

# Library of Congress

National Digital Library



Annual Review 2001

Cover photography, clockwise from top left:

- From the collection **Civil War Maps**: The siege of Vicksburg, its approaches by Yazoo Pass and other routes, 1863
- From the collection **Born in Slavery: Slave Narratives from the Federal Writers' Project, 1936–1938**: Sarah Gudger, age 121
- From the collection **Emergence of Advertising in America, 1850–1920: Selections from the Collections of Duke University**: "How to do pickling," 1917
- From the collection **Edward S. Curtis's *The North American Indian*: Photographic Images**: Qa'hila—Koprino

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# National Digital Library

**Annual Review 2001**

# From the Librarian

This fiscal year saw the Library of Congress facing new challenges, as the ever-increasing importance of digital information manifested itself with a congressional mandate that the Library lead a nationwide effort to develop a strategy for collecting, archiving, storing, and preserving digital materials. Called the National Digital Information Infrastructure and Preservation Program (NDIIPP), this exciting initiative will also look at ways for repositories to make this vital information available while adhering to copyright law.

The task is enormous, but achieving the goal is of crucial importance to the nation's future. Knowledge is a cornerstone of American democracy, and much of the creative and intellectual output of Americans is now in digital formats. That digital information must be collected and made available in the same way as the more than 124 million books, films, maps, motion pictures, manuscripts, prints, photographs, and other materials in the Library's unparalleled collections.

As we work to ensure that America's cultural heritage is preserved and accessible for centuries to come, we will collaborate with many institutions and communities in this public-private effort. Support for the NDIIPP has been generously provided by the U.S. Congress with a special appropriation of \$99.8 million, and the Library is seeking an additional \$75 million in private gifts and in-kind contributions. I am pleased that Laura E. Campbell, who continues so ably to lead our National Digital Library (NDL) Program, will also direct the NDIIPP.

In other news, the Library's NDL Program, also a public-private partnership, now freely offers more than 7.5 million items in more than 100 varied collections. The flagship of the NDL Program, American Memory ([www.loc.gov](http://www.loc.gov)), added 12 collections in 2001. Altogether, the Library's digital sites handled more than 1 billion hits in 2001—testament to the enormous popularity of one of the largest repositories of high-quality intellectual content on the Web.

The program is truly a national partnership. Four of the 12 new collections made available in 2001 were from the archives of other institutions, winners of grants from the Library of Congress/Ameritech National Digital Library Competition. Moreover, the NDL is international. Our International Horizons Web site ([www.loc.gov/international](http://www.loc.gov/international)) features collections from around the world.

The library of the 21st century is as close as your local library or as far away as across the country or around the world. The Library of Congress will continue to fulfill its mission as it faces the new challenges of the Information Age.



■ James H. Billington  
Librarian of Congress

*James H. Billington*

# From the Associate Librarian

## for Strategic Initiatives

Recognizing the urgent need to develop a strategy for the collection and preservation of digital information, the U.S. Congress asked the Library in fiscal year 2001 to lead a collaborative effort, called the National Digital Information Infrastructure and Preservation Program (NDIIPP). A special appropriation from Congress will support this national program to ensure that the burgeoning amounts of digital materials are available to students, researchers and lifelong learners for generations to come.

As with our highly successful National Digital Library Program, we will be joining others to achieve this goal. Congress has asked the Library to work with the Secretary of Commerce, the director of the White House Office of Science and Technology Policy, and the National Archives and Records Administration. The legislation also directs the Library to seek the participation of "other federal, research and private libraries and institutions with expertise in the collection and maintenance of archives of digital materials," including the National Library of Medicine, the National Agricultural Library, the Research Libraries Group, the Online Computer Library Center, and the Council on Library and Information Resources.

The Library will consult with federal partners to assess joint planning considerations for shared responsibilities. The Library will also seek participation from the nonfederal sector and will execute its overall strategy in cooperation with the library, creative, publishing, technology, and copyright communities in this country and abroad. We will also look to the private sector for its support.

The National Digital Library Program, whose award-winning American Memory Web site handles more than 28 million transactions monthly, continues to grow. Currently, more than 7.5 million items of American history from the Library and its partners are available at the click of a mouse. During the next fiscal year, this national resource for learning will be adding new collections of primary source material to the more than 100 now online.

The advent of digital material has not changed the Library's mission. What has changed are the *methods* we use to accomplish that mission. The old ways of collecting, cataloging, storing and preserving analog materials do not neatly transfer to the digital world. And serving these materials to the public presents even greater challenges when copyrighted materials in digital formats are so easily replicated.

With the aid and expertise of others, the Library of Congress will meet these challenges as it fulfills its historic mission in the 21st century.



■ Laura E. Campbell  
Associate Librarian for Strategic Initiatives

*Laura E. Campbell*

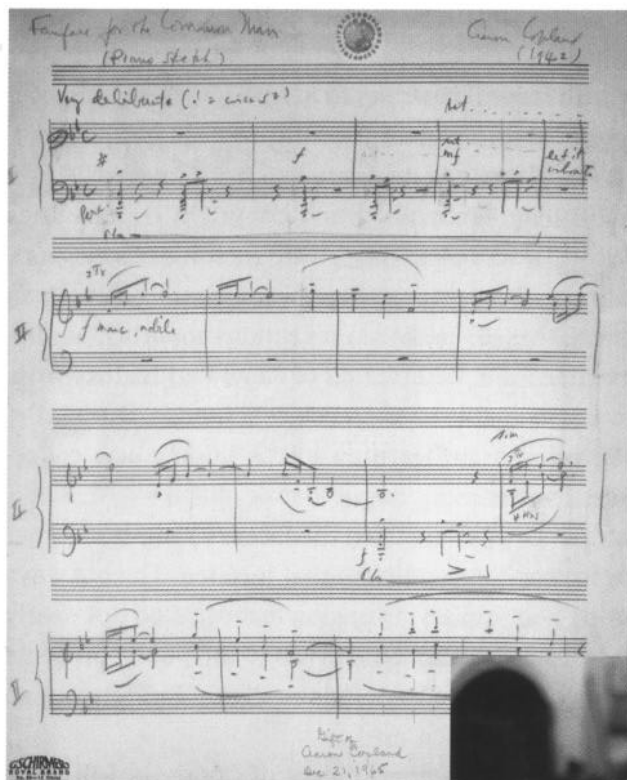
# Content

During fiscal 2001, the National Digital Library Program continued to receive widespread acclaim for providing free, high-quality, educationally valuable American cultural and historical resources on the Library's American Memory Web site. At year's end, 7.5 million Library of Congress items were available online or in digital archives. Twelve new multimedia historical collections were added to the American Memory Web site, bringing the total to 102. Ten existing collections were expanded with more than 860,000 digital items. In addition, six new Library exhibitions were mounted on the Library's Web site. The online exhibition "American Treasures of the Library of Congress" was periodically updated to include rotating collection items.

One of the new collections to debut in 2001 was "Fifty Years of Coca-Cola Television Advertisements: Highlights from the Motion Picture Archives." This collection presents a variety of television advertisements, outtakes, and experimental footage from the advertising developed for the Coca-Cola Company. It includes five excerpts from the stop-motion advertising developed

for Coca-Cola between 1954 and 1956 by the D'Arcy agency and 18 excerpts from the Experimental TV Color Project of 1964, which determined the best lighting for the cans, bottles, and performers in television advertisements. Highlights include the 1971 "Hilltop" commercial with an international group of young people on an Italian hilltop singing "I'd Like to Buy the World a Coke"; the "Mean Joe Greene" commercial from 1979; the first "Polar Bear" commercial from 1993; and "First Experience," an international commercial filmed in Morocco in 1999.

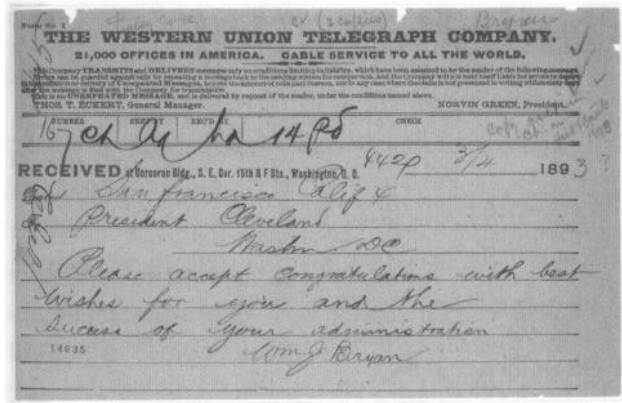
The online presentation of "The Aaron Copland Collection" was another American Memory collection to debut in 2001. This collection includes about



■ Images from **The Aaron Copland Collection, ca. 1900–1990** (L–R): "Fanfare for the Common Man," (piano sketch); Aaron Copland with Benjamin Britten, ca. 1950; Aaron Copland by candlelight, Tepoztlan, Mexico, 1944



■ Images from the collection **'I Do Solemnly Swear...': Presidential Inaugurations** (L-R): Sarah T. Hughes, U.S. District Judge, Northern District of Texas, administering oath of office to Lyndon B. Johnson in the Conference Room aboard Air Force One at Love Field, Dallas, Texas, November 22, 1963; Ticket to the White House Inauguration Ceremonies, January 20, 1945; Telegram from William Jennings Bryan to President Cleveland, March 4, 1893



400,000 items documenting the multifaceted life of Aaron Copland, who was a composer, performer, teacher, writer, conductor, commentator, and administrator. It comprises both manuscript and printed music, personal and business

correspondence, diaries, writings, scrapbooks, programs, newspaper and magazine clippings, photographs, awards, books, sound recordings, and motion pictures. The first release of the online collection contains approximately 1,000 items that yield a total of about 5,000 images. The multifaceted collection spans the years 1910 to 1990 and helps to celebrate the centennial of the birth of a great American composer.

Through the support of a Library of Congress/Ameritech award, a selection of items drawn from the collections of Michigan State University Libraries and the Clarke Historical Library at Central Michigan University Libraries is available online. This collection, "Sunday School Books: Shaping the Values of Youth in Nineteenth-Century America," presents 170 Sunday school books published in America between 1815 and 1865. They document the culture of religious instruction of youth in America during the antebellum era. Among the topics featured are history, holidays, slavery, African Americans, Native Americans, travel and missionary accounts, death and dying, poverty, temperance, and advice.

# Collaboration

■ Images from the collection **Edward S. Curtis's *The North American Indian: Photographic Images*** (counterclockwise): Nootka method of spearing, ca. 1915; War chief—Nez Perce, ca. 1905; Chaiwa—Tewa, 1921



Four award-winning Library of Congress/Ameritech collections debuted online this year, bringing the total to 16. Beginning in 1997, the Library of Congress sponsored a three-year competition with a gift from the Ameritech Corporation to enable public, research, and academic libraries, museums, historical societies, and archival institutions (with the exception of federal institutions) to digitize American history collections and to make them available on the Library's American Memory Web site. Those digital collections complement and enhance the Library's online resources. Thirty-three institutions have now received \$1.75 million of support to digitize 23 projects.

During fiscal 2001, the National Digital Library Program also engaged in efforts to broaden access to the unique materials digitized for American Memory and to encourage interoperability among repositories of cultural heritage. The descriptive records for four American Memory collections have been made available for sharing with other institutions using the emerging standard of the Open Archives Initiative. More will follow. For the collections made available so far, the records are available either in the machine-readable cataloging (MARC) format or as simple Dublin Core records. The Digital Library Federation is encouraging its members to make the records for their digital resources accessible to other institutions in the appropriate format so that they may be used comprehensively to build pooled resources or selectively to build services for specialized scholarly communities. Five American Memory collections were contributed to the Cultural Materials Initiative, a pooled



resource being assembled by the Research Libraries Group from digital resources of participating members.

Working with the Office of the Librarian, Library Services, and Information Technology Services, the National Digital Library continued to contribute to International Horizons, a collaborative digitization effort. During the year, "Spain, the United States, and the American Frontier: Historias Paralelas" joined "Meeting of Frontiers" as the second component of the International Horizons Web site. This new site brings together unique collections of the Library of Congress with those of partner institutions in Spain, most notably the National Library of Spain and the Biblioteca Colombina y Capitulary of Seville. In March, the Library hosted a visit by the National Librarian of Spain, which cemented a strong collaborative relationship between the two institutions with the acquisition of hundreds of digital items for eventual inclusion in "Historias Paralelas." Drawing on rich Library of Congress collections relating to Spain and Spanish America, staff members selected items to digitize from the Library's general collections; the Law Library; and the Geography and Map; Manuscript; and Rare Book and Special Collections divisions. Following the pilot release, digitization began on two premier collections donated to the Library by Hans P. Kraus: the Sir Francis Drake Collection in the Rare Book and Special Collections Division and the Hans P. Kraus Manuscript Collection.

Images from the collection Emergence of Advertising in America, 1850-1920: Selections from the Collections of Duke University (L-R): "Clothing Emporium: The Cheapest Place in the City"; "For the out-of-doors days KODAK," 1920; "A Wonderful New Product," 1917

**NEW YORK**  
**Clothing Emporium,**  
 THE CHEAPEST PLACE IN THE CITY,  
 208 F Street, opposite Paymaster General's Office.  
 (UNDER THE BETHLEHEM MARK.)  
**WASHINGTON, D. C.**  
**H. MORRIS,**  
 MANUFACTURER AND DEALER IN  
**MILITARY AND FASHIONABLE CITIZENS' CLOTHING.**  
 Also constantly on hand a Large Assortment of *Gen's Furnishing Goods,* Boots, Shoes, Hats, Caps, Valises, and Trunks.  
 Retail, Wholesale, Printers & Photographers, Washington, D.C.

THE COMPANION FOR ALL THE FAMILY



the out-of-doors days

# KODAK

It is not merely the alluring picture story, but on negative at least a date; and a title, too, if you titling is the work of but an instant with an graphic Kodak; is as simple as making the picture and there is no extra charge for Autographic film.

*If it isn't an Eastman, it isn't a Kodak.*

EASTMAN KODAK COMPANY, Rochester, N. Y., The Kodak City

The Ladies Home Journal for April, 1917

## A Wonderful New Product

Won't shrink woollens! Won't turn silks yellow! Won't injure even chiffons!



**LUX**

For all fine laundering 10¢

17

## Educational outreach

The NDL Program continued to provide educational outreach to K-12 educators through online features such as the America's Library Web site ([www.americaslibrary.gov](http://www.americaslibrary.gov)) Today in History, the Learning Page, educator workshops and video conferences, and other activities in the on-site Learning Center. The Today in History site highlights events in American history in a brief daily essay that is linked to the Library's digitized collections. The site remained popular with history and social studies teachers.

Designed for teachers, the Learning Page is a companion Web page to the American Memory collections. It provides search and curricular guidance to teachers and students who use American Memory primary source materials. During fiscal 2001, search indexes were updated to include 15 new American Memory collections and two existing collections with substantial content updates. Ten new essays about the Learn More About It Collection were created for classroom use, and five were updated. One new feature, an American Memory time line, and two substantially updated features, "Elections the American Way" and "Inaugurations," were added to the Learning Page.

A new activity for students, "Copyright on the Web," and a substantially updated student activity, "Big Picture Puzzle," were made available. Nine new teacher-created lesson plans to use with K-12 students were added in fiscal 2001.

The Learning Page also supports the NDL teacher-training initiative and other educational outreach efforts available to all educators with Internet access. Fifteen workshops from the NDL teacher-training initiatives were made available on the Learning Page. Descriptive indexes and reservation forms for workshops given in the National Digital Library Learning Center were created as well. A conference page of national and local presentations by Library staff members and teachers working with the Library of Congress initiative was created and added to the Learning Page. A page of downloadable handouts for teachers was added. A quarterly electronic newsletter, written by teachers and school media specialists, was published on the Learning Page in collaboration with the Social Science Education Consortium.

In fiscal 2001, the Library of Congress held its fifth and final American Memory Fellows Institute, welcoming 50 more K-12 teachers and school media specialists into the Library's existing network of 250 master educators. Since 1997, this outreach program has reached nearly all states. In this program, teams of master educators create sample teaching units that draw on the Library of Congress online materials. These teacher-developed lesson plans and materials are tested and then shared with other educators nationwide in an ongoing basis through the Library of Congress Learning Page. Library of

Congress American Memory Fellows also assist Library staff members in training other educators.

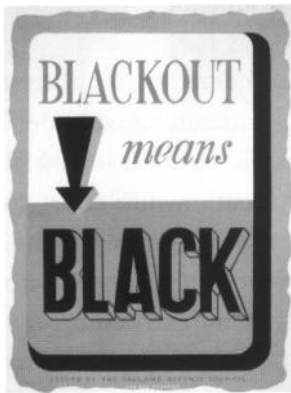
In fiscal 2001, the Library of Congress held the second Adventure of the American Mind summer institute for teachers. The institute was sponsored by the Education and Research Consortium of Western North Carolina. Library staff members, together with selected American Memory Fellows, welcomed 50 educators, largely from western North Carolina and South Carolina, to the Library of Congress to learn about primary resources in the curriculum.

The National Digital Library was among 20 organizations invited to attend the 2001 National Education Summit for state governors in Palisades, New York.

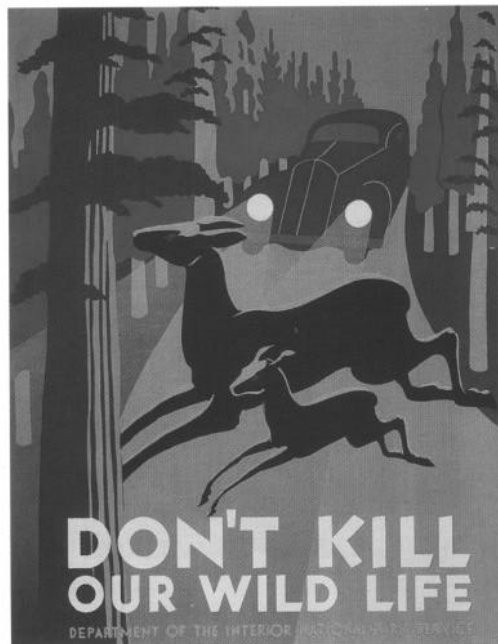
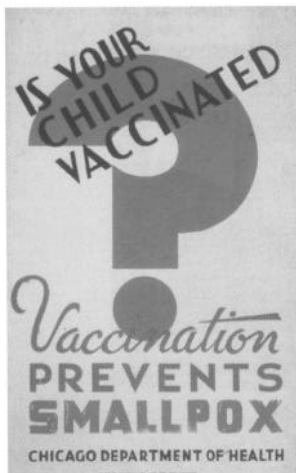
In fiscal 2001, the Learning Center hosted 641 programs for 8,882 visitors. The User Services staff designed five new education workshops offered to educators either in the 16-seat computer classroom or off-site using the Learning Center's state-of-the-art videoconference equipment. A total of 729 educators attended the 59 in-house workshops, and 1,412 educators participated in 80 videoconferences. The Learning Center also offered 269 theater-style programs for 4,941 guests and 121 small programs in its alcove of computer workstations for 228 guests. A total of 95 programs with 1,461 guests used some combination of the Learning Center spaces. In keeping with the Learning Center's focus on education, the classroom and videoconferencing guests were nearly all educators, including classroom teachers, librarians, school media specialists, library science

graduate students, and undergraduate education majors.

The Learning Center also regularly hosted foreign scholars and dignitaries, as well as members of Congress and their guests, and demonstrated the Web site for members of the public each weekday at noon. In addition to workshop and presentation duties, the Learning Center handled reference service and requests for information. In fiscal 2001, more than 3,400 requests for information were answered through electronic mail.



- From the collection **By the People, For the People: Posters from the WPA, 1936-1943** (counterclockwise from top): "Blackout means black," ca. 1941-1943; "Is your child vaccinated: Vaccination prevents smallpox—Chicago Department of Health," ca. 1936-1941; "Don't kill our wild life," ca. 1936-1941



# Looking ahead

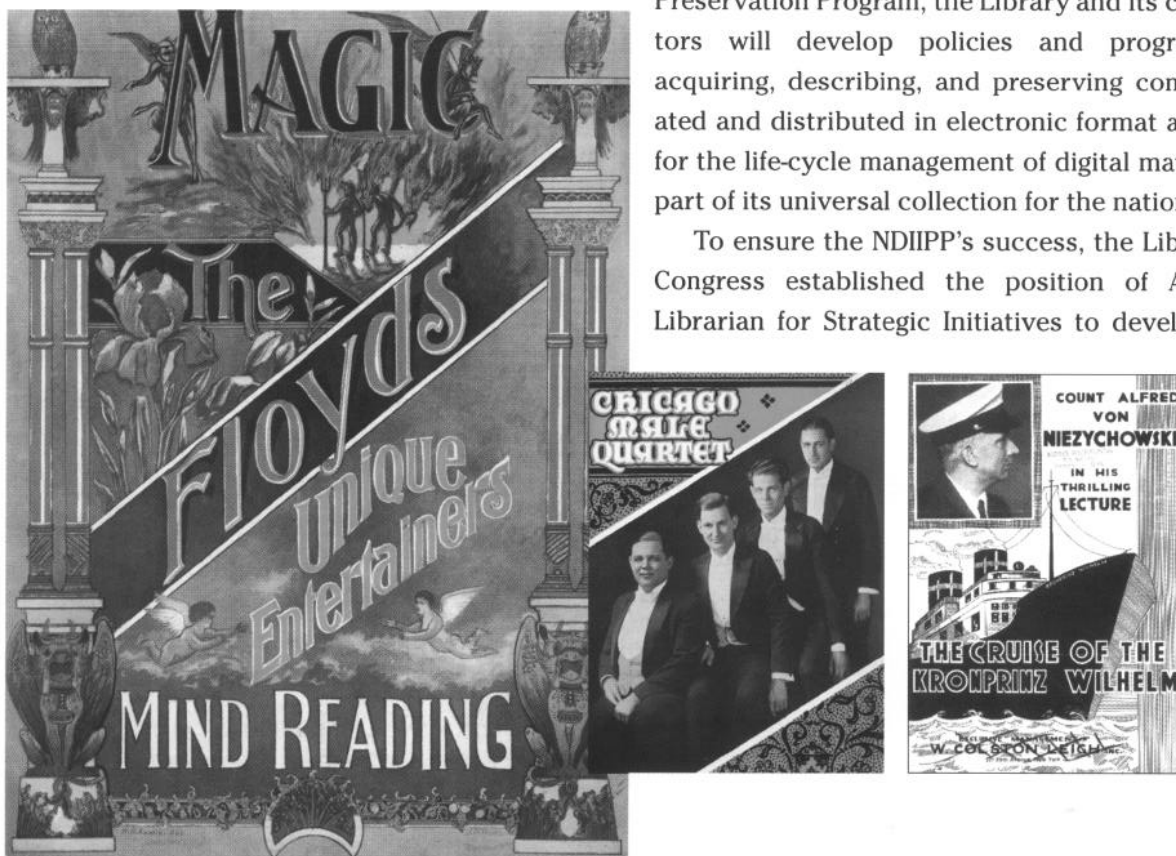
The Library is intensifying its focus on the expansion and elaboration of its digital library programs and initiatives in the future. The Library will continue to expand American Memory by converting its historically significant archival collections into digital form and working with partner cultural organizations to add similarly significant content from other institutions. The Library of Congress/Ameritech National Digital Library Program Competition award winners and partners contributing to International Horizons will also add to American Memory's growth. Each will contribute valuable archival content and together they will add a local and international perspective to a national program.

Although American Memory will continue to be a principal digital library initiative, the Library's focus on broader digital strategic planning will intensify. At the request of Congress and with the support of a fiscal 2000 special appropriation of \$99.8 million, the Library is leading a nationwide effort to develop a strategy for collecting, archiving, storing, and preserving digital materials, as well as ways of distributing digital content while adhering to copyright law. Through the National Digital Information Infrastructure and

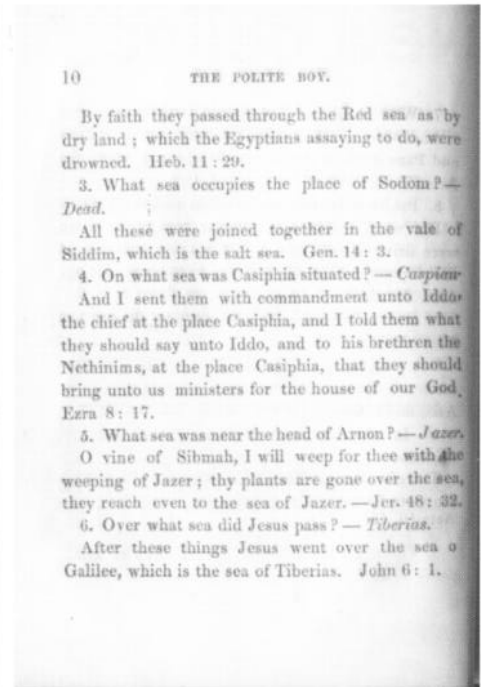
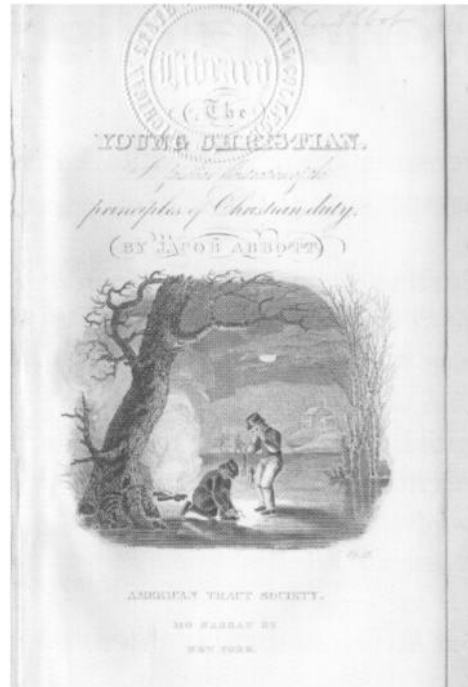
Preservation Program, the Library and its collaborators will develop policies and programs for acquiring, describing, and preserving content created and distributed in electronic format as well as for the life-cycle management of digital materials as part of its universal collection for the nation.

To ensure the NDIIPP's success, the Librarian of Congress established the position of Associate Librarian for Strategic Initiatives to develop a full

■ Images from the collection **Traveling Culture: Circuit Chautauqua in the Twentieth Century** (L-R): "The Floyds: magic and mind reading," 191-?; "Chicago Male Quartet," 1927; "Count Alfred von Niezychowski: In His Thrilling Lecture," 1915



■ From the collection **Sunday School Books: Shaping the Values of Youth in Nineteenth-Century America** (L-R): "The Young Christian: or, A Familiar Illustration of the Principles of Christian Duty"; "The Polite Boy: Bible Questions for Children"



range of digital policies and operations. Laura Campbell, who continues as director of the NDL Program, has been assigned to the new Associate Librarian position. As Associate Librarian, she is responsible for overall strategic planning for the Library, oversight of the Information Technology Services directorate, leadership of a new internal information technology planning group, and work with external partners.

The Office of Strategic Initiatives put in place a two-tier strategy to develop the NDIIPP. The first focuses inward, on the Library's technology infrastructure and policies. The Office of Strategic Initiatives convened internal policy groups to identify issues and develop recommendations for a broad range of complex topics, from rights management to criteria for universal collecting. The second tier focuses on collaboration with the public and private sectors. The office convened the National Digital Strategy Advisory Board to advise the Library of Congress on national strategies for the long-term preservation of digital materials, to promote collaboration among diverse stakeholder communities, and to assist in developing a national fund-raising strategy.

The Library of Congress will continue to work collaboratively with Congress, the private sector, and a wide range of cultural and intellectual organizations to achieve its broad goal to preserve and provide access to historically significant material in a variety of traditional and digital formats. This national goal is possible only with the broad support of a diverse constituency, all working together to preserve the nation's history and culture.

# New online historical collections

Civil War Treasures from the New-York Historical Society  
(a cooperative project)

Edward S. Curtis's *The North American Indian: Photographic Images*  
(LC/Ameritech Award Winner—Northwestern University)

Sunday School Books: Shaping the Values of Youth in Nineteenth-Century America  
(LC/Ameritech Award Winner—Michigan State University Libraries and Central Michigan University, Clarke Historical Library)

Emergence of Advertising in America, 1850–1920: Selections from the Collections of Duke University  
(LC/Ameritech Award Winner—Duke University, Rare Book, Manuscript and Special Collections Library)

Traveling Culture: Circuit Chautauqua in the Twentieth Century  
(LC/Ameritech Award Winner—University of Iowa Libraries)

Born in Slavery: Slave Narratives from the Federal Writers' Project, 1936–1938

'I Do Solemnly Swear...': Presidential Inaugurations

Fifty Years of Coca-Cola Television Advertisements: Highlights from the Motion Picture Archives at the Library of Congress

The Irving Fine Collection, ca. 1914–1962

The Aaron Copland Collection, ca. 1900–1990

The Capital and the Bay: Narratives of Washington and the Chesapeake Bay Region, ca. 1600–1925

The Hannah Arendt Papers at the Library of Congress

**USATODAY.com** Hot Site

**UNESCO Archives Portal** Selected for Inclusion

**Library Spot** Featured Site

**Family Tree Magazine** 101 Best New Family History Web Sites & Site of the Day

**My Report Links** Seal of Approval

**The Scout Report** Selected for inclusion

**Y2G.COM-The Best of the Life** Top 25 Best Sites on African American History and Culture

**SchoolZone** Five Star Site

**National Science Teachers Association** Inclusion in sciLINKS

**learnthenet.com** 10 Things You Can Do on the Net This Week

**GovSpot.com** Site of the Week

**GenealogySpot.com** One of the very best genealogy-related resources on the Web

**TenLinks.com** Tech Site of the Week

**Techlearning.com** Site of the Day

**Math Forum @ Drexel** Featured Site

**Lightspan's StudyWeb** Featured Site

**Merlot Project** A distinguished, high-quality source of learning material

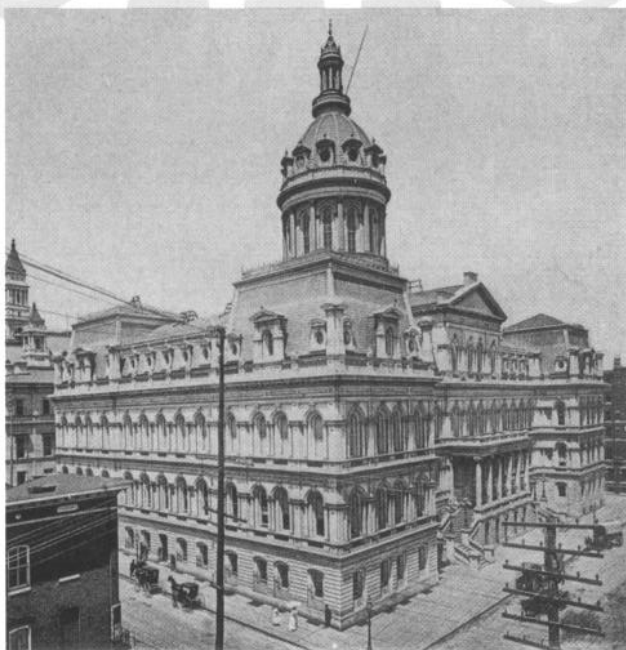
**LINCS Network (Literacy Information and Communication System)** LINCS Hot Site

**Federal University of Rio de Janeiro, Brazil** Inclusion in the Social Sciences Virtual Library

**WebPathExpress** Approved Site

**bigchalk.com** Exceptional Educational Site

**Maps101.com** Included in Educational Links



■ From the collection **The Capital and the Bay: Narratives of Washington and the Chesapeake Bay Region, ca. 1600–1925:**  
From *Baltimore Illustrated in Albertype*,  
Baltimore City Hall

# Sponsors

## The United States Congress

\$15 million five-year appropriation

## Founding Sponsors *contributions of \$5 million or more*

Mr. John W. Kluge

The David and Lucile Packard Foundation

## Charter Sponsors *contributions of \$1 million or more*

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Occidental Petroleum Corporation

Alexander Papamarkou

The Pew Charitable Trusts

Reuters

Laurance S. and Mary French Rockefeller

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## Contributors

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Mellon Foundation

Microsoft Corporation

NYNEX Foundation

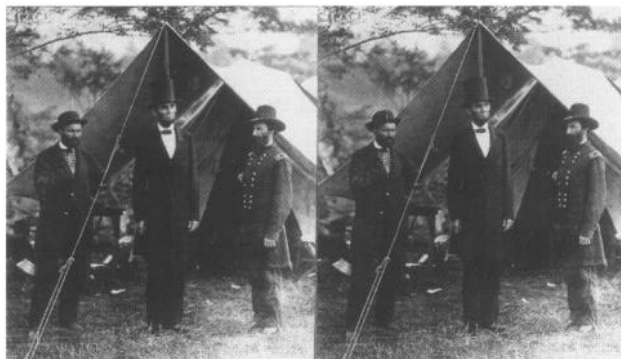
Shell Oil Co. Foundation

Texaco Foundation

## In-kind Contributors

International Business Machines Corporation

LizardTech



■ From the collection **Civil War Treasures from the New-York Historical Society**: Abraham Lincoln standing outside a tent with officer and another man, possibly Allan Pinkerton (stereograph), ca. 1861–ca. 1865



# Financial Statements

# Independent auditor's report



**Clifton  
Gunderson LLP**  
Certified Public Accountants & Consultants

To the Librarian of Congress  
National Digital Library Trust Fund

We have audited the National Digital Library Trust Fund (NDLTF) for the fiscal year 2001.

In our opinion:

- The financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We found:

- No material weaknesses in internal control over financial reporting; and
- No instances of noncompliance with selected provisions of laws and regulations tested.

Each of these conclusions is described in more detail below. This report also discusses the scope of our work.

## **Opinion on Financial Statements**

We have audited the accompanying statement of financial position of the NDLTF as of September 30, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the NDLTF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NDLTF as of September 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information contained in the consolidating schedules of financial position and activities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the NDITF's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of NDITF in a separate letter dated February 1, 2002.

#### **Compliance**

As part of obtaining reasonable assurance about whether the NDITF's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

\* \* \* \* \*

This report is intended solely for the information and use of the Librarian of Congress, management of National Digital Library Fund, and Congress and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Sunderson LLP*

Calverton, Maryland

February 1, 2002

**STATEMENT OF FINANCIAL POSITION**

National Digital Library Trust Fund, September 30, 2001

**ASSETS**

Cash	\$ 63,194
Investments (Note 2)	
U.S. Treasury Market-Based Securities	15,428,147
U.S. Treasury Market Permanent Loan	1,104,702
Growth and Income Pool	51,128
Total Investments	<u>16,583,977</u>
Receivables	
Pledges (Note 3)	3,122,210
Accrued Interest	74,213
Total Receivables	<u>3,196,423</u>
Operating Materials & Supplies	—
<b>Total Assets</b>	<b><u>\$ 19,843,594</u></b>

**LIABILITIES & NET ASSETS**

Accounts payable	\$ 358,336
<b>Total Liabilities</b>	<b><u>\$ 358,336</u></b>
<b>NET ASSETS</b> (Note 4)	
Temporarily restricted	<u>\$ 19,485,258</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 19,843,594</u></b>

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

## STATEMENT OF ACTIVITIES

National Digital Library Trust Fund, for the fiscal year ended September 30, 2001

### CHANGES IN UNRESTRICTED NET ASSETS

#### REVENUE

Imputed financing sources (Note 6)	\$ 23,069
Interest	724,072
Net unrealized and realized loss on investments (Note 2)	(9,364)
Other Revenue—Royalties	2,143
Net assets released from restrictions	941,687
<b>Total revenue</b>	<b><u>\$ 1,681,607</u></b>

#### EXPENSES

Personnel costs	\$ 203,851
Professional and consultant services	790,762
Digitizing and other services	505,897
Non-capitalized equipment	42,496
Awards to other archival institutions (Ameritech)	35,520
Travel and transportation	34,701
Entertainment	20,884
Printing, publishing, and photoduplicating	17,924
Office supplies	10,131
Services of the Library and other agencies	10,000
Rental	6,593
Computer software	1,404
Books and library materials	1,084
Tuition and training	315
Postage	45
<b>Total expenses</b>	<b><u>\$ 1,681,607</u></b>

#### Changes in Unrestricted Net Assets

—

### CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Donations (Note 5)	\$ 427,245
Net assets released from restrictions	(941,687)
<b>Changes in Temporary Restricted Net Assets</b>	<b><u>(514,442)</u></b>

#### Decrease in Net Assets

(514,442)

#### Net Assets at Beginning of Year

19,999,700

#### Net Assets at End of Year

**\$ 19,485,258**

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

**STATEMENT OF CASH FLOWS**

National Digital Library Trust Fund, for the fiscal year ended September 30, 2001

**CASH FLOWS FROM OPERATING ACTIVITIES**

Donations Received	\$ 1,963,063
Interest Received	759,366
Cash paid to others	(1,243,791)
Cash paid to employees	(360,166)
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ 1,118,472</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment in U.S. Treasury Market-Based Securities	\$ (5,391,083)
Investment in U.S. Treasury Permanent Loan	(1,351,901)
Investment in Growth and Income Pool	(60,962)
Redemption of Investment in U.S. Treasury Market-Based Securities	4,488,425
Redemption of Investment in U.S. Treasury Permanent Loan	908,292
<b>Net Cash Provided by Investing Activities</b>	<b><u>\$ (1,407,229)</u></b>

<b>Net (Decrease) in Cash</b>	<b>(288,757)</b>
<b>Cash at Beginning of Year</b>	<b>351,951</b>
<b>Cash at End of Year</b>	<b><u>\$ 63,194</u></b>

**RECONCILIATION OF CHANGES IN NET ASSETS  
TO NET CASH USED BY OPERATING ACTIVITIES**

<b>Change in Net Assets</b>	<b>\$ (514,442)</b>
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**ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS  
TO NET CASH PROVIDED FROM OPERATING ACTIVITIES**

Non-cash loss on mutual fund investments	\$ 9,835
Decrease in pledges receivables (Note 3)	1,533,675
Decrease in accounts receivables	897
Decrease in accrued interest receivables	34,823
Decrease in accrued payroll and annual leave	(179,384)
Increase in accounts payable	233,023
Decrease in operating materials & supplies	45
Total Adjustments	1,632,914
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ 1,118,472</u></b>

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

# Notes to financial statements

September 30, 2001

## NOTE 1

### Reporting Entity and Summary of Significant Accounting Principles

#### A. Description of Fund

The National Digital Library Trust Fund (NDLTF) supports the mission and strategic objectives of the National Digital Library program (NDLP). The program is a public-private partnership created to digitize American history and cultural materials, to build a broad-based national coalition of digital archives and libraries, to provide access to electronic materials, to develop a catalog for electronic materials, to promote standards and practices for the use of digital materials, and to provide other related future services. The NDLP is an unsurpassed online resource for the study of American history and culture. Making priceless treasures of American history accessible to all Americans in their own local communities is central to the Library's goal of enriching education in America and widening access to the documentary record of America's knowledge and creativity.

The National Digital Library Trust Fund consists of the following sub-accounts:

- NDLP General Trust
- Scott Trust
- Kellogg Trust
- Ameritech Trust
- McCormick Tribune Trust
- Koch Foundation Trust
- Mellon Foundation Trust
- Microsoft Trust
- Pew Charitable Trust
- Hewlett Foundation Trust

The NDLTF is the primary private sector source of funding for the NDLP. The program also receives funding from appropriated funds, a gift fund, and an endowment fund.

The NDLTF was approved by the Library of Congress Trust Fund Board and the Joint Committee

on the Library in September 1994 and operates on a fiscal year beginning October 1 and ending September 30.

Significant accounting policies followed by the NDLTF are presented below.

#### B. Basis of Presentation

The NDLTF's financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

The NDLTF adopted financial reporting standards applicable to not-for-profit organizations. The financial statements are prepared in accordance with Financial Accounting Standards No. 117, and recognize net assets based on the existence of applicable restrictions limiting their use.

Temporarily restricted net assets result from donor-imposed restrictions that permit the Fund to use or expend the assets after the restriction has been satisfied. When a donor-imposed restriction is satisfied, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Unrestricted net assets result from the expiration of donor-imposed restrictions on contributions. These assets are available to the Fund for use in support of current operations. The Library of Congress provides support services to the NDLTF and the costs of these services are, by their nature, indirect, difficult to quantify, and financed with appropriated funds of the library. To the extent that these services are provided, they are not considered operating expenses of the NDLTF.

#### C. Use of Estimates

The preparation of the NDLTF's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in

the financial statements and accompanying notes. Actual results may differ from these estimates.

#### D. Donations and Revenue Recognition

The NDLTF records as donation revenue amounts received in the form of cash, promises or pledges to give. All donations are temporarily restricted for the purpose of the NDLTF and are not available for the support of general Library activities. Unconditional promises or pledges to give are recognized as pledges receivable. Multiyear pledges or promises due over a period of time are discounted to their present value, based upon prevailing interest rates, and recognized in the period of initial pledge.

#### E. Capital Assets

The financial statements do not include capital assets, which are purchased for the Library of Congress and other funds. Capital assets are expensed when purchased and ownership is transferred to the Library of Congress.

#### F. Income Tax

The NDLTF operates for the benefit of the Library of Congress, which is an instrument of the United States and, as such, is not subject to income tax.

#### G. Investment Policy

The Library of Congress Trust Fund Board determines the investment policy for the Library's trust funds. The policy provides three options for investment of the NDLTF funds:

- a permanent loan with the U.S. Treasury

- a pool of U.S. Treasury market-based securities
- a private investment pool consisting of five stock funds and one money market fund. The funds recommended by the Library of Congress Trust Fund Board's investment committee and approved by the Board are:

- Vanguard Money Market Prime Fund
- Fidelity Fifty Fund
- Fidelity Stock Selector
- Vanguard Total Stock Market Index Fund
- Vanguard 500 Index Fund
- RS The Emerging Growth Fund

Investments in U.S. market-based securities are stated at cost net of any unamortized premium or discount, which approximates market value at September 30, 2001. The permanent loan is an interest bearing par value investment, which equals the market value. Stock and money market mutual funds are stated at current market value.

### NOTE 2

#### Investments

##### A. U.S. Treasury

An act of Congress approved March 3, 1925, and subsequently amended, permits up to \$10 million of trust funds to be invested with the United States Treasury as a perpetual loan, at a floating interest rate, adjusted monthly, but no less than four percent per annum. At September 30, 2001, \$1,104,702 of NDLTF funds was invested in the U.S. Treasury permanent loan at an interest rate of 5.3 percent. Other investments with U.S. Treasury were as follows:

Investment	Par	Unamortized Premium	Unamortized Discount	Amortized Costs
NDL General Trust	\$13,867,378	\$113,352	\$26,110	\$13,954,620
Scott Trust*	604,262	4,946	1,139	608,069
Ameritech Trust	238,259	1,952	450	239,761
McCormick Tribune Trust	230,551	1,888	434	232,005
Koch Foundation Trust	6,478	53	12	6,519
Pew Charitable Trust	384,748	3,151	726	387,173
<b>Total Trusts</b>	<b>\$15,331,676</b>	<b>\$125,342</b>	<b>\$28,871</b>	<b>\$15,428,147</b>

\* The investments are accrued in the General Trust Fund



## B. Mutual Funds

The NDLTF invested \$60,491 in the growth and income pool (non-Treasury mutual fund investments) in 2001. Market value of the growth and income pool as of September 30, 2001 totaled \$51,128.

The net loss on investments of \$9,364 consists of the following: \$471 realized gain of money market dividends, and \$9,835 unrealized loss on the growth and income pool.

### NOTE 3

#### Pledges

Contributions of unconditional promises to give (pledges) to the NDLTF are recognized as revenue in the period received. They are recorded at their present value using a market discount rate. Accretion of the discount in subsequent years is also recorded as revenue. Outstanding pledges of \$3,300,000 at September 30, 2001, were discounted through fiscal year 2004 at a market discount rate and are included in the statement of financial position at their discounted present value of \$3,122,210. The amounts due in future years at their current discounted value are: \$1,268,410 in fiscal 2002; \$945,300 in fiscal 2003; and \$908,500 in fiscal 2004.

### NOTE 4

#### Net Assets

Net assets includes undelivered orders of \$533,691 which are funds that have been obligated for goods and services not yet received for NDLTF operations and designated projects. All assets are temporarily restricted for the purpose of supporting the objectives of the National Digital Library Program.

### NOTE 5

#### Donations

The NDLTF donations exclude a grant from the Ford Foundation of \$500,000 in support of the National

Digital Library received as a gift fund and an endowment from the Harissios Papamarkou Chair in Education Fund.

### NOTE 6

#### Imputed Financing for Cost Subsidies

An adjustment of \$23,069 was recorded as an imputed financing source and a corresponding expense in the accompanying financial statements. This adjustment recognizes the full cost of pensions and other health and life insurance benefits during the employee's active years of service.

### NOTE 7

#### Retirement Plans

Employees of the NDLTF participate in two different retirement plans. Civil Service employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS is the system in effect for most employees hired after December 31, 1983.

In fiscal 2001, the NDLTF paid approximately \$16,347 to fund retirement benefits, excluding FICA Taxes.

### NOTE 8

#### Expenses by Functional Classification

As permitted by Financial Accounting Standards No. 117, the NDLTF has elected to present its operating expenses by natural classification in its Statement of Activities for the fiscal year ended September 30, 2001. The functional breakdown of these expenses is as follows:

National Digital Library Program	\$1,617,234
Fund-raising	64,373
<b>Total expenses</b>	<b>\$1,681,607</b>

The NDLTF donations exclude a grant from the Ford Foundation of \$500,000 in support of the National

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

National Digital Library Trust Fund, September 30, 2001

	NDL General Trust	Scott Trust	Kellogg Trust	Ameritech Trust
<b>ASSETS</b>				
Cash	\$ 59,606	\$ 1,485	\$ —	\$ 586
Investments (Note 2)	—			
U.S. Treasury Market-Based Securities	13,954,620	608,069	—	239,761
U.S. Treasury Market Permanent Loan	1,104,702	—	—	—
Growth and Income Pool	51,128	—	—	—
<b>Total Investments</b>	<b>15,110,450</b>	<b>608,069</b>	<b>—</b>	<b>239,761</b>
Receivables				
Pledges (Note 3)	3,122,210	—	—	—
Accrued Interest	74,213	—	—	—
<b>Total Receivables</b>	<b>3,196,423</b>	<b>—</b>	<b>—</b>	<b>—</b>
Operating Materials & Supplies	—	—	—	—
<b>Total Assets</b>	<b><u>\$ 18,366,479</u></b>	<b><u>\$ 609,554</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 240,347</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>				
Accounts payable	\$ 323,902	\$ 17,492	\$ —	\$ 7,125
<b>Total Liabilities</b>	<b><u>323,902</u></b>	<b><u>17,492</u></b>	<b><u>—</u></b>	<b><u>7,125</u></b>
<b>NET ASSETS (Note 4)</b>				
Unrestricted				
Temporarily restricted	18,042,577	592,062	—	233,222
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 18,366,479</u></b>	<b><u>\$ 609,554</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 240,347</u></b>

McCormick Tribune Trust	Koch Foundation Trust	Mellon Foundation Trust	Microsoft Trust	Pew Charitable Trust	Hewlett Foundation Trust	Combined	Eliminations	Consolidated
\$ 568	\$ —	\$—	\$—	\$ 949	\$—	\$ 63,194	\$ —	\$ 63,194
232,005	6,519	—	—	387,173	—	15,428,147	—	15,428,147
—	—	—	—	—	—	1,104,702	—	1,104,702
—	—	—	—	—	—	51,128	—	51,128
<b>232,005</b>	<b>6,519</b>	<b>—</b>	<b>—</b>	<b>387,173</b>	<b>—</b>	<b>16,583,977</b>	<b>—</b>	<b>16,583,977</b>
—	—	—	—	—	—	3,122,210	—	3,122,210
—	—	—	—	—	—	74,213	—	74,213
—	—	—	—	—	—	<b>3,196,423</b>	—	<b>3,196,423</b>
—	—	—	—	—	—	—	—	—
<b>\$ 232,573</b>	<b>\$ 6,519</b>	<b>\$—</b>	<b>\$—</b>	<b>\$ 388,122</b>	<b>\$—</b>	<b>\$ 19,843,594</b>	<b>\$ —</b>	<b>\$ 19,843,594</b>
\$ 7,350	\$ 2,467	\$—	\$—	\$—	\$—	\$ 358,336	\$ —	\$ 358,336
<b>7,350</b>	<b>2,467</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>358,336</b>	<b>—</b>	<b>358,336</b>
225,223	4,052	—	—	388,122	—	19,485,258	—	19,485,258
<b>\$ 232,573</b>	<b>\$ 6,519</b>	<b>\$—</b>	<b>\$—</b>	<b>\$ 388,122</b>	<b>\$—</b>	<b>\$ 19,843,594</b>	<b>\$ —</b>	<b>\$ 19,843,594</b>

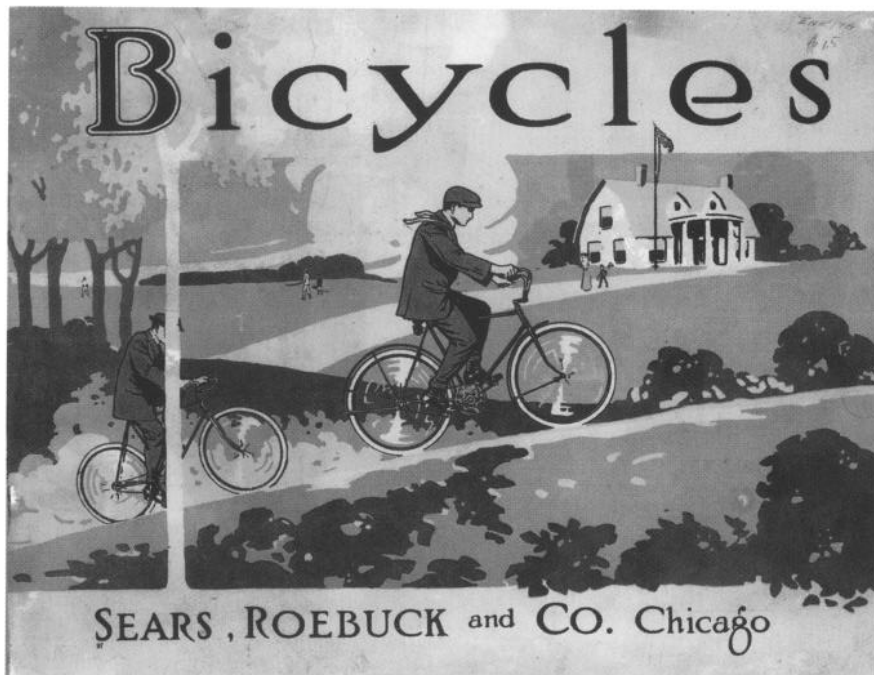
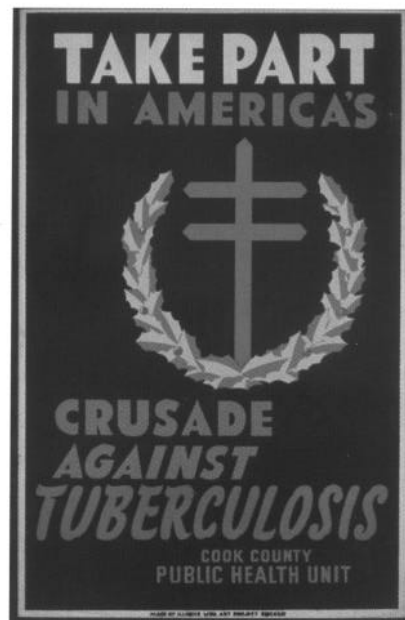
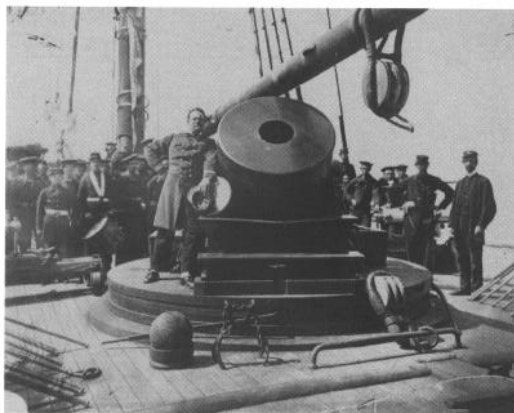
**CONSOLIDATING SCHEDULE OF ACTIVITIES**

National Digital Library Trust Fund, for the fiscal year ended September 30, 2001

	NDL General Trust	Scott Trust	Kellogg Trust	Ameritech Trust
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>				
<b>REVENUE</b>				
Imputed financing sources (Note 6)	\$ 18,777	\$ 4,292	\$ —	\$ —
Interest	662,463	—	—	13,878
Net unrealized and realized loss on investments (Note 2)	(9,364)	—	—	—
Other Revenues—Royalties	2,143	—	—	—
Net assets released from restrictions	196,967	245,085	—	25,442
<b>Total revenue</b>	<b>870,986</b>	<b>249,377</b>	<b>—</b>	<b>39,320</b>
<b>EXPENSES</b>				
Personnel costs	143,913	4,208	—	—
Professional and consultant services	558,299	198,333	—	—
Digitizing and other services	94,273	2,211	—	3,800
Non-capitalized equipment	35,505	628	—	—
Awards to other archival institutions (Ameritech)	—	—	—	35,520
Travel and transportation	6,011	19,311	—	—
Entertainment	8,941	11,943	—	—
Printing, publishing, and photoduplicating	6,325	1,502	—	—
Office supplies	6,515	3,504	—	—
Services of the Library and other agencies	10,000	—	—	—
Rental	—	6,400	—	—
Computer software	—	1,097	—	—
Books and library materials	1,084	—	—	—
Tuition and training	75	240	—	—
Postage	45	—	—	—
<b>Total expenses</b>	<b>870,986</b>	<b>249,377</b>	<b>—</b>	<b>39,320</b>
<b>Changes in Unrestricted Net Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>CHANGES IN TEMPORARY RESTRICTED NET ASSETS</b>				
Donations (Note 5)	385,875	41,370	—	—
Transfer between trust funds	167,815	—	(167,815)	—
Net assets released from restrictions	(196,967)	(245,085)	—	(25,442)
Changes in Temporary Restricted Net Assets	356,723	(203,715)	(167,815)	(25,442)
<b>Increase (Decrease) in Net Assets</b>	<b>356,723</b>	<b>(203,715)</b>	<b>(167,815)</b>	<b>(25,442)</b>
<b>Net Assets at Beginning of Year</b>	<b>17,685,854</b>	<b>795,777</b>	<b>167,815</b>	<b>258,664</b>
<b>Net Assets at End of Year</b>	<b>\$ 18,042,577</b>	<b>\$ 592,062</b>	<b>\$ —</b>	<b>\$ 233,222</b>

McCormick Tribune Trust	Koch Foundation Trust	Mellon Foundation Trust	Microsoft Trust	Pew Charitable Trust	Hewlett Foundation Trust	Combined	Eliminations	Consolidated
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23,069	\$ —	\$ 23,069
21,450	2,458	2,656	—	21,167	—	724,072	—	724,072
—	—	—	—	—	—	(9,364)	—	(9,364)
—	—	—	—	—	—	2,143	—	2,143
317,313	65,138	53,074	6,363	7,925	24,380	941,687	—	941,687
<b>338,763</b>	<b>67,596</b>	<b>55,730</b>	<b>6,363</b>	<b>29,092</b>	<b>24,380</b>	<b>1,681,607</b>	<b>—</b>	<b>1,681,607</b>
—	—	55,730	—	—	—	203,851	—	203,851
—	16,803	—	—	—	17,327	790,762	—	790,762
338,763	30,705	—	—	29,092	7,053	505,897	—	505,897
—	—	—	6,363	—	—	42,496	—	42,496
—	—	—	—	—	—	35,520	—	35,520
—	9,379	—	—	—	—	34,701	—	34,701
—	—	—	—	—	—	20,884	—	20,884
—	10,097	—	—	—	—	17,924	—	17,924
—	112	—	—	—	—	10,131	—	10,131
—	—	—	—	—	—	10,000	—	10,000
—	193	—	—	—	—	6,593	—	6,593
—	307	—	—	—	—	1,404	—	1,404
—	—	—	—	—	—	1,084	—	1,084
—	—	—	—	—	—	315	—	315
—	—	—	—	—	—	45	—	45
<b>338,763</b>	<b>67,596</b>	<b>55,730</b>	<b>6,363</b>	<b>29,092</b>	<b>24,380</b>	<b>1,681,607</b>	<b>—</b>	<b>1,681,607</b>
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	427,245	—	427,245
—	—	—	—	—	—	—	—	—
(317,313)	(65,138)	(53,074)	(6,363)	(7,925)	(24,380)	(941,687)	—	(941,687)
(317,313)	(65,138)	(53,074)	(6,363)	(7,925)	(24,380)	(514,442)	—	(514,442)
<b>(317,313)</b>	<b>(65,138)</b>	<b>(53,074)</b>	<b>(6,363)</b>	<b>(7,925)</b>	<b>(24,380)</b>	<b>(514,442)</b>	<b>—</b>	<b>(514,442)</b>
542,536	69,190	53,074	6,363	396,047	24,380	19,999,700	—	19,999,700
<b>\$ 225,223</b>	<b>\$ 4,052</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 388,122</b>	<b>\$ —</b>	<b>\$ 19,485,258</b>	<b>\$ —</b>	<b>\$ 19,485,258</b>

- (Right) From the collection **By the People, For the People: Posters from the WPA, 1936–1943**: "Take part in America's crusade against tuberculosis: Cook County Public Health Unit"
- (Below) From the collection **Civil War Treasures from the New-York Historical Society**: Mortar "Old Abe." Mortar Schr. "C.P. Williams"



- (Above) From the collection **Born in Slavery: Slave Narratives from the Federal Writers' Project, 1936–1938**: Aunt Winnie
- (Left) From the collection **Emergence of Advertising in America, 1850–1920: Selections from the Collections of Duke University**: Bicycle catalog, Sears, Roebuck & Co., ca. 1914

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National Digital Library

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