for artists and arts organizations in a central downtown location. The population of Boise is 210,145.

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The **Town of Chestertown, Maryland** received a \$25,000 FY 2013 *Our Town* matching grant to support the creation of a public arts master plan for Chestertown's waterfront area. The Town of Chestertown, in partnership with RiverArts, Washington College, and Kent County Arts Council, will commission architect and artist Alex Castro to lead a diverse group of stakeholders through charrettes centered on priorities identified by the community in recent planning processes: art, environment, and history. The project will culminate in an inaugural public art installation, selected through a competitive request for proposals. Integration of art into Chestertown's waterfront builds on recent infrastructure, trail, and park improvements and coincides with Washington College's interdisciplinary arts initiative at the historic Stepne Farm, located directly adjacent to the waterfront. Chestertown has a population of 5,254 and has made special efforts to include its growing African American population (21.8%) through its Diversity Dialogue Group. The resulting public arts master plan is expected to serve as a model for other rural towns on Maryland's Eastern Shore.

The **City of Portsmouth, New Hampshire** received a \$20,000 FY 2013 matching grant to support the creation of *We Stand in Honor of Those Forgotten*, a public art project to memorialize a recently discovered 18th-century African and African American burial site. Selected through a competitive process undertaken by the city, Georgia-based artist Jerome Meadows and a team of landscape architects will transform an urban block into a pedestrian-friendly public space for reverence and reflection, paying homage to the site's history.

**In Brattleboro, Vermont, Windham Regional Commission** received a \$40,000 FY 2013 matching grant to support a community design process to reimagine a landscape in Jamaica, Vermont, devastated by Tropical Storm Irene. Choreographer Liz Lerman, public historian Richard Rabinowitz, and designer Michael Singer will lead a process that engages the community to design a space that is artful, ecologically regenerative, and healing. In partnership with Marlboro College Center for Creative Studies and the Town of Jamaica, a six-day intensive studio workshop will be held to solicit input from the public and develop potential designs for 2.2 acres of space in the center of Jamaica that was damaged by flooding.

**Arlington County, Virginia** received a \$75,000 FY 2013 *Our Town* matching grant to support master planning, design, and public art for Nauck Town Square. Landscape architect, public artist, and National Design Award-winner Walter Hood will be commissioned to lead community engagement activities that will inform a design for the square and the integration of a work of temporary public art at the site. The square will serve as a new civic center for the 5,738 residents of Arlington's Nauck-Green Valley neighborhood, which has seen a dramatic decline in its African American population in the past two decades. Revitalization of the square will build on recent planning efforts focusing on preserving the historic and demographic character of the community. The project

will be led by Arlington County Cultural Affairs, Arlington County Economic Development, and the Arlington Community Foundation in partnership with many community organizations.

**In addition to the direct grant examples cited above, here are examples of leadership activities that *provide opportunities for American communities to be strengthened through the arts*:**

### **Our Town**

In January 2011, the NEA launched [Our Town](#), the most recent addition to the Agency's core grant programs, which builds on the NEA's longstanding support for communities and the ability of the arts to strengthen them. *Our Town* was created to invest in creative placemaking projects designed to use the arts to help shape the social, physical, and economic characters of cities and towns, which have been proposed by a partnership consisting of an art or design organization and a local governmental entity.

The initial announcement of the *Our Town* funding opportunity resulted in 447 letters of interest, from which 51 grant awards totaling \$6.5 million were made to projects in 34 States. The grants ranged from \$25,000 to \$250,000 and represented a range of rural, suburban, and urban communities with populations ranging from just over 2,000 to more than 8.2 million people. More than half of the *Our Town* grants were awarded to communities with a population of less than 200,000, and seven to communities of fewer than 25,000 people. In FY 2012, the second year of the initiative, 80 *Our Town* grants were awarded totaling almost \$5 million, and reaching 44 states plus the District of Columbia. The majority of the grants, 41 of the 80, were given to communities of fewer than 50,000 people, with five grants going to towns of fewer than 500 people.

In FY 2013, 59 *Our Town* grants were awarded totaling over \$4.7 million, and reaching 36 States, including a mix of urban, tribal, suburban, and rural settings. Seven grants were awarded to towns of fewer than 5,000 people. Over the three years of the *Our Town* initiative, 190 grant awards have been made in all 50 States plus the District of Columbia to projects that fall in one of three categories:

- Arts engagement projects have included community-focused festivals and multidisciplinary exhibitions of visual, media, dance, music, film, and tribal art; as well as public art investments – including exhibitions of temporary work, new permanent pieces, and job training around the conservation of existing works. Other engagement projects have focused on education, including development of entrepreneurship activities for artists, and a project which engaged the public around the innovation potential of designers.
- Cultural planning projects are an essential first step in comprehensive cultural plans and investments. Recommended planning projects have



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included the mapping of local cultural assets, pre-development planning for cultural facilities and artist spaces, public art planning, creative district planning, as well as creative industry development planning.

- Design projects have been proven to lower operating costs and increase longevity of physical structures. Recommended design projects have enabled talented designers to work on public infrastructure for arts use – including public spaces, gateways, water basins, corridors and transportation hubs – and to design cultural facilities and artist spaces.

The minimum requirement for an *Our Town* application is a partnership between a non-profit art or design organization and a local governmental entity. However, the vast majority have additional partners. In FY 2013, the 59 recommended *Our Town* grants had a total 147 participating arts and design partners and 439 additional partners.

*Our Town* is an example of the Administration’s emphasis on using place-based approaches to assist cities and rural communities. This initiative has catalyzed partnerships with many Federal agencies, particularly the Department of Agriculture (USDA), the Department of Housing and Urban Development (HUD), the Environmental Protection Agency, and the Department of Transportation.

**Mayors’ Institute on City Design (MICD)**

Knowledge of physical design is a fundamental tool that mayors can wield to positively affect the social well-being and economic vitality of their cities. The structure of the *MICD* has remained the same since its inception in 1986: eight mayors, eight designers, and eight problems. Each mayor brings his or her city’s most critical urban design issue to discuss. Following a case-study method, general principles evolve out of specific problems. Mayors, architects, planners, landscape architects, and development experts discuss ideas and engage in an animated debate. These dynamic sessions often advance creative solutions while imparting a healthy understanding of the value of good design. Many mayors have stated that attending the Institute was a seminal moment in their time as leader, changing the way that they ran their cities for the better. Since 1986, more than 870 mayors have participated in *MICD*.

The *MICD* program has been recognized for its contributions with a Presidential Award for Design Excellence, a Progressive Architecture Award from *Architecture* magazine, and an Institute Honor Award from the American Institute of Architects. In FY 2013, six *MICD* sessions were held throughout the country. From October 10-11, 2012, mayors from small and medium cities (Joplin, Missouri; Atlantic City, New Jersey; Cambridge, Massachusetts; Clarksville, Tennessee; Waterbury, Connecticut; Lower Merion, and Reading, Pennsylvania) met in Lexington, Kentucky. From March 6-8, 2013, mayors from larger cities (Surprise, Arizona; Anaheim, California; Baltimore, Maryland; Hampton,

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Virginia; Burlington, Vermont; Spokane, Washington; and Madison, Wisconsin were hosted by the mayor of New Orleans, Louisiana. Additionally, a number of other cities have been reached through a technical assistance program for alumni mayors that was launched in the summer of 2008; and a newly revamped [www.micd.org](http://www.micd.org) website is a resource for Mayors and city designers.

One specific example of what *MICD* can inspire is [Miami 21](#), a groundbreaking citywide zoning reform that came about from former Mayor Manny Diaz’s participation at the Mayors’ Institute in 2005. Diaz presented a case study that focused on a neighborhood revitalization initiative called the Miami Partnership, seeking recommendations on the site plan and design guidelines for the University of Miami’s new medical campus. “The quality of the resource professionals and the ensuing discussions exceeded my high expectations and gave me some valuable insight into the physical future of my city.”<sup>9</sup> In a recorded tribute to *MICD*, Mayor Diaz went on to say, “I spent a significant portion of my two terms really focused on design”.<sup>10</sup>

*MICD* is also flexible enough to be able to respond to unexpected critical issues. For example, in September 2013, *MICD* went to New Jersey to hold a special session for the small-town, coastal mayors who were directly hit by Superstorm Sandy. Hosted by Mayor Matt Doherty of Belmar, this special session also included Mayor Susan Howard of Monmouth Beach, Mayor Dina Long of Sea Bright, Mayor Michael Mahon of Oceanport, Mayor Jennifer Naughton of Spring Lake, and Mayor Michael Ryan of Lake Como.

Keeping with the traditional *MICD* format, participating mayors each presented Sandy-related design challenges from their boroughs. Case study projects covered topics such as beach access, complete streets, water eco-systems, and flood walls. Over the course of two days, mayors presented their projects, and the gathered group gave feedback that included design ideas and implementation suggestions. As the days progressed, it became increasingly obvious that there would be no simple solution for any of the projects. The very nature of urban design requires a non-linear approach, and this is magnified in the post-Sandy landscape. There were certainly recommendations that the mayors can implement quickly that will make a significant impact, but in order to see systemic change, a regional, long-range approach is necessary. In the weeks after the Institute, *MICD* heard from mayors that the seeds for that cooperation were planted at the *MICD*, and that many of the communities are now working together to address long-term needs for the Jersey Shore.

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<sup>9</sup> “The Mayors’ Institute on City Design” brochure; National Endowment for the Arts, The American Architectural Foundation, and The U.S. Conference of Mayors; 2008.

<sup>10</sup> The American Architectural Foundation; website posting: <http://www.archfoundation.org/2013/01/a-21-mayor-salute/>.

**Citizens' Institute on Rural Design (CIRD)**

*CIRD* is an opportunity for not-for-profits, community organizations, and local governments to tackle critical rural design issues by bringing professionals to their community for a multiday design workshop. *CIRD* (formerly known as "Your Town") was created by the NEA in 1991 in conjunction with the National Trust for Historic Preservation. Since that time, 60 workshops in all regions of the country have been held to enhance the quality of life and economic viability of rural areas through planning, design, and creative placemaking.

Beginning July 1, 2012, *CIRD* became a partnership among the NEA, the U.S. Department of Agriculture Rural Development agency, and Project for Public Spaces, along with the Orton Family Foundation and the CommunityMatters® Partnership.

*CIRD* brings together rural community leaders in two-and-a-half-day workshops to address design issues ranging from Main Street revitalization, arts-based development strategies, heritage preservation, and land and agricultural conservation to growth management, transportation, and subdivision design. Experts in planning, architecture, landscape architecture, historic preservation, transportation, economic development, creative placemaking, and related fields are invited to participate as appropriate. These experts are engaged to work specifically on the issues identified by a community through the problem-solving lens of design.

*CIRD* works with communities with populations of less than 50,000. This includes towns in a non-metropolitan county or in a metropolitan county on the urban fringe. Past organizations that have hosted a workshop include university community design centers, chambers of commerce, county governments, main street organizations, local preservation organizations, historical societies, and other 501(c)(3) groups. Communities apply through an open request for proposal (RFP) to *CIRD*, identifying the design issues they want to tackle during the workshop. Four workshops are chosen each year, and lessons learned from the workshop are developed into tools for other communities, which are distributed through the initiative's new website: [www.rural-design.org](http://www.rural-design.org).

The four 2013 workshop hosts are: Central Appalachia Institute for Research and Development, Inc.; Rochester Regional Community Design Center; University of Florida Institute of Food and Agricultural Sciences, Suwannee County Extension; and City of Seguin, Texas. Two of the workshops will address the role design can play in revitalizing declining downtowns: Lima, New York (population 2,137) will focus on physical improvements and economic development strategies, and Live Oak, Florida (population 6,918) will focus on redevelopment and rebuilding after a natural disaster. The workshop in Appalachian Eastern Kentucky (population 21,931) will integrate arts and culture into existing community plans, raising awareness about the potential of artisans and craft industries to serve as an economic engine for a fifty-four county region. The workshop in Seguin, Texas

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(population 25,674) will be centered around the design and public health benefits of a new waterfront trail for a low-income community suffering from high rates of obesity and limited options for walking, biking, or transit.

**To Promote Public Knowledge and Understanding about the Contributions of the Arts**

As federal, state, and local policymakers assess the place of arts and culture in their programs and budgets, they seek authoritative evidence about the arts' contributions to social, economic, and civic outcomes. The NEA remains the primary national source for data and analyses about the U.S. arts sector. Increasingly, the agency has aimed not only to explore the factors and conditions affecting arts participation and art-making, but also to document the impact of the arts on American lives and communities.

Further credible and evidence-based information about the value and/or impact of the arts will enable the NEA, in turn, to pursue its overall mission more effectively. Some of that knowledge will bear directly on the agency's work in supporting arts creation, arts participation, lifelong learning in the arts, and the arts' integration with civic and community life. Other research findings will influence national and community-level indicators of creative and cultural vitality, allowing policy-makers to become better informed about the distinctive contributions the arts make to society. Primarily through its Office of Research & Analysis (ORA), the NEA is taking a leadership role in initiating dialogues and information-sharing about arts and culture.

In particular, the Arts Endowment is communicating knowledge – about the value and/or impact of the arts – to other federal agencies and departments to complement their efforts to serve the American people. Internationally, the NEA raises awareness among other countries and cultures about the exemplary offerings of American artists; conversely, the agency provides opportunities for Americans to expand their knowledge and understanding about the arts and culture of other nations. Such efforts – whether across government or across national boundaries – can significantly extend the reach and impact of the arts.

The NEA also considers its Public Affairs office a significant part of the effort to promote understanding about the contributions of the arts to all Americans. This approach is three-fold. One, public affairs specialists work with journalists in print, online, and broadcast media across the country, placing stories about the programs and projects we support. Two, the office is responsible for producing publications that tell the stories of artistically excellent projects, pinpoint trends in various artistic fields, both qualitatively and quantitatively, and disseminate arts-focused research. Three, through its website and social media channels, the Public Affairs office encourages and hosts discussions around topics of interest to various disciplines and communities, highlights exceptional arts projects and artists across the country, and shares examples of best practices across disciplines.

Outcome #1: Evidence of the Value and Impact of the Arts is Expanded and Promoted

The Agency will share relevant findings and raw data with the public through publications, presentations, convenings, and news and social media. These efforts will bring cohesion to ongoing cultural research endeavors spanning many different disciplines across the United States. In tracking this work, the NEA is paying close attention to cutting-edge research strategies and is encouraging a new generation of arts and cultural researchers.

In keeping with the Agency's increased emphasis on research activities, a thorough accounting of FY 2013 NEA research activities can be found in the Research and Analysis section later in this document.

Outcome #2: Partnerships Increase the Domestic and International Impact of the Arts

As the Federal government's lead agency in supporting the arts, and as its primary sponsor of arts-related research, the Arts Endowment is a vital resource for domestic and international organizations that have common cause with the NEA.

At the Federal level, the Arts Endowment can communicate knowledge about the value and impact of the arts to other agencies and departments to complement their efforts to serve the American people. In recent years, the NEA has formed strategic partnerships with the Departments of Education, Agriculture, Health and Human Services, Defense, Interior, and State, in addition to working with the Institute of Museum and Library Services, the National Endowment for the Humanities, the National Science Foundation, the Smithsonian Institution, the Library of Congress, the National Park Service, the Environmental Protection Agency, and the Departments of Transportation and Housing and Urban Development, among others.

Specifically, the NEA is pursuing the following strategies to achieve this outcome:

- 1) Identify Federal agencies that perceive great value in enhancing the role of arts in their program planning and cultivate relationships with those agencies, as we have with the recently-announced interagency research task force on the arts and human development.
- 2) Identify international partners (e.g., non-profit organizations, non-governmental organizations, foreign ministries of culture) that have the means, opportunity, and inclination to pursue a strategic goal shared by the NEA and cultivate relationships with those organizations.
- 3) Work efficiently and effectively with the State Arts Agencies and Regional Arts Organizations to develop strategies that can help the Agency achieve this outcome.

**Here are several examples of Federal Partnerships that *increase the domestic impact of the arts*:**

***NEA / Walter Reed Healing Arts Partnership***

The NEA and Walter Reed National Military Medical Center have formed the [\*NEA / Walter Reed Healing Arts Partnership\*](#) to explore how creative arts therapy and arts engagement programs can improve health and well-being in military healthcare settings.

Since 2011, the *NEA / Walter Reed Healing Arts Partnership* has supported creative arts therapies across disciplines for patients at Walter Reed National Military Medical Center. This includes music and writing therapy for troops as part of the clinical treatment of patients at the National Intrepid Center of Excellence (NICoE), a DOD institute dedicated to providing cutting-edge evaluation, treatment planning, research and education for service members and their families dealing with the complex interactions of the signature wounds from the Afghanistan and Iraq wars: Traumatic Brain Injury (TBI) and psychological health conditions.

Positive health outcomes from these programs have gained attention from leaders at military treatment facilities beyond Walter Reed's Bethesda, Maryland campus. In 2013, the Fort Belvoir Community Hospital Traumatic Brain Injury Clinic's Director of Rehabilitation Services wrote a letter to the Walter Reed NICoE and the NEA expressing interest in establishing similar art therapy services at the Fort Belvoir NICoE satellite in Virginia. As a result, the NEA and Walter Reed's NICoE are working together with Fort Belvoir on the design of a 90-day pilot to explore how these interventions can assist in decreasing post-war-related illness and injury among patients at this new military treatment facility.

The NEA and Walter Reed have also co-developed a strategic plan to advance public understanding of the role that arts-related therapies can play in military healthcare. Specifically, both agencies are working together to implement clinical research and evaluation of the potential health benefits these interventions may provide for troops with TBI and Post Traumatic Stress, and to enhance the readiness, resilience, recovery and reintegration of military wounded, ill, and injured

The NEA supported creative-writing workshops were inspired by the NEA's acclaimed program *Operation Homecoming: Writing the Wartime Experience*, which launched in 2004 to help U.S. troops and their families write about their wartime experiences in Afghanistan, Iraq, and stateside.

The NEA / Walter Reed Healing Arts Partnership is a collaboration between the NEA and DOD. The Boeing Company has supported NEA-led creative writing programs for the military since 2004, and continues to support creative writing activities in non-clinical settings at Walter Reed.

**Blue Star Museums**

[Blue Star Museums](#) is a collaboration among the Arts Endowment, Blue Star Families, the Department of Defense, and more than 2,000 museums in all 50 States, the District of Columbia, Puerto Rico, and American Samoa to offer free admission to the nation's active military personnel including National Guard and Reserve and their families from Memorial Day through Labor Day. This past year, more than 500,000 military family members benefitted from the program. Participating museums include children's museums, fine art museums, history and science museums, and nature centers. The program provides families an opportunity to enjoy the nation's cultural heritage and learn more about their new communities after completing a military move. Leadership support has been provided by MetLife Foundation through Blue Star families.

**Federal Interagency Task Force on the Arts and Human Development**

Beginning in 2011, the NEA has convened a [Federal Interagency Task Force on the Arts and Human Development](#) to encourage more and better research on how the arts can help people reach their full potential at all stages of life. Partnering with the NEA, Task Force members represent multiple units across federal government, including:

- Corporation for National and Community Service
- HHS/Administration for Children and Families
- HHS/Administration on Aging
- Department of Education/Office of Innovation & Improvement
- NIH/National Center for Complementary and Alternative Medicine
- NIH/National Institute on Aging
- NIH/Office of Science Education
- NIH/Office of Behavioral and Social Sciences Research
- NIH/National Institute of Child Health and Human Development
- NIH/National Institute of Mental Health
- NIH/National Institutes of Health Library
- Institute of Museum and Library Services
- Substance Abuse and Mental Health Services Administration
- National Science Foundation/Science of Learning Centers
- National Endowment for the Humanities
- VA Office of Patient Centered Care and Cultural Transformation
- Walter Reed National Military Medical Center

To date, the Task Force has met quarterly to share ideas and information about research gaps and opportunities for understanding the arts' role in improving health and educational outcomes throughout the lifespan. The Task Force has conducted a series of public webinars to share compelling research, practices, and/or funding opportunities for research in the arts and human development. The final webinar of FY 2013 was held on July 25<sup>th</sup> to discuss music education and neuroscience.

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Neuroscience has helped to demonstrate the work of innovative music-education programs around the country. Dr. Nina Kraus, principal investigator at the Auditory Neuroscience Lab at Northwestern University, discussed her latest findings on music learning and brain development as they relate to Harmony Project, an award-winning organization that provides research-based music education to at-risk youth in Los Angeles, California.

In November 2012, four Task Force member agencies hosted a first-ever convening at the National Academy of Sciences to review the current state of research on the arts, health, and well-being in older Americans. On February 20, 2013, the Task Force conducted a [webinar](#) to announce [a summary paper](#) on the Arts & Aging Research Workshop and featured discussions on the latest investigations and programs on arts interventions for older adults.

**National Arts and Humanities Youth Program Awards**

*National Arts and Humanities Youth Program Awards* is a cooperative venture among the Arts Endowment, the Humanities Endowment, the Institute for Museum and Library Services, and the President’s Committee on the Arts and the Humanities. The \$10,000 awards, which are conferred by the First Lady at a White House ceremony, recognize and focus national attention on exemplary after-school programs fostering the creative and intellectual development of America's children and youth through education and practical experience in the arts or the humanities. Here are two examples of the awards made in FY 2013:

- The **Boston Children’s Chorus, in Boston, Massachusetts**, is an innovative arts education organization that unites area children ages 7-18 across differences of race and socioeconomic status to participate in intensive choral and musicianship training, youth leadership development, and mentoring, and performing experiences locally, national, and internationally. Founded in 2003 with only 20 children, the BCC now serves 450 singers in twelve choirs at five levels in five Boston locations. BCC offers a comprehensive, sequential music education curriculum, the Rapid Achievement Practicum, which involves sustained learning in music theory, sight-singing, and ear-training. The program provides youth with five levels (training, intermediate, choral union, advanced, and premier) of after-school music education and choir rehearsal/performance programs. Called the “Ambassadors of Harmony” by the Boston Globe, BCC has garnered significant local and national media exposure. Among the program’s accomplishments, 100% of BCC participants graduate from high school, and 100% of graduates have been accepted to colleges, conservatories, and other post-secondary programs.
- In **El Paso, Texas**, **Creative Kids** operates **Project AIM** at Providence Children’s Hospital, where art is being used as a non-invasive psychological escape from the trauma associated with medical treatments, specifically for pediatric oncology patients ranging in age from 6-18. Project AIM, a



thirteen-year program, is nationally recognized through the National Endowment for the Arts as a “Best-Practice Model” for Arts in Healthcare Programming. The curriculum includes painting on canvas, printmaking, and graphic design. Engagement of patients in the visual arts helps de-institutionalize the sterile hospital setting and provides a humanistic and creative surrounding to help relieve stress and anxiety of patients, families, and staff. The program aims to improve morale and provide coping skills. In addition, it provides year-round exhibitions at various venues in the El Paso community that showcase the artwork and products created and designed from the children whose lives are touched by cancer.

Internationally, the NEA can raise awareness among other countries and cultures about the exemplary offerings of American artists. Alternatively, the Agency can expose American audiences to new and exciting works being created abroad. Whether working through the U.S. State Department with government arts agencies in China, Japan, Pakistan, or Egypt – or bringing American art to audiences in Russia or Mexico – the Arts Endowment historically has played both formal and informal roles in cultural diplomacy through the arts.

**Other Federal Partnership activities:**

- **USDA and the [Citizens’ Institute on Rural Design](#)** (discussed elsewhere in this report). The department officially joined CIRDC as a project partner in 2012 to help rural communities with populations of 50,000 or fewer enhance their quality of life and economic vitality through facilitated design workshops. The department's Office of Rural Development is engaging its nationwide network of local offices to support the institute.
- **Department of Commerce's Bureau of Economic Analysis (BEA) and the NEA** announced in October 2012 that for the first time the American creative sector will be measured on a macroeconomic level. The BEA and the NEA will develop an [Arts and Cultural Production Satellite Account](#) to identify and calculate the arts and culture sector's contributions to the Gross Domestic Product.
- **HUD and the [Hurricane Sandy Taskforce](#)**: The NEA served as a special partner to HUD on **[REBUILD BY DESIGN](#)**, a multi-stage regional design competition, providing critical expertise and guidance to shape and launch the competition, as well as serve as subject matter experts for the selection process. The NEA built on this work by launching a [Mayors' Institute on City Design](#) session targeting smaller communities along the New Jersey shore.
- **Department of Justice's Federal Bureau of Prisons and artist residency programs at federal correctional institutions.** Jointly funded by the NEA and the Federal Bureau of Prisons, this partnership offers opportunities for artists to develop their art (artists have studio space in the institutions), and provides arts

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programs for incarcerated individuals who would not otherwise have opportunities to experience the arts.

**Here are some examples of Partnerships that *increase the international impact of the arts*:**

- ***USArtists International***, in partnership with Mid Atlantic Arts Foundation, supports performances of American dance, theater, and music ensembles at international festivals abroad. Additional funding is provided by the Andrew W. Mellon Foundation. This public-private partnership is the only national source of support available for American artists invited to perform at international festivals. In FY 2013, 74 organizations were supported for festival performances that included 1,238 American artists performing in 55 countries over 6 continents. These artists offered audiences abroad a dynamic and diverse representation of the non-profit cultural sector in the United States. The iconic Dance Theatre of Harlem had its first international performances in almost a decade at the Izmir International Festival in Izmir, Turkey. After an eight-year hiatus, the company resumed performance and touring in the fall of 2012. This Izmir Festival engagement, supported by *USArtists International*, was pivotal in reclaiming the company's place on the world stage. DTH reached audiences of approximately 4,000 people in Izmir, including many international producers and presenters.
- ***ArtsLink Residencies***, in partnership with CECArtsLink, the Kettering Fund, and the Ohio Arts Council, provide support for U.S. cultural organizations to host five-week residencies for artists from Central Europe, Central Asia, the Balkans, Russia, and the Middle East. All residencies include substantive opportunities for the visiting arts leaders to engage with the local community. The most recent fully completed round of residencies occurred during October-November 2012, and were for visual artists and arts managers. The Dayton Art Institute was the host institution for *ArtsLink* fellow, Sergiy Petlyuk from Kiev, Ukraine. DAI arranged programmatic and social events for Sergiy to interact with Dayton artists, and one of them, Ryan McCollough was Sergiy's collaborator during the residency. Sergiy's works sparked discussion about social interactions in city centers of Central Europe and the US, and the use of public spaces in Dayton. Sergiy's perceptions and views sparked new conversations among local artists, DIA members, and the broader community as they looked at their city together.
- ***Southern Exposure: Performing Arts of Latin America***, in partnership with the Mid Atlantic Arts Foundation and the Robert Sterling Clark Foundation, supports consortia of U.S. arts organizations to present exemplary contemporary and traditional performing artists from Latin America to a broad range of communities across the United States. The programming includes extensive activities to engage the visiting Latin American artists with the local community. The structure of *Southern Exposure* allows presenters to realize cost efficiencies through the sharing of expertise and project expenses. Projects are comprised of a lead presenter and at least two partner presenters in different cities or States. In 2013, two consortia projects were funded, including 8 presenters across 6 States

and the District of Columbia, for projects that will take place in 2014. Projects include experienced presenters acting as anchor organizations, thus allowing smaller and less experienced presenters to bring the international artists to their communities with strong programs.

A vital element of the *Southern Exposure* model is a commitment to community engagement so that local people have the chance to interact with the visiting artists. In 2012, GALA Hispanic Theatre, in DC, received support from Southern Exposure for the presentation of the work *Amarilo*, created and performed by the Mexican theater company Teatro Linea de Sombra; the theme of work related to immigration. TLS's approach to the topic was highly visual and visceral; through minimal dialogue, chanting, and creative video projections, the audience visualized and felt the experience of the Everyman character travelling north. GALA planned specific opportunities for TLS to share this creative process with different parts of the DC community, including teen performances and a panel at a local university. In a new community connection, GALA reached out to the Central American Resource Center, CARECEN, an organization that assists immigrants in areas such as legal services. In a TLS workshop, immigrants used theater to explore their creativity and tell the stories of their journeys.

## **State and Regional Partnerships**

**Forty percent (40%) of the Agency's grantmaking funds are awarded to the State Arts Agencies (SAAs) and their Regional Arts Organizations (RAOs) through Partnership Agreements.** In recent years, nearly 5,000 communities have been served each year through grants made possible by these agreements.

Partnership funds to SAAs and RAOs are used for grantmaking and special initiatives in areas such as arts education and reaching underserved communities, and for staff and/or administrative support. Here are some examples of recent activity carried out with NEA Partnership funds:

### ARIZONA

The Arizona Arts Commission has developed two new initiatives. *Arizona Art Tank* will deliver funding to Arizona's best arts-based entrepreneurial ventures, through live community events wherein proposals are pitched to panels made up of community leaders, elected officials and arts experts. *Community Catalyst Grants* will provide seed funding to rural public/private partnerships supporting mutually-beneficial community solutions in areas of cultural tourism, creative placemaking or economic development.

Arizona is home to 22 federally recognized Indian Tribes/Nations, all of which are sovereign entities and hold a quarter of the state's land. The Arts Commission works in close partnership with the Tribal Liaison at the Arizona Office of Tourism, and delivers service to this diverse constituency through grantmaking to tribal museums and by supporting tribal cultural tourism through leadership in professional development and dialogue.

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CALIFORNIA

The California Arts Council has committed at least 50% of its program budget to supporting arts education. Inspired by participation in NEA's 2011 Education Leaders Institute (ELI), representatives from the CA Arts Council, the CA Department of Education, the County Superintendents Educational Services Association, and the CA Alliance for Arts Education formed *CREATE CA* (Core Reform Engaging Arts to Educate) and adopted the *California Challenge* to ensure each student reaches his or her full potential by broadening California's educational focus to include innovation, economic development, and creativity. The coalition has produced the *Arts Education Task Force Report* and the soon-to-be-published *Blueprint for Creative Schools: How the Arts and Creative Education Can Transform California's Classrooms*.

CONNECTICUT

The Connecticut Department of Economic and Community Development's (DECD) strategy to attract young creative individuals to the state is predicated on leveraging the arts to foster and sustain vibrant communities. The Connecticut Office of the Arts (COA), a part of the DECD, has become a central player in this transformative economic strategy and has focused its programmatic efforts on creative placemaking; highlights include:

- In FY13, COA launched its *Arts Catalyze Placemaking* (ACP) pilot which focuses on new thinking centered on placemaking, relevance, and inclusivity. Notably, ACP: 1) broadened applicant eligibility; 2) opened opportunities for artists; 3) encouraged cross-sector partnerships and community engagement; 4) compelled applicants toward deeper intentionality and purposeful program design; and 5) initiated a new e-granting system.
- The *Create Here Now Initiative* helps communities develop replicable creative placemaking strategies by positioning artists as community leaders and educating communities on ways to leverage pre-existing assets to stimulate economic development through the arts. Each community responds to its distinctive needs by using the arts in a unique way.

Immediately following the shootings in Newtown, COA staff became involved in the healing process, taking a leadership role in planning and creating the Healing Newtown Arts Center (HNAC), its web site, and related activities to facilitate, support, and coordinate arts-focused efforts made on Newtown's behalf. HNAC has become a hub of energy, enthusiasm and comfort, and its presence is a bright spot where one is truly needed. In partnership with the municipally appointed volunteer members of the Newtown Cultural Arts Commission, The Cultural Alliance of Western Connecticut, and generous support from the NEA, COA remains committed to Healing Newtown, which continues to draw and engage citizens in the process of healing through the arts.

KANSAS

Kansas Creative Arts Industries became eligible, for the first time in two years, to receive an NEA Partnership grant. The agency awarded its first round of grants comprising 22 awards equaling \$436,000 in the following categories: Creative Economy Project

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Support, Strategic Investments, and Arts Integration. The agency resides in the Kansas Department of Commerce and is focused on promoting, supporting, and expanding the creative industries sector in Kansas.

MAINE

The Maine Arts Commission's *Traditional Arts Program* encompasses an Apprenticeship Program, a Fellowship Program, and community-based projects funded through the Celebrate Traditional Arts program. The Commission provides direct support and services to many diverse communities and a wide range of traditional artists and art forms including Franco American music, Passamaquoddy basketry, Acadian woodcarving, and Yankee wooden boat building.

The Maine Arts Commission's *Creative Aging* initiative serves the state's elders by conducting a needs assessment for services; providing professional development in the field of creative aging; developing evaluation instruments and asset maps; convening and coordinating with other state agencies and organizations; and establishing partnerships to support the Creative Aging program. The Commission partners with the Geriatric Education Programs at the University of Southern Maine and the University of New England to conduct the *Living Arts-Living Well Studio*, in which elder Master Artists from the Commission's Traditional Arts Apprenticeship Program travel to hospitals and assisted living centers to share the positive impact that their life as an artist has had on the aging process.

MARYLAND

The Maryland State Council on the Arts' *Community Arts Development Program* ensures statewide access to the arts. The Council provides funding and technical assistance to each of Maryland's 23 County Arts Councils and Baltimore City to serve artists, arts organizations and audiences throughout their communities and to encourage local decision making, arts services, arts activities, and funding for the arts at the local level.

Maryland has been a pioneer in the development of Arts/Entertainment/Cultural districts as an economic development strategy that uses the arts to build communities, support jobs, enhance tourism, and increase overall quality of life. Since 2001, Maryland's Arts & Entertainment Districts have provided rural, suburban, and urban Maryland localities with tax incentives to attract artists, arts organizations, and other creative enterprises to locate within a district.

To leverage the strength of the state's diversity, the Maryland State Council on the Arts has deepened support for its signature *Maryland Traditions* program and has established the *Maryland Traditions Folklife Festival*. An annual event, the Festival is a free, day-long celebration, featuring workshops and demonstrations, performances on two musical stages, and an array of distinctive Maryland food and craft vendors. Audiences have grown to more than 5,000 in just three years.

NORTH CAROLINA

The North Carolina Arts Council's *Traditional Arts Program for Students* (TAPS) provides elementary through high school students with free or low-cost, long-term, after-

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school instruction in an art form with deep cultural roots in their communities. The program features small group instruction, supervised practice sessions, and performance or exhibit opportunities. TAPS includes 13 Junior Appalachian Musicians (JAM) programs that provide students with weekly instruction in traditional music taught by local musicians. Other TAPS programs include instruction in Seagrove's famous pottery traditions, the ethnic arts of the Haliwa-Saponi Indian tribe, and the arts of the urban immigrant Korean population. Eastern Lenoir County hosts a jazz and funk TAPS program taught by musicians, documented through the *African American Music Trails* project.

To better address the needs of rural communities, the North Carolina Arts Council created the *Focus East Initiative* to address the needs of the state's 38 mostly rural eastern counties which have lagged behind other regions in arts development and grant funding. The Council hired a coordinator to work extensively in the region for five years. Through Focus East, the Council has nearly doubled project grant funding in the region and developed several major initiatives including the African American Music Trails. Additionally, new arts councils were established in Greenville and Wilmington, and five arts councils in the region have moved into new or renovated permanent facilities.

The centerpiece of the North Carolina Arts Council's arts in education efforts is the *A+ Schools Program*, one of the most respected and successful whole school reform models in the nation. A+ uses dance, drama, music, visual art, and creative writing for arts-integrated instruction in every subject area. The majority of A+ Schools are designated Title I. These schools continually demonstrate scholastic achievement at or above the state average while teaching a fuller curriculum than many other schools. The A+ program provides ongoing professional development for A+ teachers; conducts retreats for principals, coordinators, and Teaching Fellows; and directs the three-year training curriculum for new schools. The program relies on a strong partnership with NC Department of Public Instruction, which created a staff position to collect data, conduct research, and keep teachers up to date on the state's curriculum standards.

*NORTH DAKOTA*

The North Dakota Council on the Arts' (NDCA) long-running *Art for Life* program places artists in nursing homes and assisted living centers for an extended period of time. The program was the result of a two-year therapeutic arts assessment in 2003. The program began with three community programs. By the end of 2014, the NDCA will be in partnership with nine communities, ten local arts councils, and 12-14 elder care facilities.

The North Dakota Council on the Arts has maintained a twelve-year partnership with Amtrak and the National Park Service (NPS) in their *Trails and Rails* program, placing a performing artist on Amtrak as it goes through western North Dakota. In recognition of the success of this program, the NDCA received the very first National Partnership Award given by the National Park Service at the 2013 statewide arts conference.

Since 2003, the North Dakota Council on the Arts has conducted an international school exchange with Iceland. The largest population of Icelandic heritage outside of Iceland lives in the northeastern corner of North Dakota. As a result of this residency program,

NDCA has also assisted in the production of an Icelandic artist exhibition at the North Dakota Museum of Art, a photographic exhibition by a North Dakota artist in Reykjavik, Iceland, and a documentary produced by Prairie Public Broadcasting on that artist's trip to Iceland. The NDCA plans to expand the program into Canada through a partnership with the Manitoba Arts Council and Prairie Public Broadcasting.

## **Other Initiatives**

NEA initiatives provide an opportunity for the Arts Endowment to address special artistic or cultural needs – whether field- or geography-based. Highlights of current initiatives, not discussed elsewhere in this report, follow.

### *NEA Jazz Masters*

The National Endowment for the Arts celebrates jazz as America's truly indigenous musical art form through its *NEA Jazz Masters* initiative. Since its inception in 1982, 128 awards have been made to honor musicians and advocates who have dedicated their lives to the music. The program expanded in 2005 to raise awareness of America's rich jazz heritage and encourage its nurturing and future growth through added nationwide educational and performance components, targeting audiences of all ages and backgrounds. The initiative further expanded in 2008, with the addition of the NEA Jazz Masters Live component, through which more than 48 individual NEA Jazz Masters have been presented in some 32 venues throughout the United States, reaching nearly 161,000 people with performances, master classes, clinics, lectures, and short term residencies.

### *National Heritage Fellowships*

The *NEA National Heritage Fellowships* were established to recognize lifetime achievement, artistic excellence, and contributions to our Nation's folk and traditional arts heritage. The Arts Endowment annually awards these one-time-only Fellowships to master folk and traditional artists. FY 2012 marked the 31<sup>st</sup> anniversary of this initiative; since its beginning in 1982, more than 370 Fellowships have been awarded to traditional artists residing in 49 States (all except Delaware), the District of Columbia, Guam, the U.S. Virgin Islands, Puerto Rico, and the Northern Mariana Islands.

## **Research and Analysis**

The NEA's Office of Research & Analysis (ORA) aims to provide statistically reliable information that allows arts administrators, policy-makers, educators, civic leaders, artists, journalists, and the general public to participate in an evidence-based dialogue about the role and vitality of arts and culture in the United States.

### *NEA Strategic Plan Development*

In 2013, ORA coordinated agency revisions to the FY 2014-2018 Strategic Plan, to bring the document and related performance measurements into alignment with new OMB requirements. An initial draft of the revisions has met with OMB approval, and is expected to be submitted in final form in December 2013. Meanwhile, ORA is still

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implementing NEA-wide performance measures it had established for FY 2012-2016, as many of them will continue under the new plan. They include:

- ***Independent, Post-Award Reviews.*** The Agency has conducted a pilot test for post-award, independent, citizen-expert reviews of selected NEA grants to determine the degree to which the NEA objective of creating excellent art was achieved. The pilot test was designed to develop a replicable, scalable process for examining grants awarded for the creation of art to evaluate the degree to which NEA-supported projects demonstrated excellence. Results from the pilot, currently under review, are expected to inform full-scale implementation in 2014.
- ***Grantee Audience Surveys.*** The Agency is in the second phase of a pilot test investigating methods for surveying audiences in attendance at art performances or exhibits funded by NEA grants. The purpose of these surveys is to gauge the nature and extent of audience response to these art experiences and to collect enough additional information about audience members and their prior exposure to similar events to conduct a detailed analysis of the impact of NEA-funded presentations. Results from the pilot will be collected and analyzed to ensure full-scale implementation in 2014.
- ***Grant Application Guidance Survey.*** After pilot-testing, the NEA continued to administer this survey after each grant application deadline to assess applicant perceptions of the grant application guidance provided by the NEA. The overall applicant satisfaction rate across all programs was a very positive 81.4%.

In general, the NEA Strategic Plan elevates the research and evaluation functions throughout the Agency, in service of the strategic goal: “To Promote Public Knowledge and Understanding about the Contributions of the Arts.”

*NEA Research Publications and Data Products*

In FY 2013, the Office of Research & Analysis issued the following publications, based on original analyses that the office conducted or commissioned:

- ***How a Nation Engages with Arts: Highlights from the 2012 Survey of Public Participation in the Arts*** - This report showcases the rich variety and demographic reach of arts and cultural activities across the country, by providing both a statistical snapshot and a long-term perspective of adults' involvement in the arts.
- **2012 Survey of Public Participation in the Arts (SPPA) datasets and a "challenge" opportunity** - The NEA posted to its website not only the raw data and metadata concerning the 2012 SPPA, but also a combined data file for the entire 1982-2012 SPPA, covering past iterations of the survey. To extract more value from this resource, the NEA concurrently issued a [data visualization challenge](#) to the public for useful and creative applications to result from the survey data.



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Performance and Impact*

- ***Valuing the Art of Industrial Design: A Profile of the Sector and Its Importance to Manufacturing, Technology, and Innovation*** - This report establishes industrial design (or commercial design) as a sector whose workforce, industries, economic output, geographic concentration, and relationship to manufacturing can be quantified with extant datasets. It further shows industrial design as measurably linked to product innovation. The White House blog ran a post on the report upon its release.
- ***Arts Data Profile #1: Artists in the Workforce*** - The first in a series of web-based introductions to arts-related datasets, this product presented findings, infographics, and related research resources about the Equal Employment Opportunity (EEO) data tables with regard to U.S. artists.
- ***Creative Communities: How Art Works in Economic Development*** - This book presents a series of economics papers commissioned by the NEA as part of its May 2012 collaboration with the Brookings Institution to sponsor a conference, "The Arts, New Growth, and Economic Development."
- ***The Arts and Aging: Building the Science*** - This report summarizes findings presented at a September 2012 National Academy of Sciences workshop cosponsored by the NEA and the National Institutes of Health to investigate research gaps and opportunities regarding the arts' potential benefits in elderly populations.

*Other NEA Research Projects*

During FY 2013, NEA's Office of Research & Analysis began or continued work on a number of other significant projects, among them:

- **National Children's Study (NCS) Arts Module.** The NEA obtained approval from the federal study's organizers to include arts-related questions in a survey administered to parents of young children enrolled in an ongoing vanguard study. Data resulting from the questions will inform development of similar survey instruments for the main NCS, and will allow researchers to study the role of arts exposure in helping young children achieve positive well-being outcomes later in life.
- **Health and Retirement Study (HRS) Arts Module.** The NEA obtained approval from the study's organizers to include arts-related questions about arts exposure and personal attitudes about the arts so that the 2014 data can be compared with other older-adult variables (demographic and behavioral) in the survey.
- **American Housing Survey (AHS) Arts Module.** Submitted a proposal and literature review to the U.S. Department of Housing & Urban Development to ask

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AHS respondents about the arts' role in their neighborhood preferences. The proposal is currently pending review.

- **Arts and Community Indicators Study.** Conducted a validation study of a series of national-level indicators that characterize the relationship between the arts and livability for the purpose of tracking long-term progress toward achieving "creative placemaking" goals. In 2013, the NEA worked on producing technical documentation to support use of the indicators; the agency also commissioned an inventory of local data indicators around creative placemaking.
- **Arts Research from the General Social Survey (GSS).** Engaged with a contractor to develop a report and web-based "arts data profile" page on arts-related research results throughout the survey's history. This product will include findings from the 2012 GSS arts module survey, designed by the NEA to track Americans' motivations and barriers for arts attendance.
- **Arts Research Grants Opportunity.** Adjudicated, recommended for funding, and awarded the Agency's second wave of grants in the *Research: Art Works* category. These grants support research on topics including: the relationship of personal interest in the arts to entrepreneurship and innovation in the workplace; the impact of arts education on high school education and college attainment; and the needs and support systems of culturally specific organizations in the U.S. and Canada.
- **National Arts and Cultural Data Repository.** In FY 2013, the NEA designed specifications for a national data repository to house the contents of the Cultural Policy and the Arts National Data Archive (CPANDA), which is in the process of being transferred from Princeton University to the NEA.

*Strategic Partnerships*

In addition to the activities that NEA's research office undertakes directly and with contractor assistance, in recent years the ORA has established a number of strategic partnerships expected to yield benefits for years to come:

- **Federal Statistical Agencies.** Contributing toward "core" sponsorship of the National Academies' Committee on National Statistics (CNSTAT), to foster a dialogue with roughly 20 Federal statistical agencies about potential partnerships and data-sharing agreements that can benefit arts and cultural researchers, practitioners, and policy-makers. Further, the NEA presented before members of the Federal Interagency Forum on Aging-Related Statistics about the inclusion of arts-related metrics in the next version of the chart-book *Older Americans 2012: Key Indicators of Well-Being*.
- **Bureau of Economic Analysis (BEA).** In December 2013, the BEA will release the initial work-product from its year-long collaboration with the NEA to create an Arts and Cultural Production Satellite Account (ACPSA). The product

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consists of preliminary ACPSA estimates for 1998-2011, but it will be augmented by NEA-authored technical documentation as well as a web-based "arts data profile page" sharing analysis and additional data sources with the general public.

- **Interagency Task Force on the Arts and Human Development.** Now including members from 17 federal departments, agencies, offices, or divisions, this NEA-led coalition meets quarterly to catalyze new research opportunities and information-sharing around the arts and well-being outcomes at all stages of the lifespan. In FY 2013, significant Task Force activities included:
- Releasing *The Arts and Aging*, a publication summarizing results of a September 2012 National Academy of Sciences research workshop sponsored by the NEA and three National Institutes of Health entities. In addition, the NEA has consulted with NIH agency staff, in the wake of this publication, on potential ways to grow research opportunities around the arts and aging.
  - Coordinating communications among authors of the papers commissioned for the NEA/NIH/NAS workshop, to ensure their findings reach the public. To date, four of the five papers are in various stages of submission to or production at peer-reviewed scientific journals.
  - Gaining acceptance of an NEA/NIH abstract submission to the Gerontological Society of America to co-host a research symposium on the arts and aging, at the Society's annual meeting in November 2013.
  - Holding quarterly public webinars showcasing high-quality research and practice, and new research funding opportunities concerning the arts and human development. Several Task Force member agencies contributed staff speakers and expertise to these events, which fielded questions and comments from members of the public.
  - Launching a literature and gap-analysis to inform a 2014 research publication on the arts and childhood development.

### **Performance Tables: FY 2009-2011**

The data in the tables that follow relate to performance goals and indicators contained in applicable Performance Plans for the fiscal years 2009-2011, which had different goals and measures from 2012 and 2013. It is important to consider the following as one examines the tables.

**First, we have determined that approximately 24 months must pass after the close of a fiscal year before sufficient information is received to fully assess the accomplishments of that year.** The table below shows the trend of final report submissions (excluding grants awarded through the American Recovery and Reinvestment Act of 2009) over the most recent five-year period.

Fiscal Year	# of Months Since Close of Year	# of Months Above or Below 24 Month Benchmark	% of Final Reports Received as of September 30, 2013
2009	48	24	98%
2010	36	12	97%
2011	24	0	91%
2012	12	-12	54%
2013	0	-24	10%

**Second, we rely upon information provided by our applicants and grantees when making projections.** Performance projections rely upon information provided by our grantees – reflected in application forms, revised project/budget forms, and final reports. By the time we consider the Performance Report for a given fiscal year to be “final,” all the performance data come from grantee final reports.

**Third, eligible applicants to the Arts Endowment have full discretion in choosing the funding area from which to seek support, and in determining the nature of their projects.** From year to year, applicant interests may change from one area to another or from one type of project to another, thus adding to the challenge of making reliable estimates.

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**National Endowment for the Arts  
FY 2009-FY2011 PERFORMANCE TABLE  
(Excluding Recovery Act Grants)**

GENERAL GOALS AND PERFORMANCE GOALS (OUTCOMES)	SELECTED PERFORMANCE MEASURES (INDICATORS)	FY 2009 Performance (Performance as of 9/30/2013; 98% of Final Reports Received)			FY 2010 Performance (Performance as of 9/30/2013; 97% of Final Reports Received)			FY 2011 Performance (Performance as of 9/30/2013; 91% of Final Reports Received)		
		# of Awards	\$	Current Levels	# of Awards	\$	Current Levels	# of Awards	\$	Current Levels
Dollars rounded to the nearest thousand.										
1. ACCESS TO ARTISTIC EXCELLENCE: Foster and preserve excellence in the arts and provide access to the arts for all Americans.		2,067	\$ 48,423		2,270	\$ 63,638		2,010	\$ 63,639	
a. Artists & arts organizations have opportunities to create, interpret, present, & perform artistic work.	<i>The number of projects whose primary purpose is to create or present art.</i>			1,110			1,182			1,036
	<i>The number of artists participating in projects whose primary purpose is to create art. **</i>			227,150			219,536			204,780
b. Audiences throughout the Nation have opportunities to experience a wide range of art forms & activities.	<i>The number of individuals directly benefiting from projects whose primary purpose is to make the arts widely available to the public (excluding broadcast audiences). **</i>			49.0m			55.3m			47.6m
c. The arts contribute to the strengthening of communities.	<i>The number of projects whose primary purpose is to strengthen communities through access to the arts.</i>			204			277			268
d. Artistic works & cultural traditions are preserved.	<i>The number of projects whose primary purpose is the preservation of artistic works &amp; cultural traditions.</i>			216			230			201
e. Organizations enhance their ability to achieve their artistic & public service goals.	<i>The number of projects whose primary purpose is to assist organizations to enhance their abilities to achieve their artistic &amp; public service goals..</i>			321			328			296
2. LEARNING IN THE ARTS: Advance arts education for children and youth.		211	\$ 7,799		357	\$ 9,484		358	\$ 8,840	
a. Children & youth demonstrate skills, knowledge, and/or understanding of the arts, consistent with national, state, or local arts education standards.	<i>The number of projects whose primary purpose is to impart to children &amp; youth newly acquired skills, knowledge, and/or understanding of at least one art form.</i>			183			303			325
	<i>The number of children &amp; youth directly participating in projects whose primary purpose is to impart newly acquired skills, knowledge, and/or understanding of at least one art form. **</i>			.3 m			.6 m			.9 m
b. Teachers, artists, & others demonstrate knowledge & skills necessary to engage children & youth in arts learning, consistent with national, state, or local arts education standards.	<i>The number of projects whose primary purpose is to provide professional development opportunities for teachers, artists, &amp; other arts instruction providers.</i>			25			48			30
c. National, State, and local entities demonstrate a commitment to arts learning for children & youth, consistent with national, state, or local arts education standards.	<i>The number of national initiatives in which the Arts Endowment directly participates that recognize and support the arts as essential to the development of children &amp; youth.</i>			3			6			3

**National Endowment for the Arts  
FY 2009-FY2011 PERFORMANCE TABLE  
(Excluding Recovery Act Grants)**

GENERAL GOALS AND PERFORMANCE GOALS (OUTCOMES)	SELECTED PERFORMANCE MEASURES (INDICATORS)	FY 2009 Performance (Performance as of 9/30/2013; 98% of Final Reports Received)			FY 2010 Performance (Performance as of 9/30/2013; 97% of Final Reports Received)			FY 2011 Performance (Performance as of 9/30/2013; 91% of Final Reports Received)		
		# of Awards	\$	Current Levels	# of Awards	\$	Current Levels	# of Awards	\$	Current Levels
Dollars rounded to the nearest thousand.										
3. PARTNERSHIPS FOR THE ARTS: Develop and maintain partnerships that advance the mission of the National Endowment for the Arts.										
<i>State Partnerships</i>										
State & Regional			\$ 41,622		\$ 42,913		\$ 38,950			
Underserved Set-Aside			\$ 8,894		\$ 12,442		\$ 10,568			
Subtotal State Partnerships			\$ 50,516		\$ 55,355		\$ 49,518			
<i>Other Public &amp; Private Partnerships</i>			\$ 257		\$ -					
Total Partnerships for the Arts		80	\$ 50,773		65	\$ 55,355		64	\$ 49,518	
a. State arts agencies & regional arts organizations enable the Arts Endowment to make the arts available in more communities than it could directly.	<i>The number of communities reached through grants made by State arts agencies and regional arts organizations utilizing funds from partnership agreements with the NEA. **</i>			4,830		4,769			3,523	
b. Other public & private sector organizations support arts activities that advance the mission of the Arts Endowment.	<i>The number of other government agencies participating in interagency arrangements with the Arts Endowment that support the Arts Endowment's mission.</i>			16		1			1	
<b>GRAND TOTAL GRANTMAKING FUNDS</b>			<b>2,358 \$ 106,995</b>		<b>2,692 \$ 128,477</b>		<b>2,432 \$ 121,997</b>			
Cross-Cutting Indicators	<i>The amount of matching funds reported by Arts Endowment grantees. **</i>			647m		681m			582m	
	<i>The number of distinct communities directly benefiting from Arts Endowment-funded projects. **</i>			4,100		2,600			2,000	

\*\* Figures presented for this indicator are based ONLY on data received from grantees who have closed out their award (98% of 2009 awards; 97% of 2010 awards; 91% of 2011 awards).

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***Financial Statements  
and Related Auditor's Report  
Fiscal Year 2013***

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***Fiscal Year 2013***  
***Performance and Accountability Report***  
***~ A Message from the Director of Finance ~***

I am pleased to join with Senior Deputy Chairman Shigekawa in presenting the National Endowment for the Arts' *Fiscal Year 2013 Performance and Accountability Report*. This report summarizes the Arts Endowment's performance and accomplishments – programmatically, financially, and operationally – during the past year.

Fiscal Year 2013 saw no significant changes or issues in the Agency's financial systems and operations. Through a cross-servicing agreement with the U.S. Department of Transportation (DOT), the NEA uses a Federal financial system (Oracle-based Delphi) that is fully compliant with the requirements of the Office of Management and Budget's Office of Federal Financial Management. All FY 2013 transactions were recorded in the system. We have continued to devote resources to prepare for the major upgrade to Oracle Federal Financials v.12, for the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) reporting transition, and for the agency's physical move of offices, all of which are scheduled to occur in FY 2014.

Our financial statements independent audit has been successfully completed and has resulted in an unqualified opinion for the eleventh consecutive year. The audit revealed no material weaknesses or deficiencies.

Other Fiscal Year 2014 endeavors will continue to enhance reporting systems, ensure adherence to all applicable guidance, and optimize efficiencies through improved use of technology. In addition, we will continue to develop a new Cloud-based grants management system jointly with the National Endowment for the Humanities, which will include integration with our finance system where relevant. We are confident that our finance system supports the Agency's ongoing commitment to ensuring that we are fully accountable for the funds that have been entrusted to us for the benefit of the American people.

A handwritten signature in cursive script that reads "Sandra L. Stueckler".

Sandra L. Stueckler  
Director of Finance

December 4, 2013

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

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**Submitted By**

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



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## **Independent Auditor's Report**

Inspector General, National Endowment for the Arts  
Senior Deputy Chairman, National Endowment for the Arts

We have audited the accompanying balance sheets of the Arts Endowment, 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 Arts Endowment's internal control over financial reporting and tested the Arts Endowment'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 Arts Endowment'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 the Arts Endowment 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 Arts Endowment's financial statements, our consideration of the Arts Endowment's internal control over financial reporting, our tests of the Arts Endowment'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 the Arts Endowment, 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 the Arts Endowment 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.

### 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 Arts Endowment'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 United States of America 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 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **OTHER ACCOMPANYING INFORMATION**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The performance measures 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 the Arts Endowment 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 Arts Endowment'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 Arts Endowment's internal control. Accordingly, we do not express an opinion on the effectiveness of the Arts Endowment'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 Arts Endowment. 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 the Arts Endowment 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 Arts Endowment'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 Arts Endowment'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 Arts Endowment'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 the Arts Endowment concurred with the facts and conclusions in our report. A copy of management's response accompanies this report.

*Leon Snead & Company, P.C.*

December 4, 2013

**National Endowment for the Arts**  
**BALANCE SHEET**  
**As of September 30, 2013 and 2012**  
(In Dollars)

	September 30, 2013			September 30, 2012		
	All Other	Funds from Dedicated Collections (Combined Total) (Note 11)	Cumulative	All Other	Funds from Dedicated Collections (Combined Total) (Note 11)	Cumulative
<b>ASSETS (Notes 2-6):</b>						
Intragovernmental:						
Fund Balance With Treasury (Note 2)	\$ 135,332,133	\$ 1,280,921	\$ 136,613,054	\$ 146,123,230	\$ 2,505,426	\$ 148,628,656
Investments (Note 3)	-	1,111,296	1,111,296	-	-	-
Other Assets (Note 6)	285,377	-	285,377	394,607	55,510	450,117
<b>Total Intragovernmental</b>	<b>\$ 135,617,510</b>	<b>\$ 2,392,217</b>	<b>\$ 138,009,727</b>	<b>\$ 146,517,837</b>	<b>\$ 2,560,936</b>	<b>\$ 149,078,773</b>
Assets with the Public:						
Accounts Receivable, Net (Note 4)	\$ 161,800	\$ -	\$ 161,800	\$ 31,250	\$ -	\$ 31,250
General Property, Plant and Equipment, Net (Note 5)	166,499	-	166,499	195,881	-	195,881
Other Assets (Note 6)	44,306	-	44,306	2,750	-	2,750
<b>TOTAL ASSETS</b>	<b>\$ 135,990,115</b>	<b>\$ 2,392,217</b>	<b>\$ 138,382,332</b>	<b>\$ 146,747,718</b>	<b>\$ 2,560,936</b>	<b>\$ 149,308,654</b>
<b>LIABILITIES (Notes 7,8):</b>						
Intragovernmental:						
Accounts Payable (Note 8)	\$ 587,265	\$ -	\$ 587,265	\$ 1,025,925	\$ -	\$ 1,025,925
<b>Total Intragovernmental</b>	<b>\$ 587,265</b>	<b>\$ -</b>	<b>\$ 587,265</b>	<b>\$ 1,025,925</b>	<b>\$ -</b>	<b>\$ 1,025,925</b>
With the Public:						
Accrued Liabilities (Note 8)	\$ 37,746,356	\$ 43,780	\$ 37,790,136	\$ 48,680,544	\$ 59,464	\$ 48,740,008
Other (Note 8)	2,042,831	-	2,042,831	2,354,341	-	2,354,341
<b>TOTAL LIABILITIES</b>	<b>\$ 40,376,452</b>	<b>\$ 43,780</b>	<b>\$ 40,420,232</b>	<b>\$ 52,060,810</b>	<b>\$ 59,464</b>	<b>\$ 52,120,274</b>
Commitments and Contingencies (Note 10)						
<b>NET POSITION:</b>						
Unexpended Appropriations	\$ 97,172,233	\$ -	\$ 97,172,233	\$ 96,974,607	\$ -	\$ 96,974,607
Cumulative Results of Operations	(1,558,570)	2,348,437	789,867	(2,287,699)	2,501,472	213,773
<b>TOTAL NET POSITION</b>	<b>\$ 95,613,663</b>	<b>\$ 2,348,437</b>	<b>\$ 97,962,100</b>	<b>\$ 94,686,908</b>	<b>\$ 2,501,472</b>	<b>\$ 97,188,380</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 135,990,115</b>	<b>\$ 2,392,217</b>	<b>\$ 138,382,332</b>	<b>\$ 146,747,718</b>	<b>\$ 2,560,936</b>	<b>\$ 149,308,654</b>

The accompanying notes are an integral part of these statements

**National Endowment for the Arts**  
**STATEMENT OF NET COST**  
**For the Years Ended September 30, 2013 and September 30, 2012**  
(In Dollars)

	<b>2013</b>	<b>2012</b>
<b>Program Costs (Note 12):</b>		
<b>Access to Artistic Excellence:</b>		
Gross Costs	\$ 3,986,984	\$ 37,495,146
Less: Earned Revenue	(844,300)	(1,518,231)
Net Access to Artistic Excellence Costs	\$ 3,142,684	\$ 35,976,915
<b>Learning in the Arts:</b>		
Gross Costs	\$ 127,291	\$ 9,912,285
Less: Earned Revenue	(404,006)	(462,965)
Net Learning in the Arts Costs	\$ (276,715)	\$ 9,449,320
<b>Partnerships for the Arts:</b>		
Gross Costs	\$ 3,406,511	\$ 41,379,165
Less: Earned Revenue	-	-
Net Partnerships for the Arts Costs	\$ 3,406,511	\$ 41,379,165
<b>Arts Creation:</b>		
Gross Costs	\$ 23,416,430	\$ 18,734,038
Less: Earned Revenue	(49,993)	(26,950)
Net Arts Creation Costs	\$ 23,366,437	\$ 18,707,088
<b>Engagement with the Arts:</b>		
Gross Costs	\$ 64,649,347	\$ 41,917,608
Less: Earned Revenue	(948,710)	(116,927)
Net Engagement with the Arts Costs	\$ 63,700,637	\$ 41,800,681
<b>Contribution of the Arts:</b>		
Gross Costs	\$ 45,880,802	\$ 12,608,678
Less: Earned Revenue	(2,364)	(793)
Net Contribution of the Arts Costs	\$ 45,878,438	\$ 12,607,885
<b>Total Program Costs</b>	\$ 139,217,992	\$ 159,921,054
<b>Net Cost of Operations</b>	\$ 139,217,992	\$ 159,921,054

The accompanying notes are an integral part of these statements.

**National Endowment for the Arts**  
**STATEMENT OF CHANGES IN NET POSITION**  
**As of September 30, 2013 and 2012**  
(In Dollars)

	FY 2013			FY 2012		
	Funds from Dedicated Collections (Combined Total) (Note 11)	All Other Funds	Consolidated Total	Funds from Dedicated Collections (Combined Total) (Note 11)	All Other Funds	Consolidated Total
<b>Cumulative Results of Operations:</b>						
Beginning Balances	\$ 2,501,472	\$ (2,287,699)	\$ 213,773	\$ 2,370,396	\$ (3,145,668)	\$ (775,272)
Corrections of Errors	-	(186,667)	(186,667)	-	-	-
Adjusted Beginning Balances	\$ 2,501,472	\$ (2,474,366)	\$ 27,106	\$ 2,370,396	\$ (3,145,668)	\$ (775,272)
<b>Budgetary Financing Sources:</b>						
Appropriations Used		\$ 138,372,259	\$ 138,372,259		\$ 159,051,437	\$ 159,051,437
Non-Exchange Revenue	257	-	257	420	-	420
Donations	397,664	-	397,664	623,308	-	623,308
<b>Other Financing Sources (Non-Exchange)</b>						
Imputed financing	-	1,210,573	1,210,573	-	1,234,934	1,234,934
<b>Total Financing Sources</b>	\$ 397,921	\$ 139,582,832	\$ 139,980,753	\$ 623,728	\$ 160,286,371	\$ 160,910,099
<b>Net Cost of Operations</b>	550,956	138,667,036	139,217,992	492,652	159,428,402	159,921,054
<b>Net Change</b>	\$ (153,035)	\$ 915,796	\$ 762,761	\$ 131,076	\$ 857,969	\$ 989,045
<b>Cumulative Results of Operations</b>	\$ 2,348,437	\$ (1,558,570)	\$ 789,867	\$ 2,501,472	\$ (2,287,699)	\$ 213,773
<b>Unexpended Appropriations:</b>						
Beginning Balances		\$ 96,974,607	\$ 96,974,607		\$ 110,005,052	\$ 110,005,052
Corrections of Errors		186,667	186,667		-	-
Adjusted Beginning Balances		\$ 97,161,274	\$ 97,161,274		\$ 110,005,052	\$ 110,005,052
<b>Budgetary Financing Sources:</b>						
Appropriations Received		\$ 146,020,992	\$ 146,020,992		\$ 146,255,000	\$ 146,255,000
Other Adjustments		(7,637,774)	(7,637,774)		(234,008)	(234,008)
Appropriations Used		(138,372,259)	(138,372,259)		(159,051,437)	(159,051,437)
<b>Total Budgetary Financing Sources</b>		\$ 10,959	\$ 10,959		\$ (13,030,445)	\$ (13,030,445)
<b>Total Unexpended Appropriations</b>		\$ 97,172,233	\$ 97,172,233		\$ 96,974,607	\$ 96,974,607
<b>Net Position</b>	\$ 2,348,437	\$ 95,613,663	\$ 97,962,100	\$ 2,501,472	\$ 94,686,908	\$ 97,188,380

The accompanying notes are an integral part of these statements.

**National Endowment for the Arts**  
**STATEMENT OF BUDGETARY RESOURCES**  
**For the Years Ended September 30, 2013 and September 30, 2012**  
**(In Dollars)**

	<b>2013</b>	<b>2012</b>
<b>BUDGETARY RESOURCES</b>		
Unobligated Balance Brought Forward, Oct 1	\$ 12,929,987	\$ 11,139,844
Unobligated Balance Brought Forward, Oct 1, as Adjusted	\$ 12,929,987	\$ 11,139,844
Recoveries of Prior Year Unpaid Obligations	1,783,832	1,145,554
Unobligated Balance from Prior Year Budget Authority, Net	\$ 14,713,819	\$ 12,285,398
Appropriations (discretionary and mandatory)	\$ 138,780,883	\$ 146,645,657
Spending Authority from Offsetting Collections (discretionary and mandatory)	965,341	1,248,823
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 154,460,043</b>	<b>\$ 160,179,878</b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations Incurred (Note 13)	\$ 142,406,778	\$ 147,249,891
Unobligated Balance, End of Year:		
Apportioned	12,034,176	12,910,898
Unapportioned	19,089	19,089
Total Unobligated Balance, End of Year	\$ 12,053,265	\$ 12,929,987
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 154,460,043</b>	<b>\$ 160,179,878</b>
<b>CHANGE IN OBLIGATED BALANCE:</b>		
<b>Unpaid Obligations:</b>		
Unpaid Obligations, Brought Forward, Oct 1	\$ 137,514,952	\$ 148,918,202
Obligations Incurred	142,406,778	147,249,891
Outlays (Gross)	(151,563,818)	(157,507,586)
Recoveries of Prior Year Unpaid Obligations	(1,783,832)	(1,145,554)
Unpaid Obligations, End of Year	\$ 126,574,080	\$ 137,514,952
<b>Uncollected Payments:</b>		
Uncollected Payments from Federal Sources, Brought Forward, Oct 1	\$ (1,816,283)	\$ (2,513,610)
Change in Uncollected Payments from Federal Sources	913,031	697,327
Uncollected Payments from Federal Sources, End of Year	(903,252)	(1,816,283)
<b>Memorandum (non-add) Entries:</b>		
Obligated Balance, Start of Year	135,698,669	146,404,592
Obligated Balance, End of Year	125,670,828	135,698,669
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>		
Budget Authority, Gross (discretionary and mandatory)	\$ 139,746,224	\$ 147,894,480
Actual Offsetting Collections (discretionary and mandatory)	(1,878,372)	(1,946,150)
Change in Uncollected Customer Payments from Federal Sources (discretionary and mandatory)	913,031	697,327
Budget Authority, Net (discretionary and mandatory)	\$ 138,780,883	\$ 146,645,657
Outlays, Gross (discretionary and mandatory)	\$ 151,563,818	\$ 157,507,586
Actual Offsetting Collections (discretionary and mandatory)	(1,878,372)	(1,946,150)
Outlays, Net (discretionary and mandatory)	\$ 149,685,446	\$ 155,561,436
Distributed Offsetting Receipts	(402,664)	(627,004)
Agency Outlays, Net (discretionary and mandatory)	\$ 149,282,782	\$ 154,934,432

The accompanying notes are an integral part of these statements.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

The following footnotes and instructions include the disclosure requirements contained in the Statements of Federal Financial Accounting Standards (SFFAS).

**NOTE 1. Significant Accounting Policies:**

**A. Reporting Entity**

The National Endowment for the Arts (NEA) is an independent Federal agency whose mission is to advance artistic excellence, creativity, and innovation for the benefit of individuals and communities. The NEA was established as a result of the National Foundation on the Arts and the Humanities Act of 1965.

**B. Basis of Presentation**

These statements were prepared from the books and records of the NEA in conformity with accounting principles generally accepted in the United States, and the OMB Circular A-136, *Financial Reporting Requirements* (Circular A-136), Revised October 21, 2013, which supersedes:

- OMB Circular A-136, *Financial Reporting Requirements* (Circular A-136), dated August 3, 2012.
- M-06-27 *Fiscal Year 2006 Year-end Accounting Guidance for Earmarked Funds* (September 22, 2006), located at <http://www.whitehouse.gov/sites/default/files/omb/assets/omb/memoranda/fy2006/m06-27.pdf>.
- *Future External Reporting Changes* (December 21, 2001), located at [http://www.whitehouse.gov/sites/default/files/omb/financial/year\\_end\\_reporting\\_2001.pdf](http://www.whitehouse.gov/sites/default/files/omb/financial/year_end_reporting_2001.pdf).
- *Requirements for Accountability of Tax Dollars Act* (December 6, 2002), located at [http://www.whitehouse.gov/sites/default/files/omb/financial/accountability\\_of\\_tax\\_dollars.pdf](http://www.whitehouse.gov/sites/default/files/omb/financial/accountability_of_tax_dollars.pdf).
- M-04-20 FY 2004 *Performance and Accountability Reports and Reporting Requirements for the Financial Report of the United States Government* (July 22, 2004), located at <http://www.whitehouse.gov/sites/default/files/omb/memoranda/fy04/m04-20.pdf>.
- Memorandum FY 2002 *Financial and Performance Reporting*, dated October 18, 2002.
- Bulletin 01-09 *Form and Content of Agency Financial Statements*, revised September 25, 2001, available at <http://www.whitehouse.gov/omb/bulletins/b01-09.html>.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 1. Significant Accounting Policies (Continued):**

**B. Basis of Presentation (Cont'd)**

The statements consist of the: Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Footnotes. These financial statements have been prepared to report the financial position and results of operations of the NEA.

**C. Basis of Accounting**

Transactions are recorded on a budgetary basis, with large categories such as payroll and grant liabilities recorded on an accrual basis. Under the accrual method, expenses are recognized when liabilities are incurred and revenues are recognized when earned, without regard to payment or receipt of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

To assist OMB in recommending and publishing comprehensive accounting standards and principles for agencies of the Federal Government, the Secretary of the Treasury, the Comptroller of the United States, the Director of OMB, and the Joint Financial Management Improvement Program (JFMIP) established the Federal Accounting Standards Advisory Board (FASAB) in 1990. The American Institute of Certified Public Accountants Council designated FASAB as the accounting standards authority for Federal government entities.

Created in 1990, the Office of Federal Financial Management (OFFM) is responsible for the financial management policy of the Federal Government. OFFM responsibilities include implementing the financial management improvement priorities of the President, establishing government-wide financial management policies of executive agencies, and carrying out the financial management functions of the CFO Act.

[http://www.whitehouse.gov/omb/financial\\_default/](http://www.whitehouse.gov/omb/financial_default/)

**D. Revenues and Other Financing Sources**

NEA 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. Through the "American Recovery and Reinvestment Act of 2009," the NEA was provided a one-time appropriation of \$50 million. These funds were obligated by the conclusion of FY 2010, as required by the act, and were expended to preserve jobs in the arts.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 1. Significant Accounting Policies (Continued):**

**D. Revenues and Other Financing Sources (Cont'd)**

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 an asset is consumed in operations.

An Arts and Artifacts Indemnity Fund was established by Congress to address insurance issues that may arise in the course of national exhibits.

NEA was granted the authority to receive donations and to invest in interest-bearing accounts. Appropriate accounting guidelines are followed for both restricted and unrestricted funds.

NEA enters into Intragovernmental reimbursable agreements. The NEA's pricing policy on these exchange revenue transactions is based on mutually approved agreements, with no profits or losses.

**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. Some donations carry restrictions as to the use of donated funds. See Note 2 for additional information.

**F. Advances and Prepayments**

NEA interagency agreements with other Federal agencies are recorded as advances in cases where funds are received prior to expenditure. As work is performed by NEA, expenditures are incurred and advances reduced. Advances are recorded for intragovernmental transactions until the expenditures or revenues are reported by the trading partner, at which time the advance is reduced and the expense/revenue is recognized. Advances are also recorded for payments to vendors for the portion of services that extend beyond the current fiscal year.



**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 1. Significant Accounting Policies (Continued):**

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

NEA policy is to depreciate property, plant and equipment over the estimated useful life of the asset using the straight-line method. NEA's capitalization threshold is \$50,000 for individual purchases and \$50,000 for bulk purchases with a minimum \$10,000 per item. Service lives are as shown below:

<u>Description</u>	<u>Life</u>
Leasehold Improvements	Term of Lease
Capital Leases	Term of Lease
Office Furniture	10 Years
Computer Equipment & Software	4 Years
Office Equipment	7 Years
Vehicles	8 Years

**H. Liabilities**

Liabilities represent the amount of monies or other resources likely to be paid by NEA as a result of transactions or events that have already occurred. 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, and there is no certainty that the appropriation will be enacted. Also, the Government, acting in its sovereign capacity, can abrogate liabilities.

**I. Accounts Payable**

Accounts payable consists of amounts owed to other federal agencies and trade accounts payable.

**J. Accounts Receivable**

NEA uses the specific identification method to recognize an allowance for uncollectible accounts receivable and related bad debt expenses.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 1. Significant Accounting Policies (Continued):**

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

Annual leave and credit hours are accrued when 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.

**L. Retirement Plans**

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

All employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in the FERS, a TSP account is automatically established and NEA makes a mandatory one percent contribution to this account. In addition, NEA makes matching contributions, ranging from one to four percent, for FERS-eligible employees who contribute to their TSP accounts. Matching contributions are not made to the TSP accounts established by CSRS employees. FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, NEA remits the employer's share of the required contribution.

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

**M. Imputed Benefit Costs**

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

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**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. Contingencies**

Contingent liabilities are recognized when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable.

**P. Funds from Dedicated Collections**

Amounts reported as funds from dedicated collections are represented by one appropriation, "Gifts and Donations" 59X8040; there are no eliminations of this type of activity within the agency, nor any need for additional subtotal or total columns.

**Q. Fiduciary Activities**

Various artists have loaned their artwork to the Endowment for display in certain agency offices. These artworks are not assets of the Federal Government. Fiduciary activities are not recognized in the proprietary financial statements, but are reported in the notes to the financial statements. See Note 18, Fiduciary Activities.

**R. Cost Accounting Methodology**

In fiscal year 2012, the Endowment began operating under a new strategic plan. This new plan established new goals and objectives that are separate from those established under the previous plan. As a result, NEA created three new programs that appear on the Statement of Net Cost: Arts Creation, Engagement with the Arts, and Contribution of the Arts. Costs for grants issued in FY 2012 and future years will be recorded under these new programs. Costs related to payment and overall support of grants issued prior to FY 2012 are attributed to the historical programs listed in the previous strategic plan, namely, Access to Artistic Excellence, Learning in the Arts, and Partnerships for the Arts. Costs attributed to these historical programs are allocated based on estimates of personnel and agency resources used to support remaining grants under the previous strategic plan.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 2: Fund Balance With Treasury**

	<b>September 30, 2013</b>	<b>September 30, 2012</b>
Fund Balance:		
Trust Funds	\$ 1,280,921	\$ 2,505,426
Appropriated Funds	135,332,133	146,123,230
Fund Balance with Treasury – Subtotal	\$ 136,613,054	\$ 148,628,656
Invested in Public Debt Treasury Bills, net	1,111,039	-
Fund Balance With Treasury – Total	<u>\$ 137,724,093</u>	<u>\$ 148,628,656</u>
Status of Budgetary Resources:		
Unobligated Balance:		
Available Other	\$ 9,899,576	\$ 10,710,270
Available Trust Fund	2,134,600	2,200,628
Subtotal – Available	\$ 12,034,176	\$ 12,910,898
Unavailable	19,089	19,089
Obligated Balance not yet Disbursed Other	\$ 126,316,720	\$ 137,210,154
Obligated Balance not yet Disbursed Trust Fund	257,360	304,798
Subtotal - Obligated	126,574,080	137,514,952
Unfilled Orders – Reimbursable	(903,252)	(1,816,283)
	<u>\$ 137,724,093</u>	<u>\$ 148,628,656</u>

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 3: Investments**

<b>September 30, 2013</b>	Cost	Amortization Method	Unamortized Premium / Discount	Investments Net	Market Value Disclosure
Intragovernmental Securities:					
Non-Marketable: Par Value	\$ 1,111,039	Effective Interest	\$ 426	\$ 1,111,465	\$ 1,111,465
Accrued Interest on Public Debt Bills	257				257
<b>Total</b>	<b>\$ 1,111,296</b>				<b>\$ 1,111,722</b>
<b>September 30, 2012*</b>	Cost	Amortization Method	Unamortized Premium / Discount	Investments Net	Market Value Disclosure
Intragovernmental Securities:					
Non-Marketable: Par Value	\$ -	Effective Interest	\$ -	\$ -	\$ -
Accrued Interest on Public Debt Bills	-				-
<b>Total</b>	<b>\$ -</b>				<b>\$ -</b>

\*Due to low Treasury yields, investments that matured in fiscal year 2012 were not re-invested as of September 30, 2012.

The Federal Government does not set aside assets to pay for future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited in the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the NEA as evidence of its receipts. Treasury securities are an asset to the NEA and a liability to the U.S. Treasury. Because the NEA and the U.S. Treasury are both parts of the government, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, they do not represent an asset or liability in the U.S. Government.

Treasury securities provide the NEA with authority to draw upon the U.S. Treasury to make future expenditures. When the NEA requires redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 4: Accounts Receivable**

	<b>September 30, 2013</b>	<b>September 30, 2012</b>
Gross Receivables:		
Custodial Receivables (Nonentity)	\$ 161,250	\$ 31,250
Receivables Due from the Public	550	-
	\$ 161,800	\$ 31,250
Allowance for Uncollectibles:	-	-
Net Receivables	\$ 161,800	\$ 31,250

**NOTE 5: General Property, Plant, And Equipment**

<u>Class of Property</u>	<b>September 30, 2013</b>			<b>September 30, 2012</b>		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Equipment	\$ 205,675	\$ 39,176	\$ 166,499	\$ 205,675	\$ 9,794	\$ 195,881
Total	\$ 205,675	\$ 39,176	\$ 166,499	\$ 205,675	\$ 9,794	\$ 195,881

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 6: Other Assets**

	September 30, 2013	September 30, 2012
Intragovernmental Advances:		
Institute of Museum and Library Services (1)	\$ -	\$ 55,510
Department of Commerce (2)	220,000	334,000
Open World Leadership Center (3)	-	20,882
Department of Transportation (4)	65,337	39,725
Total Intragovernmental	\$ 285,337	\$ 450,117
With the Public:		
Advances to Vendors (5)	\$ 44,306	\$ 2,750
Total Other Assets	\$ 329,683	\$ 452,867

Other Information:

1. Support for the National Student Poets Program.
2. Advance to Census Bureau to provide Census statistics to the agency.
3. The Open World Program enables emerging leaders from Russia and other Eurasian countries to experience American democracy and civil society in action.
4. Advance to the Department of Transportation for the purchase of Metrochecks and accounting system hosting.
5. Advances to various contractors for services to be provided in future periods.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 7: Liabilities Not Covered By Budgetary Resources**

	September 30, 2013	September 30, 2012
Intragovernmental:		
Unfunded FECA Liability	\$ 5,071	\$ 7,960
Custodial Liability	161,250	31,250
Total Intragovernmental	\$ 166,321	\$ 39,210
Accrued Unfunded Leave	\$ 1,374,580	\$ 1,349,813
Actuarial FECA Liability	28,986	17,673
Total Liabilities Not Covered by Budgetary Resources	\$ 1,569,887	\$ 1,406,696
Total Liabilities Covered by Budgetary Resources (Note 8)	\$ 38,850,345	\$ 50,713,578
<b>Total Liabilities</b>	<b>\$ 40,420,232</b>	<b>\$ 52,120,274</b>

Liabilities not covered by budgetary resources are financial responsibilities that do not yet have financial resources provided by Congress. Action from Congress is required before resources can be provided.



**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 8: Other Liabilities**

	September 30, 2013			September 30, 2012		
	Non-Current	Current	Total	Non-Current	Current	Total
<b>Intragovernmental:</b>						
Custodial Liability	\$ -	\$ 161,250	\$ 161,250	\$ -	\$ 31,250	\$ 31,250
Employer Contributions	-	88,444	88,444	-	222,813	222,813
Unfunded FECA Liability	-	5,071	5,071	-	7,960	7,960
Advances from Other Government Agencies	-	332,500	332,500		763,902	763,902
<b>Total Intragovernmental Liabilities</b>	\$ -	\$ 587,265	\$ 587,265	\$ -	\$ 1,025,925	\$ 1,025,925
<b>With the Public:</b>						
Accrued Payables - Invoices	\$ -	\$ 237,446	\$ 237,446	\$ -	\$ 42,172	\$ 42,172
Accrued Funded Payroll	-	387,385	387,385	-	908,291	908,291
TSP Employer Contributions	-	14,434	14,434	-	36,391	36,391
Actuarial FECA Liability	-	28,986	28,986	-	17,673	17,673
Accrued Unfunded Leave	-	1,374,580	1,374,580	-	1,349,814	1,349,814
Total Other Liabilities	-	\$ 2,042,831	\$ 2,042,831		\$ 2,354,341	\$ 2,354,341
Accrued Liabilities	-	37,790,136	37,790,136	-	48,740,008	48,470,008
<b>Total Liabilities with the Public</b>	\$ -	\$ 39,832,967	\$ 39,832,967	\$ -	\$ 51,094,349	\$ 51,094,349
<b>Total Liabilities</b>	\$ -	\$ 40,420,232	\$ 40,420,232	\$ -	\$ 52,120,274	\$ 52,120,274

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 9: Leases**

**Brief Description of Occupancy Agreement:**

The current annual occupancy agreement includes rental of the Old Post Office (OPO) building office space and one surface parking space with estimates for FY 2013. The agreement can be terminated upon four months' notice. The Agency's financial obligations for years beyond the current year do not mature until the later year(s) are reached. The obligation to pay rent in future years is subject to the availability of funds. The Endowment anticipates moving to the Constitution Center in Washington, DC in February 2014. As of September 30, 2013, no occupancy agreement has been signed, but the current draft estimates costs for the upcoming lease term as follows:

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Annual Rental	\$2,870,768	\$2,881,632	\$2,892,831	\$2,914,169	\$2,946,954

**Brief Description of Copier Lease:**

The NEA entered into a 60 month operating lease for copiers (NEA Copy Center & walkups throughout the Endowment) in September 2008, for rental services commencing October 1, 2008 thru September 30, 2013. The Agency's financial obligations for years beyond the current year do not mature until the later year(s) are reached. The obligation to pay these lease payments in future years is subject to the availability of funds.

FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
\$167,304	\$169,519	\$169,687	\$163,480	\$154,263

**NOTE 10: Commitments and Contingencies**

The Arts Endowment is subject to a potential claim related to a class action lawsuit brought generally by former federal employees against more than fifty agencies of the United States government, including the Arts Endowment. No amounts have been accrued in the Arts Endowment financial statements because the amount of any judgment or settlement of the suit that might occur in the future cannot be reasonably determined.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 11: Funds from Dedicated Collections (Combined Total)**

**Gifts and Donations**

<b>Balance Sheet</b>	<b>September 30, 2013</b>	<b>September 30, 2012</b>
<b>ASSETS</b>		
Fund Balance with Treasury	\$ 1,280,921	\$ 2,505,426
Investments	1,111,296	-
Other Assets - Advances	-	55,510
Total Assets	<u>\$ 2,392,217</u>	<u>\$ 2,560,936</u>
<b>LIABILITIES</b>		
Accrued Expenses	\$ 43,780	\$ 59,464
Total Liabilities	<u>\$ 43,780</u>	<u>\$ 59,464</u>
<b>NET POSITION</b>		
Cumulative Results of Operations	<u>\$ 2,348,437</u>	<u>\$ 2,501,472</u>
Total Liabilities and Net Position	<u>\$ 2,392,217</u>	<u>\$ 2,560,936</u>
<b>Statement of Net Cost</b>		
	<b>September 30, 2013</b>	<b>September 30, 2012</b>
Gross Program Costs	\$ 550,956	\$ 492,652
Less Earned Revenue	-	-
Net Cost of Operations	<u>\$ 550,956</u>	<u>\$ 492,652</u>
<b>Statement of Changes in Net Position</b>		
	<b>September 30, 2013</b>	<b>September 30, 2012</b>
Net Position Beginning of Period	\$ 2,501,472	\$ 2,370,396
Non-Exchange Revenue	257	420
Cash Donations	397,664	623,308
Less: Net Cost of Operations	<u>(550,956)</u>	<u>(492,652)</u>
Change in Net Position	<u>\$ (153,035)</u>	<u>\$ 131,076</u>
Net Position End of Period	<u>\$ 2,348,437</u>	<u>\$ 2,501,472</u>

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12: Intragovernmental Costs and Exchange Revenue**

	FY 2013			FY 2012		
	Intragovern- mental	With the Public	Total	Intragovern- mental	With the Public	Total
<b>Access to Artistic Excellence:</b>						
Program Costs	\$ 96,209	\$ 3,890,775	\$ 3,986,984	\$ 445,758	\$ 37,049,388	\$ 37,495,146
Earned Revenue	(844,300)	-	(844,300)	(1,518,231)	-	(1,518,231)
Net Costs - Access to Artistic Excellence	\$ (748,091)	\$ 3,890,775	\$ 3,142,684	\$ (1,072,473)	\$ 37,049,388	\$ 35,976,915
<b>Learning in the Arts:</b>						
Program Costs	\$ 11,869	\$ 115,465	\$ 127,291	\$ 13,445	\$ 9,898,840	\$ 9,912,285
Earned Revenue	(404,006)	-	(404,006)	(462,965)	-	(462,965)
Net Costs - Learning in the Arts	\$ (392,180)	\$ 115,465	\$ (276,715)	\$ (449,520)	\$ 9,898,840	\$ 9,449,320
<b>Partnerships for the Arts:</b>						
Program Costs	\$ 12,539	\$ 3,393,972	\$ 3,406,511	\$ 14,256	\$ 41,364,909	\$ 41,379,165
Earned Revenue	-	-	-	-	-	-
Net Costs - Partnerships for the Arts	\$ 12,539	\$ 3,393,972	\$ 3,406,511	\$ 14,256	\$ 41,364,909	\$ 41,379,165

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
(In Dollars)

**NOTE 12: Intragovernmental Costs and Exchange Revenue (continued)**

	FY 2013			FY 2012		
	Intragovern- mental	With the Public	Total	Intragovern- mental	With the Public	Total
<b>Arts Creation:</b>						
Program Costs	\$ 3,978,917	\$ 19,437,513	\$ 23,416,430	\$ 2,153,081	\$ 16,580,957	\$ 18,734,038
Earned Revenue	(49,993)	-	(49,993)	(26,950)	-	(26,950)
Net Costs - Arts Creation	\$ 3,928,924	\$ 19,437,513	\$ 23,366,437	\$ 2,126,131	\$ 16,580,957	\$ 18,707,088
<b>Engagement with the Arts:</b>						
Program Costs	\$ 5,778,507	\$ 58,870,840	\$ 64,649,347	\$ 3,618,750	\$ 38,298,858	\$ 41,917,608
Earned Revenue	(948,710)	-	(948,710)	(116,927)	-	(116,927)
Net Costs - Engagement with the Arts	\$ 4,829,797	\$ 58,870,840	\$ 63,700,637	\$ 3,501,823	\$ 38,298,858	\$ 41,800,681
<b>Contribution of the Arts:</b>						
Program Costs	\$ 2,225,920	\$ 43,654,882	\$ 45,880,802	\$ 76,486	\$ 12,532,192	\$ 12,608,678
Earned Revenue	(2,364)	-	(2,364)	(793)	-	(793)
Net Costs - Contribution of the Arts	\$ 2,223,556	\$ 43,654,882	\$ 45,878,438	\$ 75,693	\$ 12,532,192	\$ 12,607,885
<b>Total (including previous page):</b>						
Program Costs	\$ 12,103,918	\$ 129,363,447	\$ 141,467,365	\$ 6,321,776	\$ 155,725,144	\$ 162,046,920
Earned Revenue	(2,249,373)	-	(2,249,373)	(2,125,866)	-	(2,125,866)
Net Cost of Operations	\$ 9,854,545	\$ 129,363,447	\$ 139,217,992	\$ 4,195,910	\$ 155,725,144	\$ 159,921,054

The Arts Endowment receives funds from other Federal agencies that participate in the Arts Endowment's program awards. The Arts Endowment may also incur intragovernmental costs for its participation in program awards or activities of other Federal agencies. NEA adopted a new strategic plan beginning in FY 2012 creating Arts Creation, Engagement with the Arts, and Contribution of the Arts programs. As a result, these programs had no activity in FY 2011 and prior years. Costs for grants issued prior to FY 2012 are recorded to the Access to Artistic Excellence, Learning in the Arts, and Partnerships for the Arts programs.

**NATIONAL ENDOWMENT FOR THE ARTS**  
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**NOTE 13: Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable Obligations**

The NEA is provided with funding only under Category B.

Category B	Direct	Reimbursable	Total
Apportionments	\$ 138,786,889	\$ 904,940	\$ 139,691,829
Obligations	\$ 141,399,480	\$ 1,007,298	\$ 142,406,778

**NOTE 14: Undelivered Orders at the End of the Period**

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

Undelivered Orders:	<b>2013</b>	<b>2012</b>
Direct	\$ 87,467,148	\$ 86,732,758
Reimbursable	918,771	1,287,558
Undelivered Orders, net, end of period	\$ 88,385,919	\$ 88,020,316

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(In Dollars)

**NOTE 15: Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government**

The differences between the FY 2012 Statement of Budgetary Resources and the FY 2012 actual numbers presented in the FY 2014 Budget of the United States Government (Budget) are summarized below.

The President's Fiscal Year 2015 Budget, which will include actual numbers for fiscal year 2013, has not yet been published. The FY 2015 Budget is expected to be published in February 2014 and to be available at <http://www.whitehouse.gov/omb/budget/>.

<b>FY 2012 (in \$ millions)</b>	<b>Budgetary Resources</b>	<b>Obligations Incurred</b>	<b>Distributed Offsetting Receipts</b>	<b>Net Outlays</b>
Combined Statement of Budgetary Resources	\$ 160	\$ 147	\$ 1	\$ 155
Difference (see above)	-	-	-	-
Budget of US Government	\$ 160	\$ 147	\$ 1	\$ 155

**NOTE 16: 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 19 - Reconciliation of Net Cost of Operations to Budget represent the change in the liability created in the current year.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 17: Incidental Custodial Collections**

	<b>2013</b>	<b>2012</b>
Proprietary Receipts from the Public	\$ -	\$ -
Intrabudgetary Receipts Deducted by Agencies	5,000	5,000
	<hr/>	<hr/>
Total Custodial Collections	\$ 5,000	\$ 5,000

**NOTE 18: Fiduciary Activities**

The Endowment has several paintings on loan from various artists to be displayed in certain offices. These pieces are not assets of the Endowment, but they are managed and insured with the intent to return these pieces to the artists according to their respective loan agreements. The artworks are valued and insured at fair market value.

National Endowment for the Arts  
**Schedule of Fiduciary Activity**  
For the Period Ended September 30, 2013 and 2012

	<b>September 30, 2013</b> Various Paintings	<b>September 30, 2012</b> Various Paintings
Fiduciary net assets, beginning of year	\$ 88,500	\$ 94,000
Contributions	16,000	-
Disposition of assets	(1,500)	(5,500)
	<hr/>	<hr/>
Increase/(Decrease) in fiduciary net assets	14,500	(5,500)
	<hr/>	<hr/>
Fiduciary net assets, end of period	\$ 103,000	\$ 88,500



**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2013 and 2012**  
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**NOTE 18: Fiduciary Activities (continued)**

**Fiduciary Net Assets**  
As of September 30, 2013 and 2012

	<b>September 30, 2013</b>	<b>September 30, 2012</b>
<b>FIDUCIARY ASSETS</b>		
Other Assets (various paintings)	\$ 103,000	\$ 88,500
<b>FIDUCIARY LIABILITIES</b>		
Less: Liabilities	-	-
<b>Total Fiduciary net assets</b>	<u>\$ 103,000</u>	<u>\$ 88,500</u>

Items included in the other assets line above include several paintings from various artists.

**NATIONAL ENDOWMENT FOR THE ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 19: Reconciliation of Net Cost of Operations to Budget**

	<b>2013</b>	<b>2012</b>
<b>Resources Used to Finance Activities:</b>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 142,406,778	\$ 147,249,891
Less: Spending Authority from offsetting collections and recoveries	(2,749,173)	(2,394,377)
Obligations net of offsetting collections and recoveries	\$ 139,657,605	\$ 144,855,514
Less: Offsetting receipts	(402,664)	(627,004)
Net Obligations	\$ 139,254,941	\$ 144,228,510
Other Resources		
Imputed financing from costs absorbed by others	\$ 1,210,572	\$ 1,234,934
Other Resources	-	-
Net Other Resources Used to Finance Activities	\$ 1,210,572	\$ 1,234,934
Total Resources Used to Finance Activities	\$ 140,465,513	\$ 145,463,444
 <b>Resources Used to Finance Items not Part of the Net Cost of Operations:</b>		
Change in Budgetary Resources Obligated for Goods and Services and Benefits Ordered but not received	\$ (1,710,035)	\$ 14,133,634
Resources that fund expenses recognized in prior periods	-	(120,337)
Budgetary offsetting collections and receipts that do not affect net cost of operations	402,664	627,004
Resources that Finance the Acquisition of Assets	-	(205,675)
Total Resources used to finance items not part of the Net Cost of Operations	\$ (1,307,371)	\$ 14,434,626
Total Resources Used to finance the Net Cost of Operations	\$ 139,158,142	\$ 159,898,070
 <b>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</b>		
Components Requiring/Generating Resources in Future Periods (Note 16):		
Increase in Annual Leave Liability	\$ 24,767	\$ -
Other – Change in FECA Liability	11,313	7,045
Total components of Net Cost of Operations that will require or generate resources in future periods	\$ 36,080	\$ 7,045
Components not Requiring or Generating Resources:		
Depreciation and Amortization	\$ 29,382	\$ 9,794
Other not Requiring Outlay of Resources	(5,612)	6,145
Total components of Net Cost of Operations that will not require or generate resources	\$ 23,770	\$ 15,939
Total components of net cost of operations that will not require or generate resources in the current period	\$ 59,850	\$ 22,984
<b>Net Cost of Operations</b>	<b>\$ 139,217,992</b>	<b>\$ 159,921,054</b>

**NATIONAL ENDOWMENT FOR THE ARTS**  
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**NOTE 20: Donations In-Kind**

During FY 2013, NEA received in-kind gifts from several organizations. Gifts included payment of NEA staff travel, lodging, and meals, as well as payment of NEA staff registration fees to attend and/or participate in various arts related functions. The total value of these in-kind donations was \$25,175 in FY 2013 and \$51,910 in FY 2012.

**NOTE 21: Change in Presentation**

As of FY 2013, NEA changed the presentation of Note 12, Intragovernmental Costs and Exchange Revenue to align employee benefits with guidance provided by OMB Circular A-136. Additionally, the Circular also prescribes a new layout of the Statement of Budgetary Resources (SBR) for FY 2013 reporting. As a result, the SBR for FY 2013 and FY 2012 is presented with this new layout.

**NOTE 22: Correction of Error**

In FY 2012, a data entry error omitted two SGL accounts on a manual journal voucher that resulted in a \$186,666.59 overstatement on the Cumulative Results of Operations lines of the Balance Sheet and Statement of Changes in Net Position and an offsetting understatement of the Unexpended Appropriations line of the Balance Sheet and Statement of Net Position. This error was identified during the fourth quarter of FY 2013 and the corresponding adjustments are shown to the beginning balances of Cumulative Results of Operations and Unexpended Appropriations on the Statement of Changes in Net Position for the current fiscal year.




## MEMORANDUM

Memo 14-01

DATE: November 12, 2013

TO: Joan Shigekawa, Senior Deputy Chairman

FROM: Tonie Jones, Inspector General 

SUBJECT: Top Management Challenges for the National Endowment for the Arts

The National Endowment for the Arts (NEA) is required to submit a Performance and Accountability Report (PAR) to the Office of Management and Budget (OMB) in December 2013. The PAR contains a number of sections that address issues ranging from performance to financial management. OMB Circular A-136, *Financial Reporting Requirements*, requires that the Inspector General provide the agency head with a summary of the top management and performance challenges facing the agency.

After careful analysis, it is our assessment that the areas of Financial Management, Human Capital, Information Technology, and Grantee Accountability represent the top management and performance challenges for the National Endowment for the Arts. We also acknowledge that overall the Agency's programs and operations will experience management and performance challenges as a result of relocating to new offices in early 2014. The rationale for our perspective on each of the top challenges is outlined below.

**Financial Management.** NEA's top financial management challenges for FY 2014 will be to keep pace with the various government-wide modernization efforts and regulatory changes, while maintaining accounting operations and improving efficiency and effectiveness of NEA work procedures, systems and staff cross-training.

In FY 2013, NEA continued to use the automated process developed in FY 2009 to create the agency's financial statements. Data is entered into the trial balance and that data is automatically mapped to each statement, as applicable. The process was modified in FY 2012 to address a new strategic plan and the corresponding expense distribution methodology. In FY 2013, additional integrity data checks were built in to identify any incorrect or missing data, and to address US Office of Management and Budget (OMB) Circular A-136 annual modifications. The NEA has successfully completed 10 years of independent audits with unqualified opinions.

During FY 2014, the Finance Office will face the following challenges:

- Implement a check reading system to allow NEA to "deposit checks" without going to the bank.
- Streamline the number of required Discoverer reports and set up a library for all Finance staff to access the same versions of the reports, which will maintain data integrity.
- Implement the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS), which will replace the functionality of four Treasury reporting systems, namely, the Federal Agencies' Centralized Trial-Balance System I (FACTS I), the Federal Agencies' Centralized Trial-Balance System II (FACTS II), the Intragovernmental Fiduciary Confirmation System (IFCS), and the Intragovernmental Reporting and Analysis System (IRAS).
- Setting up the Finance Office in NEA's new location.
- Implement the upgrade of the US Department of Transportation - Enterprise Services Center (DOT-ESC) "DELPHI" financial system to the Federalized Version of Oracle 12i, currently scheduled for May 2014.

**Human Capital.** We anticipate aspects of NEA's relocation having human capital implications. Ensuring a smooth transition in regards to work functionality, employee comfort, technology capability and an overall philosophy change in terms of workplace environment are some of the primary human capital issues. Also, during FY 2013, the Agency procured the services of an outside contractor to conduct a comprehensive workflow analysis that will precede the physical relocation of the Agency in February 2014; it is scheduled for completion by the end of November. The results of the analysis may have some human capital information for consideration and analysis that will serve the Agency in a positive way. Maintaining the right combination of technical knowledge and subject matter expertise continues to be essential to NEA achieving its mission. The Office of Human Resources will continue to work with management as the work of the Agency becomes more clearly defined to ensure that recruitment efforts are targeted and effective in attracting people with the right competencies and skills to serve NEA's mission.

**Information Technology (IT).** While the Federal Chief Information Officer's "25-Point Implementation Plan to Reform Federal Information Technology Management" does not apply directly to small agencies<sup>1</sup>, NEA has already adopted a number of its mandates. These include the use of shared services and a "cloud first" policy for new systems.

NEA has made significant strides with shared services. The agency's finance, electronic official personnel files (eOPF), payroll, and time and attendance systems are all sourced through larger Federal agencies. The DOT-ESC provides NEA with the use of DELPHI, an Oracle Federal financial system. The Office of Personnel Management provides the e-OPF system and the US Department of Agriculture provides the National Finance

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<sup>1</sup> [http://www.whitehouse.gov/sites/default/files/omb/assets/egov\\_docs/25-point-implementation-plan-to-reform-federal-it.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/25-point-implementation-plan-to-reform-federal-it.pdf)

Center's electronic time and attendance system (webTA) and its payroll services. These shared service arrangements have proven to be both cost-effective and responsive to NEA's needs.

NEA's top information technology management challenge continues to be the need to transition to a new, more robust grants management system (GMS). This need is being addressed through an OMB-approved partnership with the National Endowment for the Humanities (NEH) to jointly develop a new shared system. Work on this cloud-based system began in September 2012. The new GMS, built on a more flexible, operationally efficient platform, will be fully integrated with NEA business processes and seamlessly connected to both Grants.gov and the DELPHI financial system. NEA expects to transition to the system in FY 2015.

New government-wide requirements for information security in recent years provide challenges to all federal agencies, including the NEA. The *Federal Information Security Management Act of 2002* (FISMA) requires each Federal agency to develop, document, and implement an agency-wide information security program to provide information security over the operations and assets of the agency. Although we have identified improvement opportunities in the information security program, NEA continues to make progress to comply with these requirements despite limited resources to devote to this effort.

Privacy reporting has been included as part of the FISMA reporting process in light of the occurrence of data theft and losses at several Federal agencies. The E-Government Act and Privacy Act provide legislative guidance for the control and dissemination of personal information and personally identifiable information. While NEA complies with these laws and has revised its privacy policy to improve guidance and control, this will continue to be an area requiring attention.

**Grantee Accountability.** As the nation's largest public funding provider for the arts, NEA awards thousands of grants and cooperative agreements annually. In FY 2013, the NEA issued about 2,200 awards. The supported organizations vary considerably in size and financial management experience, particularly as they relate to Federal financial management requirements. The continuing challenge, facing each Federal grant-making agency, is to ensure that recipients adhere to and comply with the applicable fiscal requirements.

In September 2013, the NEA's Grants & Contracts Office (G&C) presented its first "Ask the Grants Office" Webinar. The webinar attendance was the largest to date since the NEA began its webinar program. Posted on the website, it is currently one of the most popular webinars being viewed. In FY 2014 G&C plans to expand or enhance guidance for its grantees based on the questions that came in during the webinar.

The agency continues to assist grantees by updating the *General Terms and Conditions for Grants and Cooperative Agreements to Organizations (General Terms)*, the *OIG Financial Management Guide for Non-Profit Organizations (Financial Management*

*Guide*) and other guidance documents on the agency's website. The *General Terms* incorporate OMB requirements, Federal laws, rules, regulations, and Executive Orders that apply to grants and cooperative agreements. The *Financial Management Guide* provides practical information on what is expected from grantee organizations in terms of fiscal responsibility. To help grantees manage their requirements, *My grant at a glance* is the "go to" section of the website that provides all grantees with general information on the status of their grant – including amount awarded, grant period, amount disbursed, due dates for final reports, and more. The NEA's Grants and Contracts Office also provides considerable technical assistance via telephone and email.

There continues to be a limited number of grantees that have not complied with all applicable federal grant requirements. These organizations are typically identified by the NEA's G&C office and referred to the OIG for audit or review. Upon evaluating these organizations, the OIG has identified these five most common findings: (1) not accounting for costs separately by grant award; (2) not reporting actual costs incurred on the final Federal Financial Report (FFR); (3) not maintaining personnel activity reports (timesheets) prorating the actual time charged to NEA grants; (4) not maintaining a Section 504 self-evaluation at the organization; and (5) not ensuring that contractors and recipients are not debarred or suspended from receiving Federal funds prior to the payment or award of Federal funds.

We acknowledge and encourage NEA's efforts to continue identifying opportunities to improve grantee compliance with government-wide grant requirements. Continued development and implementation of web-based tools and technical assistance efforts will, in our opinion, improve the likelihood of grantee compliance.

The Office of Inspector General (OIG) has strong support from NEA management and looks forward to working with you as we address matters of mutual interest. We also welcome any comments on our assessment.

cc: Winona H. Varnon, Deputy Chairman for Management and Budget  
Jamie Bennett, Chief of Staff  
Mike Burke, Chief Information Officer  
Nicki Jacobs, Grants and Contracts Director  
Marisa E. Marinos, Civil Rights/EEO Director  
Craig McCord, Human Resources Director  
Ned Read, Special Assistant, Deputy Chairman for Management and Budget  
Sandy Stueckler, Finance Director  
Monica Waters, Auditor, Office of Inspector General



## MEMORANDUM FROM THE SENIOR DEPUTY CHAIRMAN

DATE: November 22, 2013

TO: Tonie Jones, Inspector General

SUBJECT: Response to OIG Memorandum Concerning Top Management Challenges

Handwritten initials "JAS" in black ink, located to the right of the "DATE:" line.

The National Endowment for the Arts continues to benefit from a strong and positive working relationship with the Office of Inspector General (OIG). We appreciate the leadership and communication of the Inspector General and concur with the observations made in your November 12, 2013 memorandum entitled "Top Management Challenges for the National Endowment for the Arts."

In particular, we appreciate your acknowledgement of the continuing progress and improvements made by the NEA in the areas of Financial Management, Human Capital, Information Technology, and Grantee Accountability.

During the past year, the NEA has continued to strengthen its internal operations. As you noted, our Finance staff implemented additional integrity checks, and continue to participate in an inter-agency working group that seeks to enhance the Delphi finance system provided by the Department of Transportation (DOT), with a particular focus on preparing for DOT's eventual transition to Oracle's version 12i. With a full complement of staff, and increasingly efficient internal processes, the Finance office is well-positioned to tackle the challenges noted in your report.

We agree that the area of human capital presents unique challenges in the upcoming year, largely due to the relocation of the Agency from the Old Post Office Building to Constitution Center in early 2014. We also note that the workflow analysis project mentioned in your report has been completed; the final report and recommendations will be reviewed and acted upon within the next few months. This past year, we also fully implemented a new online training resource and began to lay the groundwork to establish an automated employee performance management system. All of these changes promise long-term efficiencies and financial benefits for the Agency.

Further, implementation of our strategic partnership with the National Endowment for the Humanities to transition to a new Cloud-based grants management system is moving along on schedule and within budget. This new eGMS will result in greater efficiencies in our application and grant processing, improved accountability, and improved customer service. We are also proud that, despite limited resources, we are meeting the challenges of government-wide requirements for information security. This is a task that never really ends, of course, and the Agency is fully committed to staying on course to ensure the security of our information systems and the privacy of the information contained in them.

On the relocation front, we continue to collaborate with GSA and NEH in anticipation of our expected move in early 2014.



In our grants management operations, we have continued to identify and act on opportunities to improve the experience of the applicants and grantees who do business with us, and have – through creative use of technology – enhanced the efficiency of our grants final report review process. And, as you noted, during FY 2013 we presented the Agency’s first grants-specific webinar, which was extremely well received.

Finally, I would like to point out the great strides we have made in the areas of transparency and accountability. Most notably, during FY 2013 we introduced a completely redesigned website, making it even more accessible, functional, and because of being developed on a Drupal platform, much more flexible.

We appreciate the OIG’s recognition of the progress the Agency has made during the past year and look forward to working with you on these and other matters of mutual concern in the coming year.

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