



Smithsonian Institution
Office of the Inspector General

Date May 11, 2017

To: David M. Rubenstein, Chair, Board of Regents
John W. McCarter, Jr., Chair, Audit and Review Committee, Board of Regents
Dr. David Skorton, Secretary

Cc: Albert G. Horvath, Under Secretary for Finance & Administration and Chief Financial Officer
John Benton, Acting Deputy Under Secretary for Finance and Administration
Jean Garvin, Director, Office of Finance and Accounting
Greg Bettwy, Chief of Staff, Office of the Secretary
Porter Wilkinson, Chief of Staff to the Regents

From: Cathy L. Helm, Inspector General 

Subject Independent Auditors' Report on the Fiscal Year 2016 Audit of Federal Awards Performed in Accordance with Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Report Number OIG-A-17-04)

This memorandum transmits the third and final report of the fiscal year 2016 financial statement audits of the Smithsonian Institution (Smithsonian) performed by the independent public accounting firm of KPMG LLP (KPMG). KPMG expressed an unmodified opinion on the Smithsonian's schedule of federal award expenditures concluding that the Smithsonian complied with federal laws, regulations, and the terms and conditions of federal awards.

The Office of the Inspector General serves as the Contracting Officer's Technical Representative for KPMG's work. As part of our oversight activities, we reviewed KPMG's audit report and documentation and interviewed its representatives. Our review disclosed no instances where KPMG did not comply, in all material respects, with the American Institute of Certified Public Accountants' generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards*.

If you have any questions, please do not hesitate to contact me or Joan Mockeridge, Assistant Inspector General for Audits, at 202.633.7050.

Attachment

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SMITHSONIAN INSTITUTION

Audit of Federal Awards Performed in Accordance with
Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal Awards*

September 30, 2016

(With Independent Auditors' Reports Thereon)

SMITHSONIAN INSTITUTION

Audit of Federal Awards Performed in Accordance with
Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal Awards*

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KPMG LLP
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Independent Auditors' Report

The Office of the Inspector General, Audit and Review Committee
of the Board of Regents, and Secretary Skorton
Smithsonian Institution:

Report on the Financial Statements

We have audited the accompanying financial statements of Smithsonian Institution (Smithsonian), which comprise the statement of financial position as of September 30, 2016, and the related statements of financial activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Smithsonian Institution as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

Fund Detail

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The fund detail is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund detail is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Smithsonian's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

January 27, 2017

SMITHSONIAN INSTITUTION

Statement of Financial Position

September 30, 2016

(with summarized financial information as of September 30, 2015)

(Dollars in millions)

	Fund detail		Total funds	
	Trust	Federal	2016	2015
Assets:				
Cash, cash equivalents and U.S. Treasury balances	\$ 82.8	324.8	407.6	506.4
Receivables and advances	336.0	1.5	337.5	321.8
Inventories	12.7	0.4	13.1	11.2
Deferred expenses and other assets	55.0	2.2	57.2	53.3
Investments	1,565.5	—	1,565.5	1,397.0
Property and equipment, net	791.4	1,540.6	2,332.0	2,226.5
Total assets	\$ 2,843.4	1,869.5	4,712.9	4,516.2
Liabilities:				
Accounts payable and accrued expenses	\$ 157.6	128.7	286.3	305.0
Deferred revenue	59.4	—	59.4	51.2
Unexpended federal appropriations	—	267.8	267.8	248.5
Deferred gain on sale of real estate	16.0	—	16.0	19.9
Environmental remediation obligation	—	51.3	51.3	50.3
Long-term debt	201.3	—	201.3	202.8
Total liabilities	434.3	447.8	882.1	877.7
Net assets:				
Unrestricted	1,229.2	1,421.7	2,650.9	2,397.0
Temporarily restricted	670.3	—	670.3	754.1
Permanently restricted	509.6	—	509.6	487.4
Total net assets	2,409.1	1,421.7	3,830.8	3,638.5
Commitments and contingencies				
Total liabilities and net assets	\$ 2,843.4	1,869.5	4,712.9	4,516.2

See accompanying notes to financial statements.

SMITHSONIAN INSTITUTION
Statement of Financial Activities
Year ended September 30, 2016
(with summarized financial information for year ended September 30, 2015)
(Dollars in millions)

	Unrestricted fund detail			Temporarily restricted trust funds	Permanently restricted trust funds	Total funds	
	Trust	Federal	Total			2016	2015
Operating revenues and other additions:							
Government revenue:							
Federal appropriations	\$ —	819 9	819 9	—	—	819 9	767 9
Government grants and contracts	119 6	—	119 6	—	—	119 6	125 9
Total government revenue	119 6	819 9	939 5	—	—	939 5	893 8
Contributions	38 8	—	38 8	206 7	20 9	266 4	198 3
Business activities and other:							
Business activities	180 7	—	180 7	—	—	180 7	178 6
Short-term investment income	1 2	—	1 2	—	—	1 2	2 0
Endowment payout	42 4	—	42 4	29 6	—	72 0	66 4
Private grants	6 9	—	6 9	—	—	6 9	7 0
Rentals, fees, commissions, and other	19 3	6 6	25 9	—	—	25 9	29 2
Gain on sale of real estate	3 9	—	3 9	—	—	3 9	3 9
Imputed benefit revenue	—	44 8	44 8	—	—	44 8	33 5
Total business activities and other	254 4	51 4	305 8	29 6	—	335 4	320 6
Total operating revenues	412 8	871 3	1,284 1	236 3	20 9	1,541 3	1,412 7
Net assets released from restrictions	344 6	—	344 6	(344 6)	—	—	—
Total operating revenues and other additions	757 4	871 3	1,628 7	(108 3)	20 9	1,541 3	1,412 7
Expenses:							
Program activities:							
Research	137 7	137 3	275 0	—	—	275 0	262 6
Collections management	24 8	235 6	260 4	—	—	260 4	241 4
Education, public programs, and exhibitions	91 5	233 3	324 8	—	—	324 8	307 8
Business activities	136 9	—	136 9	—	—	136 9	139 1
Total program activities	390 9	606 2	997 1	—	—	997 1	950 9
Supporting activities:							
Administration:							
Centrally managed	20 2	96 6	116 8	—	—	116 8	112 8
Unit managed	66 6	119 9	186 5	—	—	186 5	157 6
Advancement	56 6	8 9	65 5	—	—	65 5	54 5
Total supporting activities	143 4	225 4	368 8	—	—	368 8	324 9
Total expenses	534 3	831 6	1,365 9	—	—	1,365 9	1,275 8
Change in net assets before nonoperating activities	223 1	39 7	262 8	(108 3)	20 9	175 4	136 9
Nonoperating activities:							
Environmental remediation costs	—	(1 0)	(1 0)	—	—	(1 0)	(6 7)
Nonoperating investment gains (losses)	6 6	—	6 6	24 9	1 3	32 8	(65 4)
Loss on contributions receivable	—	—	—	—	—	—	(5 1)
Change in net assets of related organizations and other	2 9	—	2 9	(0 4)	—	2 5	1 0
Collection items not capitalized:							
Proceeds from sales	0 3	—	0 3	—	—	0 3	1 2
Collection items purchased	(14 8)	(2 9)	(17 7)	—	—	(17 7)	(11 3)
Change in net assets	218 1	35 8	253 9	(83 8)	22 2	192 3	50 6
Net assets, beginning of year	1,011 1	1,385 9	2,397 0	754 1	487 4	3,638 5	3,587 9
Net assets, end of year	\$ 1,229 2	1,421 7	2,650 9	670 3	509 6	3,830 8	3,638 5

See accompanying notes to financial statements

SMITHSONIAN INSTITUTION

Statement of Cash Flows

Year ended September 30, 2016

(with summarized financial information for year ended September 30, 2015)

(Dollars in millions)

	Fund detail		Total funds	
	Trust	Federal	2016	2015
Cash flows from operating activities:				
Change in net assets	\$ 156.5	35.8	192.3	50.6
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
Proceeds from sales of collection items	(0.3)	—	(0.3)	(1.2)
Collection items purchased	14.8	2.9	17.7	11.3
Depreciation and amortization	41.1	95.0	136.1	132.8
Present value discount and accretion	—	0.7	0.7	(1.2)
Loss on contributions receivable	—	—	—	5.0
Contributions for permanent restricted purposes	(20.9)	—	(20.9)	(45.4)
Contributions for construction of facilities	(105.7)	—	(105.7)	(29.2)
Appropriations for repair, restoration, and construction	—	(119.9)	(119.9)	(117.1)
Investment income restricted for long-term purposes	—	—	—	(1.1)
Net investment (gains) losses	(94.5)	—	(94.5)	5.9
Decrease (increase) in assets:				
Receivables and advances	(0.8)	1.3	0.5	(3.9)
Deferred expenses and other assets	(3.0)	(0.9)	(3.9)	(6.6)
Inventories	(1.9)	—	(1.9)	1.7
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(14.8)	3.4	(11.4)	39.9
Environmental remediation obligation	—	0.3	0.3	3.4
Deferred revenue and deferred gain on sale of real estate	4.2	—	4.2	0.3
Unexpended federal appropriations	—	(5.0)	(5.0)	24.4
Net cash (used in) provided by operating activities	(25.3)	13.6	(11.7)	69.6
Cash flows from investing activities:				
Proceeds from sales of collection items	0.3	—	0.3	1.2
Collection items purchased	(14.8)	(2.9)	(17.7)	(11.3)
Purchases of property and equipment	(121.0)	(127.9)	(248.9)	(337.7)
Purchases of investment securities	(249.6)	—	(249.6)	(173.5)
Proceeds from sales/maturities of investment securities	175.6	—	175.6	218.8
Net cash used in investing activities	(209.5)	(130.8)	(340.3)	(302.5)
Cash flows from financing activities:				
Contributions for permanent restricted purposes	41.6	—	41.6	45.4
Contributions for construction of facilities	68.8	—	68.8	29.2
Appropriations for repair, restoration, and construction	—	144.2	144.2	144.2
Investment income restricted for long-term purposes	—	—	—	1.1
Principal payments on long-term debt	(1.4)	—	(1.4)	(1.3)
Net cash provided by financing activities	109.0	144.2	253.2	218.6
Net change in cash, cash equivalents and U.S. Treasury balances	(125.8)	27.0	(98.8)	(14.3)
Cash, cash equivalents and U.S. Treasury balances:				
Beginning of year	208.6	297.8	506.4	520.7
End of year	\$ 82.8	324.8	407.6	506.4
Noncash investing activities:				
Construction cost accruals	\$ 21.1	10.9	32.0	39.3
Cash paid for interest	\$ 3.5	—	3.5	2.5

See accompanying notes to financial statements.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2016

(Dollars in millions)

(1) Organization

The Smithsonian Institution (Smithsonian) was created by act of Congress in 1846 in accordance with the terms of the will of James Smithson of England, who, in 1826, bequeathed property to the United States of America “to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge among men.” Congress established the Smithsonian as a trust of the United States of America and vested responsibility for its administration in the Smithsonian Board of Regents (Board).

The Smithsonian is a museum and an education and research complex consisting of 18 museums and the National Zoological Park in Washington, DC, and two museums in New York City. Additional facilities and programs are operated in five states and Panama. Research is carried out in the museums and other facilities throughout the world. During fiscal year 2016, 29.3 million individuals visited Smithsonian museums and other facilities.

At September 30, 2016, the Smithsonian’s extensive collection contained approximately 154.5 million objects: 0.3 million works of art, 8.8 million historical artifacts, and 145.4 million natural and physical science specimens (living and nonliving). The Smithsonian also maintains 145,000 cubic feet and 0.5 million items of archival holdings and 2.1 million library volumes. During fiscal year 2016, approximately 5,500 natural and physical science specimens were disposed of.

A substantial portion of the Smithsonian’s operations is funded by annual federal appropriations. Federal appropriations are also received for the construction or repair and restoration of its facilities. Construction of certain facilities has been funded entirely by federal appropriations, while others have been funded by a combination of federal and private funds.

In addition to federal appropriations, the Smithsonian receives private support, government grants and contracts, and earns income from investments and its various business activities. Business activities include Smithsonian magazines, other publications, online catalogs, and theaters, shops and food services located in its museums and centers.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements present the financial position, financial activities, and cash flows of the Smithsonian on the accrual basis of accounting. Funds received from direct federal appropriations and related transactions are reported as federal funds. All other funds and related transactions are reported as trust funds.

The statement of financial activities includes certain prior year summarized, comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Smithsonian’s financial statements for the year ended September 30, 2015, from which the summarized information was derived.

These financial statements do not include the accounts of the National Gallery of Art, the John F. Kennedy Center for the Performing Arts, or the Woodrow Wilson International Center for Scholars,

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2016

(Dollars in millions)

which were established by Congress within the Smithsonian, but are governed by independent boards of trustees and therefore not controlled by the Smithsonian.

Expenses are presented on a functional basis in the statement of financial activities. Programs include research, collections management, education, public programs and exhibitions, and business activities. Supporting services include administration and advancement. Administration is reported as centrally managed, through the Office of Under Secretary for Finance and Administration, or unit managed, as part of an individual museum or center. Depreciation, security, and other general operating costs that benefit more than one program are allocated across programs and services based on square feet.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates affecting the Smithsonian's financial statements relate to the net asset value of nonmarketable investments, environmental remediation obligations and other contingencies, and the allowance for contributions receivable.

(c) Federal Funds

Federal appropriations revenues are classified as unrestricted and recognized as exchange transactions as expenses are incurred. The net assets of federal funds consist primarily of the Smithsonian's net investment in property and equipment purchased with or constructed using federal funds less unfunded liabilities for environmental remediation obligations and annual leave and estimated FECA liabilities for workers compensation claims.

For fiscal 2016, the Smithsonian was appropriated \$696.0 for operations and \$144.2 for construction or repair and restoration of facilities. Federal appropriations for operations are generally available for two years. Federal appropriations for construction or repair and restoration of facilities are generally available for obligation until expended. Advancement costs related to the National Museum of African American History and Culture are included in the appropriation for operations.

In accordance with Public Law 110-161, appropriations for operations are maintained for five years following the year of appropriation, at which time the appropriation account is closed and any unexpended balance is returned to the U.S. Treasury. During fiscal year 2016, the unexpended balance of the fiscal 2010 appropriation, amounting to \$1.0, was returned.

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Notes to Financial Statements

September 30, 2016

(Dollars in millions)

(d) *Trust Funds*

Trust net assets, revenues, expenses and gains and losses are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted

Unrestricted net assets are not subject to donor-imposed or other legal stipulations on the use of the funds. Funds functioning as endowment in this category represent unrestricted net assets that have been designated by the Board for long-term investment.

Temporarily Restricted

Temporarily restricted net assets subject to donor-imposed stipulations that may be met by actions of the Smithsonian and/or the passage of time. Funds functioning as endowment in this category represent donor-restricted contributions and accumulated earnings from true endowments that have been designated for long-term investment. Once the temporary restriction has been met (i.e., the donor stipulation has been fulfilled, assets placed in service, and/or the stipulated time period has elapsed), net assets are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

Permanently Restricted

Permanently restricted net assets are subject to donor-imposed stipulations requiring the principal be maintained permanently by the Smithsonian. Generally, the donors of these assets permit the use of all or part of the income earned on investment of the assets for either general or donor-specified purposes.

Trust fund revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by the donor. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Losses on investments that reduce the assets of donor-restricted endowment funds below the level required by donor stipulations or by law are generally classified as reductions of unrestricted net assets and reported as nonoperating losses in the statement of financial activities. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net assets and reported as nonoperating gains in the statement of financial activities.

(e) *Cash Equivalents*

The Smithsonian considers all highly liquid investments purchased with an average maturity of three months or less, including U.S. Treasury balances, to be cash equivalents. Cash equivalents for trust funds include funds held by the U.S. Treasury of \$18.5 and \$52.1 of institutional money market funds with maturity dates of three months or less. Cash and cash equivalents for federal funds consist entirely of U.S. Treasury balances of \$324.8 restricted for federal appropriation capital and operating expenses.

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Notes to Financial Statements

September 30, 2016

(Dollars in millions)

(f) Working Capital

The Smithsonian has adopted a working capital policy to meet immediate and long-term cash needs of the organization using high-quality investments. The working capital investment policy requires funds be invested in short-term instruments that will allow for required liquidity and provide a maximum interest return within defined risk constraints. At September 30, 2016, the fund, totaling \$237.8, is comprised of \$52.1 in cash equivalents with maturity dates of three months or less and short-term investments of \$185.7, all of which are included in investments (see note 5).

(g) Trade Accounts Receivable

Trade accounts receivable generally consists of accounts receivables related to magazine advertising and certain concession agreements. As of September 30, 2016, trade accounts receivable totaled \$18.0 (see note 3).

(h) Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the appropriate category of net assets in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value at the date of gift, except items that are contributed and held as part of the Smithsonian's collections are not capitalized. Contributions restricted to the acquisition of long-lived assets are recorded as temporarily restricted revenue in the period received. Generally, the donor's restrictions are considered met and the net assets are released from restriction when the related long-lived asset is placed in service.

Contributions receivable are reported net of management's estimate of uncollectible amounts which is based on judgment and analyses of donors' creditworthiness, past collection experience, and other relevant factors. Estimated collectible contributions scheduled to be received after one year are discounted using a risk-adjusted rate for the expected period of collection. Amortization of the discount is recorded as contribution revenue.

In-kind contributions of goods and services totaling \$15.0 were received in fiscal year 2016 and recognized as program support revenues and expenses in the statement of financial activities. In-kind contributions include donated space, equipment, and various other items.

A substantial number of volunteers also make significant contributions of time to the Smithsonian, enhancing its activities and programs. Approximately 6,220 volunteers contributed about 538,000 hours of service to the Smithsonian during fiscal year 2016. In accordance with applicable guidance, the value of these contributions is not recognized in the financial statements.

(i) Deferred Revenues and Expenses

Revenues from magazine subscriptions and long-term contracts are deferred and recognized ratably over the period of the underlying agreement.

Promotion production expenses are recognized when related advertising materials are released. Direct-response advertising relating to the magazines is deferred and amortized over one year. At

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2016

(Dollars in millions)

September 30, 2016, deferred expenses and other assets include \$5.5 of deferred promotion costs, related primarily to the magazines. Advertising expense, including direct response advertising of \$3.3, totaled \$12.9 in fiscal year 2016 and is included in business activities expenses in the statement of financial activities.

(j) Inventories

Inventories are reported at the lower of cost or market, and consist primarily of merchandise and books. Cost is determined using the first-in, first-out method.

(k) Investments

Smithsonian employs an investment strategy that utilizes equities, marketable alternatives, fixed income, private equity and venture capital, natural resources and real estate, and cash and cash equivalents to fulfill its fiduciary responsibility to its donors and constituents.

Investments in fixed income, certain global equities, publicly traded natural resources and cash and cash equivalents, and the gift annuity program investments are reported at fair value, which are determined primarily based on quoted market prices. Investments in private equity and venture capital, certain real estate, natural resources, marketable alternatives, and public equities held through commingled funds (collectively, nonmarketable investments) are stated at estimated fair value based on the funds' net asset values, or their equivalents (collectively, NAV) as a practical expedient, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of September 30, 2016, the Smithsonian had no plans or intentions to sell investments at amounts different from NAV. These estimated fair values may differ from the values that would have been used had a ready market existed for these investments, and the differences could be significant.

Investments are exposed to various risks including business, interest rate, market, exchange rate, liquidity, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that significant changes in the values of investments could occur in the near term.

Changes in fair value are recognized in the statement of financial activities. Purchases and sales of investments are recorded on the trade date using average cost. Investment income is recorded when earned.

(l) Split Interest Agreements and Perpetual Trusts

Split interest agreements with donors consist primarily of irrevocable charitable remainder trusts, charitable gift annuities, and perpetual trusts. The assets for the charitable trusts are included in receivables. Contribution revenues from charitable remainder trusts are recognized at the dates the trusts are established based on the net present value of the estimated future payments to be made to the donors and/or other beneficiaries. For the charitable gift annuities, assets are recognized at fair value at the dates of the annuity agreements and included in investments. An annuity liability is recognized for the present value of future cash flows expected to be paid to the donor and contribution revenues are recognized equal to the difference between the assets and the annuity liability. Liabilities are adjusted during the terms of the annuities for payments to donors, accretion of discounts, and changes in the life expectancies of the donors.

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Notes to Financial Statements

September 30, 2016

(Dollars in millions)

The Smithsonian is also the beneficiary of certain perpetual trusts held and administered by others. The fair values of the trusts are recognized as assets and contribution revenues at the dates the trusts are established. Distributions from the trusts are recorded as investment income and the assets are adjusted for changes in the fair value of the trust assets.

(m) Property and Equipment

Property and equipment purchased with federal or trust funds are recorded at cost. Property and equipment acquired through transfers from government agencies are recorded at net book value or fair value at the date of transfer, whichever is more readily determinable. Property and equipment acquired through donation are recorded at estimated fair value at the date of the gift.

Property and equipment assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	30 years
Major renovations	15 years
Equipment and software	3 – 7 years
Exhibit costs	10 years

Leasehold improvements are amortized over the shorter of the lease term or their useful lives.

Rent expense under operating leases that provide for scheduled rent increases over their terms is recognized on a straight-line basis.

Certain lands occupied by Smithsonian buildings, located primarily in the District of Columbia, Maryland, and Virginia, were appropriated and reserved by Congress for the Smithsonian's use. The Smithsonian serves as trustee of these lands for as long as they are used to carry out its mission. These lands are titled in the name of the U.S. government and are not included in the accompanying financial statements.

(n) Collections – Stewardship Assets

The Smithsonian acquires its collections by purchase (using federal or trust funds) or by donation. All collections are held for public exhibition, education, or research. The Smithsonian's collections management policy includes guidance on the preservation, care, and maintenance of the collections and procedures relating to the accession/deaccession of collection items.

In conformity with the practice generally followed by museums, no value is assigned to the collections in the statement of financial position. Purchases of collection items are recognized as reductions in unrestricted net assets in the period of acquisition. Proceeds from deaccessions or insurance recoveries for lost or destroyed collection items are recognized as increases in the appropriate net asset class and are designated for future collection acquisitions.

Noncash deaccessions result from the exchange, donation, or destruction of collection items, and occur because objects deteriorate, are outside the scope of a museum's mission, or are duplicative. During

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2016

(Dollars in millions)

fiscal year 2016, noncash deaccessions included works of art, animals, historical objects, and natural specimens. Contributed items held for sale, amounting to \$0.9, are included in other assets.

Items that are acquired with the intent to sell, exchange, or otherwise be used for financial gain are not considered collection items and are recorded as other assets at their fair value at the date of acquisition.

(o) Annual Leave

The Smithsonian's federal and trust employees earn annual leave in accordance with federal laws and regulations and internal policies, respectively. Annual leave for all employees is recognized as an expense when earned. The liability for unused annual leave is included in accounts payable and accrued expenses in the statement of financial position.

(p) Sponsored Projects

The Smithsonian receives grants and enters into contracts with U.S. federal, state and local governments, which generally provide for reimbursement of costs. Revenues under these agreements are recognized as reimbursable expenditures are incurred. These revenues include recoveries of facilities and administrative costs that are generally based on a negotiated or agreed-upon percentage of direct costs, with certain exclusions.

(q) Advancement

The Smithsonian raises private financial support from individual donors, corporations, and foundations to fund programs and other initiatives. Financial support is also generated through numerous membership programs. Fund-raising costs are expensed as incurred and reported as advancement expenses in the statement of financial activities.

(r) Nonoperating Activities

Nonoperating activities include environmental remediation costs, nonoperating investment income, loss on contributions receivable, changes in the net assets of related organizations, and changes in net assets related to collection items.

Nonoperating investment income is calculated as the difference between the total return on the endowment (i.e., dividends, interest and net gain or loss) and the annual payout of the endowment funds.

The Smithsonian recognizes its interest in the net assets of organizations that are financially interrelated and the changes in its interest using a method similar to the equity method of accounting. The principal financially interrelated organizations are the Smithsonian Network and Friends of the National Zoo.

(s) Income Taxes

The Smithsonian is recognized as exempt from income taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code. Organizations described in that Section are taxable only on their unrelated business income. Advertising sales are the principal source of unrelated business income for the Smithsonian. The provision for income taxes was not material for fiscal year 2016. The

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Smithsonian recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Smithsonian does not believe its financial statements include any uncertain tax positions.

(3) Receivables and Advances

Receivables and advances consisted of the following:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Contributions	\$ 269.4	—	269.4
Grants and contracts	19.9	—	19.9
Trade accounts, net of \$0.8 allowances	16.5	1.5	18.0
Accrued interest and dividends	1.5	—	1.5
Charitable trusts	18.0	—	18.0
Advances and other	10.7	—	10.7
	<hr/>	<hr/>	<hr/>
Total receivables and advances	\$ 336.0	1.5	337.5
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Contributions receivable consist of the following:

Due within:		
Less than 1 year		\$ 129.9
1 to 5 years		157.8
5 years or beyond		11.4
		<hr/>
		299.1
Less:		
Allowance for uncollectible contributions		(15.5)
Unamortized discount (at rates ranging from 0.62% to 5.78%)		(14.2)
		<hr/>
Contributions receivable, net		\$ 269.4
		<hr/> <hr/>

Included in contributions receivable due in 1 to 5 years is \$45.7 due from a single donor for construction of facilities.

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(4) Federal Appropriations

Federal appropriation revenue is reconciled to the fiscal 2016 federal appropriation as follows:

	<u>Salaries and expenses</u>	<u>Repair and restoration and construction</u>	<u>Total</u>
Federal appropriation revenue	\$ 700.0	119.9	819.9
Unexpended 2016 appropriation	93.2	110.6	203.8
Amounts expended from prior years' appropriations	<u>(97.2)</u>	<u>(86.3)</u>	<u>(183.5)</u>
Fiscal year 2016 federal appropriation	<u>\$ 696.0</u>	<u>144.2</u>	<u>840.2</u>

Federal expenses are reconciled to the fiscal year 2016 federal appropriation as follows:

	<u>Salaries and expenses</u>	<u>Repair and Restoration and construction</u>	<u>Total</u>
Federal appropriation expense	\$ 739.9	91.7	831.6
Unexpended 2016 appropriation	93.2	110.6	203.8
Depreciation	(14.4)	(80.6)	(95.0)
Imputed benefit costs	(44.8)	—	(44.8)
Collection items purchased	2.9	—	2.9
Amounts expended from prior years' appropriations	<u>(97.2)</u>	<u>(86.3)</u>	<u>(183.5)</u>
Capital expenditures	21.8	108.8	130.6
Unfunded expenses - FECA, annual leave	1.2	—	1.2
Other funding	<u>(6.6)</u>	<u>—</u>	<u>(6.6)</u>
Fiscal year 2016 federal appropriation	<u>\$ 696.0</u>	<u>144.2</u>	<u>840.2</u>

Unexpended appropriations for all fiscal years total \$267.8 at September 30, 2016 and consist of \$126.4 in unexpended operating funds and \$141.4 in unexpended construction funds. Unexpended operating and construction funds represent amounts appropriated for Smithsonian's operations and new facilities or renovations, respectively.

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(5) Investments and Fair Value Measurements

The Smithsonian has adopted investment policies for its endowment, including board designated funds, which attempt to provide a predictable stream of funding in support of the operating budget, while seeking to preserve the real value of the endowment assets over time. The Smithsonian relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends), targeting a diversified asset allocation. The Board's Investment Committee reviews the long-term asset allocation for the endowment.

The three levels of the fair value hierarchy for recurring fair value measurements are prioritized based on the inputs to valuation techniques used to measure fair value and are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities, as of the reporting date.
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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The following summarizes Smithsonian's investments at fair value which are determined primarily based on quoted market prices as of September 30, 2016:

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>	<u>NAV⁽¹⁾</u>
Fixed income	\$ 185.7	185.7	—	—
Endowment investments:				
Global equities:				
Developed markets	57.9	57.9	—	—
Emerging markets	32.1	32.1	—	—
Real assets:				
Energy and natural resources	26.6	26.6	—	—
Fixed income	94.5	94.5	—	—
Cash and equivalents	20.6	20.6	—	—
Pooled investments	231.7	231.7	—	—
Investments at NAV	1,124.6	—	—	1,124.6
Total pooled investments	1,356.3	231.7	—	1,124.6
Nonpooled investments:				
U.S. Treasury deposits	0.9	0.9	—	—
Total endowment	1,357.2	232.6	—	1,124.6
Gift annuities, primarily equities	22.6	22.6	—	—
Total investments	1,565.5	440.9	—	1,124.6
Charitable trusts	18.0	—	18.0	—
	<u>\$ 1,583.5</u>	<u>440.9</u>	<u>18.0</u>	<u>1,124.6</u>

⁽¹⁾ Investments held through limited partnerships and comingled funds for which fair value is estimated using the NAV's reported by the investment managers as a practical expedient have not been categorized within the fair value hierarchy, however these investments are included in the table above to permit reconciliation with the statement of financial position.

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The following summarizes information relating to the investments, which are stated at NAV as practical expedient for fair value and includes information about the nature, strategies, and risks of these major classes of nonmarketable investments:

	<u>NAV</u>	<u>Redemption terms</u>	<u>Days of notices</u>	<u>Unfunded commitments</u>
Global equity:				
Developed markets	\$ 284.4	Weekly to annually	6-91	\$ —
Emerging markets	84.3	Daily to quarterly	30-91	—
Marketable alternatives:				
Long/short equity	55.2	Monthly to annually	30-91	—
Credit and distressed	84.1	Annually to at maturity	90-n/a	9.6
Multistrategy	66.3	Quarterly to annually	60-90	—
Global marco	73.8	Monthly to semi-annually	2-90	—
Private equity:				
Private equity	86.3	Not applicable	N/A	41.9
Venture capital	191.7	Not applicable	N/A	78.5
Real assets:				
Energy and natural resources	73.0	Daily to at maturity	45-n/a	45.0
Real estate funds	103.5	Quarterly to at maturity	60-n/a	78.8
Fixed income	22.0	Quarterly	90	—
	<u>\$ 1,124.6</u>			<u>\$ 253.8</u>

The following describes the nature, strategies, and risks of the major classes of the investments that are stated at NAV for fair value.

Global Equity

Global equity is comprised of investments in funds and strategies invested in publicly listed equity securities in the global developed and emerging markets. Some of the funds are subject to lock-ups.

Marketable Alternatives

Marketable alternatives consist of investments in a broad array of securities and strategies aimed to reduce volatility and enhance returns. Smithsonian's marketable alternatives are broadly defined as long/short equity, credit and distressed, multistrategy, and global macro funds. Long/short equity funds invest in long equity positions that are expected to increase in value and short equity positions in stocks that are expected to decrease in value. Credit and distressed funds generally invest in corporate fixed income and debt securities of companies that are experiencing financial or operational difficulties. Multi-strategy funds invest across different strategies to diversify risks and reduce volatility. Global macro funds invest in strategies to profit from macroeconomic events that may include changes in interest rates, currency movements and stock market performance. Some of the funds are subject to soft and hard lock-ups and other funds are not eligible for redemption.

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Private Equity and Venture Capital

Private equity consists of limited partnerships that are organized to invest primarily in shares of operating companies that are not listed on a publicly traded stock exchange. Private equity strategies include investments in leveraged buyouts, growth capital and distressed investments. Venture capital strategies invest in start-ups and small businesses with perceived long-term growth potential. Distributions to limited partners are made as soon as feasible and, in accordance with the limited partnership agreement, when realizations (sales of portfolio companies) are made, or when interest payments, dividends, or recapitalizations are received.

Real Assets

Real assets include real estate and energy and natural resources investments that are made mostly in private limited partnerships as well as publicly traded securities funds. Distributions to limited partners are made as soon as feasible and, in accordance with the limited partnership agreement, when realizations (sales of portfolio companies) are made, or when interest payments, dividends, or recapitalizations are received.

Fixed Income

Fixed income includes funds that invest in U.S. government, agency and municipal bonds, and other interest bearing products.

The Smithsonian is obligated under the terms of certain limited partnership agreements to remit additional funding periodically as capital calls are exercised. As of September 30, 2016, the Smithsonian had uncalled commitments totaling approximately \$253.8. Such commitments are callable over the fund investment period, generally the first five years of the funds. The standard life of Smithsonian's investments in these private partnerships are between 8 to 10 years with possible one to two one-year extension periods and/or other termination clauses.

Activity for charitable trusts measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for fiscal year 2016: beginning balance \$17.9; distribution \$0.3; and net gains \$0.4; and ending balance \$18.0. There are no transfers and reclassifications of assets between levels during fiscal year 2016.

Investment return consisted of the following for fiscal year 2016:

Dividend and interest income	\$	14.0
Net investment gains		94.5
Investment management fees		<u>(2.5)</u>
	\$	<u><u>106.0</u></u>

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Investment return is classified in the statement of financial activities as follows for fiscal year 2016:

Short-term investment income	\$	1.2
Endowment payout		72.0
Nonoperating investment gain		32.8
Investment return	\$	<u>106.0</u>

(6) Endowment Funds

The Smithsonian endowment consists of approximately 600 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Smithsonian's management and investment of donor-restricted endowment funds follows the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Based on the Smithsonian's interpretation of the provisions of UPMIFA, the organization is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. As a result of this interpretation, the Smithsonian classifies as permanently restricted net assets, the original value of gifts donated to the permanent endowment. The remaining portion of the endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Smithsonian manages and invests the individual endowment funds considering UPMIFA standards. Substantially all of the investments of the endowment are pooled, with individual funds buying or disposing of units on the basis of the per unit market value at the beginning of the month in which the transaction takes place. At September 30, 2016, the per unit market value of the pool was \$844.71 (in whole dollars).

Each fund participating in the investment pool receives an annual appropriation based on the number of units owned. The annual appropriation is determined in light of UPMIFA standards and the investment policy of the institution, which targets a long-term investment return assumption, an estimated inflation factor, and the investment policy of the institution that targets an appropriation to be 5% of the prior five years' average value of the endowment. The per unit payout for fiscal year 2016, in dollars, was \$39.27 or 5% of the average per unit market value of the endowment over the prior five years. An additional payout per eligible unit of \$7.85 (in whole dollars) was authorized and made to support the fund-raising campaign.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the permanent endowment. Deficiencies of this nature are reported in unrestricted net assets. At September 30, 2016, the fair value of permanent endowment gifts was \$1.3 below the original value of the gifts. Such deficiencies are generally the result of unfavorable market fluctuations and continuing the appropriations for various programs is generally deemed prudent by the Board.

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Endowment net assets, excluding contributions receivable, consist of the following:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted	\$ (1.3)	291.2	457.3	747.2
Board designated	<u>610.9</u>	<u>10.6</u>	<u>—</u>	<u>621.5</u>
Total endowment net assets	\$ <u>609.6</u>	<u>301.8</u>	<u>457.3</u>	<u>1,368.7</u>
Uninvested cash and receivables				\$ (11.4)
Total endowment assets under management				\$ <u>1,357.3</u>

Activity in endowment net assets is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance, beginning of year	\$ 592.1	281.8	414.3	1,288.2
Investment return:				
Investment income	2.9	3.4	—	6.3
Realized and unrealized gains, net	<u>42.7</u>	<u>50.4</u>	<u>—</u>	<u>93.1</u>
Total investment return	45.6	53.8	—	99.4
Contributions, including board designated transfers	7.7	2.4	43.0	53.1
Appropriated for expenditure	(37.1)	(34.9)	—	(72.0)
Deficiency recovery	<u>1.3</u>	<u>(1.3)</u>	<u>—</u>	<u>—</u>
Balance, end of year	\$ <u>609.6</u>	<u>301.8</u>	<u>457.3</u>	<u>1,368.7</u>

(7) Property and Equipment

Property and equipment consists of the following:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Land	\$ 12.6	—	12.6
Buildings and capital improvements	1,073.9	2,838.5	3,912.4
Equipment and software	70.5	233.2	303.7
Leasehold improvements	<u>97.9</u>	<u>31.5</u>	<u>129.4</u>
	1,254.9	3,103.2	4,358.1
Accumulated depreciation	<u>(463.5)</u>	<u>(1,562.6)</u>	<u>(2,026.1)</u>
Total property and equipment	\$ <u>791.4</u>	<u>1,540.6</u>	<u>2,332.0</u>

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Buildings and capital improvements include \$79.0 and \$249.5 of construction in progress within trust and federal funds, respectively. Depreciation expense totaled \$40.9 in trust funds and \$95.0 in federal funds.

The Smithsonian has an unfunded environmental remediation obligation that is estimated based on third-party studies, contractor bids and internal estimates derived from recently completed remediation projects for similar Smithsonian facilities and other information for similar projects. The present value of the obligation is calculated using an inflation rate of 0.81% and a discount rate of 1.56%. Each period the obligation is accreted to its present value. Because the related properties are fully depreciated, changes in the estimated obligation are expensed. Any difference between the estimated obligation and the actual cost of remediation is also expensed. Fiscal year 2016 activity in the unfunded environmental remediation obligation follows:

Beginning balance, September 30, 2015	\$	50.3
Accretion		0.7
Liabilities incurred		0.2
Liabilities settled		(0.2)
Change in estimate		0.3
		0.3
Ending balance, September 30, 2016	\$	51.3

In fiscal year 2006, the Smithsonian sold an office building in Washington, DC, and entered into short-term and long-term leases for approximately 32% of the building. As a result of the leaseback, the full gain of \$62.9 was deferred at the date of sale and is being recognized over the term of the leases. In fiscal year 2016, \$3.9 of the deferred gain was recognized.

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consists of the following:

	Trust	Federal	Total
Accounts payable	\$ 52.8	44.8	97.6
Accrued salaries and benefits	41.4	83.9	125.3
Deferred rent liability	22.5	—	22.5
Gift annuity liabilities	14.3	—	14.3
Other accrued liabilities	26.6	—	26.6
	26.6	—	26.6
Total accounts payable and accrued expenses	\$ 157.6	128.7	286.3

Accrued salaries and benefits include estimated FECA liabilities of \$2.4 for trust employees and \$39.8 for federal employees.

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(9) Long-term Debt

The Smithsonian's long-term debt are unsecured obligations and funded solely through unrestricted trust funds. Long-term debt is comprised of the following:

Series 2013 Taxable Bonds, Series A:	\$	50.0
Interest rate 3.434%, due September 1, 2023		
Series 2013 Taxable Bonds, Series B:		50.0
Variable interest rate, due September 1, 2018		
Series 2010 Revenue Bonds, serial, principal amounts ranging from \$1.3 to \$1.7, interest rates 3.00% to 5.25%, due February 1, 2016 through 2021		7.8
Series 2010 Revenue Bonds, term, principal amounts ranging from \$1.8 to \$2.4, interest rate 5.25%, due February 1, 2022 through 2028		14.7
Series 2003 Revenue Bonds, Series A:		52.5
Variable interest rate, due December 1, 2033		
Series 2003 Revenue Bonds, Series B:		25.0
Variable interest rate, due December 1, 2033		
Sub total		200.0
Less unamortized bond issue cost		(0.2)
Plus unamortized bond premium		1.5
Total long-term debt	\$	201.3

Series 2013 A and B Taxable Bonds

The Series 2013 A and B taxable bonds were issued in November 2013 to finance capital and other projects. Interest on the Series A bonds is payable semiannually every March 1 and September 1 while interest on the Series B bonds is payable monthly at a variable interest rate determined in accordance with the Indenture (0.75% at September 30, 2016).

In connection with the Series B offering, the Smithsonian entered into a second Standby Bond Purchase agreement with Wells Fargo (Trustee) and Northern Trust Company (Liquidity Facility Provider), for the creation of the 2013 Liquidity Facility. The 2013 Liquidity Facility secures only the payment of the purchase price of the Series B bonds tendered for purchase and does not otherwise secure payment of the principal or interest on the Bonds. The Liquidity Facility expires September 4, 2018.

Series 2010 Revenue Bonds

The tax-exempt Series 2010 Revenue Bonds were issued by the District of Columbia on behalf of the Smithsonian to finance capital and other projects. Interest is payable semiannually every August 1 and February 1.

The serial bonds mature annually through February 1, 2021, with principal repayments ranging from \$1.3 to \$1.7 per year. The term bonds maturing on February 1, 2028 are subject to mandatory redemption by sinking fund installments, which begin on February 1, 2022 and range from \$1.8 to \$2.4 per year through the maturity date.

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Series 2003 Revenue Bonds

The tax-exempt Series 2003 Revenue Bonds were issued by the Fairfax County Economic Development Authority (Virginia) on behalf of the Smithsonian to finance a portion of the Steven F. Udvar-Hazy Center, an extension of the National Air and Space Museum. The bonds are subject to early redemption at the option of the Smithsonian. Interest is payable monthly at a variable interest rate determined in accordance with the Indenture. Interest rates for Series A and Series B were 0.84% and 0.86%, respectively, at September 30, 2016.

The bonds are supported by a standby bond purchase agreement for Series A and a standby purchase agreement for Series B (collectively, the Liquidity Facility). The Northern Trust acts as the Liquidity Facility provider, but does not guarantee principal or interest on the bonds and does not provide liquidity support for the bonds except while bearing interest at a daily or weekly rate. The Liquidity Facility expires September 12, 2017.

Interest expense totaled \$3.0.

Future annual maturities of long-term debt are as follows:

2017	\$	1.5
2018		51.5
2019		1.6
2020		1.6
2021		1.7
Thereafter		142.1
	\$	<u>200.0</u>

(10) Net Assets

Unrestricted net assets include \$609.6 of funds functioning as endowments.

Temporarily restricted net assets are available for the following purposes:

Museums and general support	\$	179.4
Education, public programs and exhibitions		145.4
Research		92.6
Acquisitions and collections		64.4
Facilities		188.5
	\$	<u>670.3</u>

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Net assets released from donor restrictions due to the passage of time, assets placed in service, or by incurring expenses satisfying the restricted purpose specified by the donors were as follows:

Museums and general support	\$	55.5
Education, public programs and exhibitions		78.4
Research		27.0
Acquisitions and collections		15.2
Facilities		168.5
	\$	<u>344.6</u>

Permanently restricted net assets are restricted for the following purposes:

Museums and general support	\$	132.1
Education, public programs and exhibitions		241.2
Research		84.7
Acquisitions and collections		50.1
Facilities		1.5
	\$	<u>509.6</u>

(11) Employee Benefit Plans

Federal employees of the Smithsonian are covered by either the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS). The terms of these plans are defined in federal regulations. Under both systems, a specified percentage is withheld from each federal employee's salary. The Smithsonian also contributes specified percentages of employees' salaries. The fiscal 2016 expense for these plans was \$37.5. Additional imputed costs associated with these plans are borne by the US government. The Smithsonian recognizes its share of such costs (\$44.5 for fiscal 2016) as imputed benefit revenue and expense in the financial statements. The Smithsonian is not responsible for and does not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. The Office of Personnel Management (OPM) administers these plans and is responsible for the reporting of these amounts.

Employees covered by CSRS and FERS are eligible to contribute to the U.S. government's Thrift Savings Plan (TSP), which is administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS-covered employees and the Smithsonian makes mandatory and matching contributions of specified percentages of the basic pay for FERS-covered employees. The Smithsonian makes no matching contributions for CSRS-covered employees.

Most federal employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain basic term life insurance, with the employee paying two-thirds of the cost and the Smithsonian paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers this program and is responsible for the reporting of liabilities.

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Trust fund employees are covered by a separate defined-contribution retirement plan for trust fund employees in which substantially all such employees are eligible to participate. Under the plan, the Smithsonian contributes specified percentages of employees' salaries that are used to purchase individual annuities, the rights to which are immediately vested with the employees. Employees can make voluntary contributions, subject to certain limitations. The Smithsonian's expense for this plan for fiscal year 2016 was \$18.0.

In addition to the retirement plans, certain health care and life insurance benefits are made available to active and retired trust fund employees. The plan is contributory for retirees and requires payment of premiums and deductibles. Retiree contributions for premiums are established by an insurance carrier based on the average per capita cost of benefit coverage for all participants. At September 30, 2016, the accrued benefit obligation under this plan was \$16.1 and is included in accounts payable and accrued expenses in the statement of financial position.

Most federal employees are eligible to enroll in the Federal Employees Health Benefit (FEHB) Program, which provides post-retirement health benefits if certain conditions are met. OPM administers this plan.

(12) Business Activities

A summary of business activities is as follows:

	Revenues	Expenses	Net
Smithsonian business enterprises	\$ 158.3	(121.9)	36.4
Unit auxiliary activities	22.4	(15.0)	7.4
Total business activities	\$ 180.7	(136.9)	43.8

(13) Commitments and Contingencies

(a) Leasing Activities

The Smithsonian leases office and warehouse space under long-term operating leases expiring at various dates to 2032. These leases generally provide for rent escalations based on increases in the Consumer Price Index or changes in property taxes or operating expenses attributable to the leased properties. The Smithsonian has the authority to enter into leases for up to 30 years using federal funds.

Annual minimum lease payments due under operating leases in effect at September 30, 2016 are as follows:

2017	\$ 42.5
2018	42.8
2019	42.4
2020	42.4
2021	26.5
Thereafter	36.8
	\$ 233.4

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Rent expense under operating leases, including executory costs such as maintenance, insurance, and taxes, totaled \$55.6 for fiscal year 2016, which includes \$7.1 in office space received in-kind.

(b) *Government Awards*

The Smithsonian receives significant amounts of federal funding in the form of appropriations, grants, and contracts. These awards are subject to audit by federal agencies. Management is of the opinion that no material disallowances of costs or expenses are likely.

(c) *Construction*

The Smithsonian has various commitments related to construction projects currently in process at a number of its locations. The most significant construction contracts are \$476.0 for the National Museum of African American History & Culture, \$37.0 for the National Air and Space Museum, and \$23.6 for the National Museum of Natural History. Remaining commitments under these contracts total approximately \$26.8 as of September 30, 2016.

(d) *Litigation*

The Smithsonian is a party to various litigation arising out of the normal conduct of its operations. In the opinion of the Smithsonian's general counsel, the ultimate resolution of these matters will not have a significant effect on the Smithsonian's financial position or future results of operations.

(14) *Subsequent Events*

Subsequent to September 30, 2016, the Smithsonian committed capital of \$63.3 to 8 funds. Management has evaluated subsequent events from September 30, 2016 through January 27, 2016, which is the date that the financial statements are available to be issued, and determined that there are no adjustments to or other items to disclose.

SMITHSONIAN INSTITUTION

Summary Schedule of Expenditures of Federal Awards

Year ended September 30, 2016

Federal Agency Sponsor	Research and Development			National Postal Museum	Other (Mall-based) Programs	Grand Total	Amounts Provided to Subrecipients (Research and Development Program)	Amounts Provided to Subrecipients (Other Programs)
	Washington, DC (Mall-based) Awards	Smithsonian Astrophysical Observatory Awards	Total Research and Development					
U S Agency for International Development	\$ 1,520,127	—	1,520,127	—	584,296	2,104,423	—	—
U S Department of Agriculture	94,087	—	94,087	—	—	94,087	—	—
U S Department of Commerce	548,707	—	548,707	—	—	548,707	44,581	—
U S Department of Defense	86,047	235,005	321,052	—	—	321,052	—	—
U S Department of Education	—	—	—	—	239,967	239,967	—	189,907
U S Department of Energy	791,584	502,482	1,294,066	—	—	1,294,066	51,592	—
U S Department of Health and Human Services	519,788	—	519,788	—	—	519,788	106,645	—
U S Department of the Interior	321,598	—	321,598	—	80,346	401,944	65,930	43,893
U S Department of State	67,686	—	67,686	—	586,553	654,239	12,853	—
U S Department of Transportation	130,047	—	130,047	—	—	130,047	—	—
National Aeronautics and Space Administration	2,043,164	90,969,515	93,012,679	—	18,704	93,031,383	23,580,394	—
National Science Foundation	3,812,640	3,809,413	7,622,053	—	414,212	8,036,265	958,248	—
U S Postal Service	—	—	—	2,878,134	—	2,878,134	—	—
Other Agencies	17,352	176,433	193,785	—	143,668	337,453	35,543	—
Total expenditures of federal awards	\$ 9,952,827	95,692,848	105,645,675	2,878,134	2,067,746	110,591,555	24,855,786	233,800

See accompanying independent auditors' report and notes to schedules of expenditures of federal awards

SMITHSONIAN INSTITUTION
 Detail Schedule of Expenditures of Federal Awards
 Year ended September 30, 2016

Smithsonian designated code	Federal grantor (PASS-THROUGH GRANTOR)	Agency or pass-through award number	CFDA	Total expenditures	Amounts provided to subrecipients
Research and Development: Mail-based					
	U S Agency for International Development:				
792056	DEVELOPMENT ALTERNATIVES, INC	10023281QC-13S-22612-00, Task Ord 1	98 001	129,304	—
692340	UNIVERSITY OF CALIFORNIA-DAVIS	201403200-05	98 001	545,346	—
692337	WILDTEAM	AID-338-A-14-0001	98 001	845,477	—
				<u>1,520,127</u>	<u>—</u>
	U S Department of Agriculture:				
660037	U S Department of Agriculture	58-1245-3-334	10 001	20,838	—
660038	U S Department of Agriculture	58-1245-4-075	10 001	60,608	—
660034	U S Department of Agriculture	11-PA-11272139-072	10 000	12,641	—
				<u>94,087</u>	<u>—</u>
	U S Department of Commerce:				
654068	U S Department of Commerce	NA09NOS4780214	11 478	184,875	20,912
654074	U S Department of Commerce	NA10NOS4780138	11 478	31,298	—
654081	U S Department of Commerce	NA14NMF4270048	11 427	115,351	23,669
654082	U S Department of Commerce	NA14NMF4570279	11 457	23,366	—
654083	U S Department of Commerce	NA15NMF4690390	11 469	49,762	—
654084	U S Department of Commerce	NA15NMF4690391	11 469	75,800	—
692348	MARYLAND SEA GRANT COLLEGE	PO #31890 SA #75281450-P	11 417	34,067	—
655019	NATIONAL FISH AND WILDLIFE FOUNDATION	0313 14 042905	11 469	34,189	—
				<u>548,707</u>	<u>44,581</u>
	U S Department of Defense:				
625004	7-DIPPITY INCORPORATED	N/A	12 556	79,182	—
620004	U S Department of Defense	HQ0034-16-20003	12 632	3,616	—
625005	THE SCHOOL BOARD OF OKALOOSA COUNTY	N/A	12 557	3,249	—
				<u>86,047</u>	<u>—</u>
	U S Department of Energy:				
792045	LAWRENCE BERKELEY NATIONAL LABORATORY	7200512	81 000	330,600	—
642015	U S Department of Energy	DOE #ER-15070	81 001	3,979	—
682019	U S Department of Energy	DE-SC0008165	81 049	10,608	—
682021	U S Department of Energy	DE-SC0008339	81 049	39,441	—
682022	U S Department of Energy	DE-SC0010039	81 049	1,245	—
682023	U S Department of Energy	DE-SC0014413	81 049	405,712	34,793
				<u>791,584</u>	<u>34,793</u>
	U S Department of Health and Human Services				
651008	CONSERVATION, RESEARCH AND EDUCATION	N/A	93 307	1,872	—
650034	U S Department of Health and Human Services	N/A	93 989	320	—
651012	LOUISIANA STATE UNIV AGRICULTURAL	PO # 85291	93 351	36	—
651014	TEXAS BIOMEDICAL RESEARCH INSTITUTE	16-04583-004	93 351	18,487	—
651011	UNIVERSITY OF FLORIDA	UFDSP00010318	93 395	92,695	—
651013	UNIVERSITY OF MARYLAND, BALTIMORE COUNTY	0000015350	93 143	47,257	—
650040	U S Department of Health and Human Services	1R01RR026064-01	93 389	197,527	—
658005	U S Department of Health and Human Services	R56OD018304	93 310	161,594	106,645
				<u>519,788</u>	<u>106,645</u>
	U S Department of the Interior				
737006	ALABAMA DEPARTMENT OF CONSERVATION & NATURAL RESOURCES	N/A	15 615	21,597	—
635004	U S Department of the Interior	L11AC20325	15 231	46,487	44,184
635005	U S Department of the Interior	L11AC20325	15 231	11,478	—
633046	COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS	N/A	15 615	31,800	—
637004	U S Department of the Interior	0104 14 045567	15 663	39,614	—
637005	U S Department of the Interior	0104 15 050023	15 663	57,208	—
633045	U S Department of the Interior	F15AP00352	15 621	18,175	—
633044	U S Department of the Interior	F14AP00750	15 657	12,457	—
633047	U S Department of the Interior	F15AP00885	15 608	33,547	—
633048	U S Department of the Interior	F15AP00969	15 657	25,819	—
737004	ALABAMA DEPARTMENT OF CONSERVATION & NATURAL RESOURCES	N/A	15 615	(9,259)	—
637003	WILDLIFE MANAGEMENT INSTITUTE, INC	2013-01	15 634	32,675	21,746
				<u>321,598</u>	<u>65,930</u>
	U S Department of State:				
668012	U S Department of State	STX-100690-12-GR-088	19 000	67,686	12,853
				<u>67,686</u>	<u>12,853</u>

SMITHSONIAN INSTITUTION
 Detail Schedule of Expenditures of Federal Awards
 Year ended September 30, 2016

Smithsonian designated code	Federal grantor (PASS-THROUGH GRANTOR)	Agency or pass-through award number	CFDA	Total expenditures	Amounts provided to subrecipients
Research and Development: Mall-based					
U S Department of Transportation:					
692314	UNIVERSITY OF MARYLAND	PO #3913	20 819	41,027	—
692327	UNIVERSITY OF MARYLAND	PO #3933	20 819	18,259	—
692335	UNIVERSITY OF MARYLAND	PO #3933 07-525726	20 819	28,399	—
692347	UNIVERSITY OF MARYLAND	07525729 PO 28182	20 819	9,988	—
692334	WEST VIRGINIA DEPARTMENT OF TRANSPORTATION	Agreement dated 06/04/2014	20 000	32,374	—
				<u>130,047</u>	<u>—</u>
National Aeronautics and Space Administration (NASA):					
717505	ARIZONA STATE UNIVERSITY	12-875	43 000	998	—
717528	ARIZONA STATE UNIVERSITY	NNG07EK00C	43 000	34,978	—
617882	CORNELL UNIVERSITY	63269-9987	43 001	(2,680)	—
717107	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET PROPULSION LABORATORY	1249472 Mod No 11	43 000	12,698	—
717434	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET PROPULSION LABORATORY	1449932	43 000	82,784	—
717441	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET PROPULSION LABORATORY	1456630	43 000	61,512	—
717522	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET PROPULSION LABORATORY	1535002	43 000	16,170	—
717531	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET PROPULSION LABORATORY	1545613	43 000	23,571	—
717533	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET PROPULSION LABORATORY	1546619	43 000	8,597	8,057
617900	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	5710003370	43 001	77,748	—
717488	SOUTHWEST RESEARCH INSTITUTE	1415GC0017	43 001	12,067	—
617974	U S GEOLOGICAL SURVEY	G15AC00007	15 808	89,697	—
717164	UNIVERSITY OF ARIZONA	Y432801	43 000	9,583	—
717431	UNIVERSITY OF ARIZONA	Y603259	43 000	4,769	—
617980	UNIVERSITY OF VIRGINIA	GG11764 147704	43 001	22,223	—
617838	VILLANOVA UNIVERSITY	527898	43 000	2,264	—
610202	National Aeronautics and Space Administration	NNX11AH79G	43 001	21,891	—
610203	National Aeronautics and Space Administration	NNX11AP19G	43 000	7,961	—
610204	National Aeronautics and Space Administration	NNX11A094G	43 000	166,454	38,375
610213	National Aeronautics and Space Administration	NNX12AJ38G	43 001	44,248	—
610216	National Aeronautics and Space Administration	NNX12AQ668	43 000	11,786	—
610217	National Aeronautics and Space Administration	NNX13AB43G	43 000	88,295	32,006
610220	National Aeronautics and Space Administration	NNX13AH80G	43 001	79,094	39,943
610221	National Aeronautics and Space Administration	NNX13AL17G	43 001	52,467	19,827
610223	National Aeronautics and Space Administration	NNX13AJ85G	43 000	50,719	—
610225	National Aeronautics and Space Administration	NNX13AK64G	43 000	36,397	—
610227	National Aeronautics and Space Administration	NNX14AN32G	43 001	30,145	—
610228	National Aeronautics and Space Administration	NNX14AJ88G	43 001	49,437	—
610231	National Aeronautics and Space Administration	NNX15AB99G	43 007	39,046	15,761
610232	National Aeronautics and Space Administration	NNX14AM22G	43 001	5,772	—
610235	National Aeronautics and Space Administration	NNX15AH686	43 001	17,914	—
613732	National Aeronautics and Space Administration	NNX07AR60G	43 000	321	—
613765	National Aeronautics and Space Administration	NNX11AC67G	43 000	52,047	—
613768	National Aeronautics and Space Administration	NNX11AG68G	43 001	795,119	—
613769	National Aeronautics and Space Administration	NNX11AG09G	43 001	825	—
613849	National Aeronautics and Space Administration	NNX14AN216	43 001	36,248	—
				<u>2,043,164</u>	<u>153,969</u>
National Science Foundation:					
642115	AMHERST COLLEGE	NSF-SI-DEB-1353783	47 074	102	—
642116	BRYN MAWR COLLEGE	2-46905	47 074	7,588	—
642130	CORNELL UNIVERSITY	75822-10652	47 074	2,012	—
642092	GEORGE MASON UNIVERSITY	E2025091	47 070	50,671	—
642112	GEORGE MASON UNIVERSITY	E2030321	47 050	2,897	—
642122	GETTYSBURG COLLEGE	Prime Award No BCS-1401178/SI-1	47 075	46,843	—
642132	IOWA STATE UNIVERSITY	420-71-40A \ DEB 1556853	47 074	9,695	—
642106	LOUISIANA STATE UNIVERSITY	71509	47 074	54,132	—
642094	MACALESTER COLLEGE	20005801SI	47 050	21,453	—
642109	OREGON STATE UNIVERSITY	51538A-A	47 074	20,908	—
642129	OREGON STATE UNIVERSITY	S1799A-A	47 000	75,706	—
642114	QUEENS COLLEGE OF CUNY	40D32A	47 075	19,563	—
642107	SAN DIEGO STATE UNIVERSITY RESEARCH	N/A	47 079	224,294	—
692138	STUDIO IN A SCHOOL ASSOCIATION, INC	U396C100448	84 396C	(11,190)	—
642131	THE CITY COLLEGE OF NEW YORK	40F60-A	47 074	9,850	—
642113	UNIVERSITY OF CALIFORNIA AT DAVIS	20130193-01	47 050	3,577	—

SMITHSONIAN INSTITUTION
 Detail Schedule of Expenditures of Federal Awards
 Year ended September 30, 2016

Smithsonian designated code	Federal grantor (PASS-THROUGH GRANTOR)	Agency or pass-through award number	CFDA	Total expenditures	Amounts provided to subrecipients
Research and Development: Mall-based					
642133	UNIVERSITY OF CALIFORNIA-BERKELEY	N/A	47 074	4,668	—
642108	UNIVERSITY OF DELAWARE	DEB 1257526 #32500	47 074	74,385	—
642081	UNIVERSITY OF FLORIDA	UFDSP00010595/OISE-0966884	47 079	61,797	—
642082	UNIVERSITY OF FLORIDA	UFDSP00010553/IOS-1051789	47 074	16,534	—
642095	UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN	DEB 1120205-2011-03452-01	47 074	46,101	—
642120	UNIVERSITY OF LOUISVILLE	ULRF 13-0774-01/DEB-1354060	47 074	5,287	—
642123	UNIVERSITY OF MASSACHUSETTS	15008515A00 / IIA 1427369	47 074	3,782	—
642105	UNIVERSITY OF MONTANA	PG13-66086-01	47 074	104,097	—
642126	UNIVERSITY OF ROCHESTER	416609	47 074	22,388	—
642117	UNIVERSITY OF VIRGINIA	GA11064 146237	47 074	2,745	—
642128	UNIVERSITY OF WYOMING	1002466A-STR/EAR-1360384	47 050	37,256	—
642118	YALE UNIVERSITY	C15D12026(D02104)/DEB-1464389	47 074	87,272	—
642119	YALE UNIVERSITY	C15D12035(D02105)/DEB-1464886	47 074	97,859	—
640195	National Science Foundation	DEB-0717338	47 074	(2,802)	—
640244	National Science Foundation	1038990	47 050	140,066	—
640248	National Science Foundation	1062692	47 050	85,724	—
640251	National Science Foundation	EF 1065821	47 074	249,986	14,909
640257	National Science Foundation	1119468	47 076	7,218	—
640261	National Science Foundation	EF-1137366	47 074	46,549	—
640262	National Science Foundation	DEB-1136626	47 074	148,000	57,842
640265	National Science Foundation	DB1 1156799	47 074	138,556	—
640268	National Science Foundation	ARC-1203417	47 078	2,356	—
640272	National Science Foundation	DEB-1242566	47 074	33,566	—
640273	National Science Foundation	DEB1242584	47 074	65,181	—
640278	National Science Foundation	1250895	47 074	4,732	1,932
640279	National Science Foundation	DEB-1257689	47 074	871	—
640280	National Science Foundation	DEB-1257625	47 074	75,809	—
640283	National Science Foundation	DEB-0950080	47 074	19	—
640284	National Science Foundation	DEB-1354741	47 074	52,682	—
640286	National Science Foundation	DEB-1352217	47 074	90,499	—
640287	National Science Foundation	Award 1325379	47 050	14,445	—
640292	National Science Foundation	1336247	47 041	19,776	—
640294	National Science Foundation	DEB-1405181	47 074	86,701	—
640296	National Science Foundation	PLR-1438097	47 050	12,201	—
640300	National Science Foundation	1424932	47 050	1,495	—
640301	National Science Foundation	1433212	47 050	27,820	—
640302	National Science Foundation	IOS-1353085	47 074	64,484	—
640303	National Science Foundation	1360391	47 050	395,315	6,443
640304	National Science Foundation	DEB-1354143	47 074	74,711	—
640305	National Science Foundation	DBI-1356659	47 074	29,586	—
640307	National Science Foundation	EAR-1347248	47 050	75,024	—
640309	National Science Foundation	EAR-1424906	47 050	61,420	—
640310	National Science Foundation	1439470	47 075	24,048	—
640311	National Science Foundation	1424029	47 075	126,020	—
640312	National Science Foundation	EF1450318	47 074	90,477	9,357
640313	National Science Foundation	CCF-1442731	47 074	72,802	—
640316	National Science Foundation	DEB 1456674	47 074	57,297	—
640317	National Science Foundation	1457100	47 074	32,960	—
640318	National Science Foundation	EAR 1447480	47 050	22,214	—
640320	National Science Foundation	N/A	47 075	(15,366)	—
640322	National Science Foundation	DEB-1547168	47 074	87,540	—
640326	National Science Foundation	N/A	47 074	20,980	—
640327	National Science Foundation	DEB1545761	47 074	73,207	—
640328	National Science Foundation	DB1 1637973	47 074	38,227	—
640329	National Science Foundation	OCE 1558868	47 074	38,122	—
640333	National Science Foundation	DEB-1557009	47 074	39,850	—
				<u>3,812,640</u>	<u>90,483</u>
Environmental Protection Agency:					
692331	MARYLAND DEPARTMENT OF NATURAL RESOURCES	K00B4400127	66 466	4,336	—
692339	OLD DOMINION UNIVERSITY	15-129-100493-010	66 466	581	—
676011	Environmental Protection Agency	UW-96327701-1	66 440	12,435	—
				<u>17,352</u>	<u>—</u>
Total Research and Development: Mall-based				<u>9,952,827</u>	<u>509,254</u>

SMITHSONIAN INSTITUTION
 Detail Schedule of Expenditures of Federal Awards
 Year ended September 30, 2016

Smithsonian designated code	Federal grantor (PASS-THROUGH GRANTOR)	Agency or pass-through award number	CFDA	Total expenditures	Amounts provided to subrecipients
Research and Development: Smithsonian Astrophysical Observatory					
U S Department of Defense:					
725011	UCAR (DOD)	Z15-12504	12 800	102,581	—
725012	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	5710003827	12 800	47,753	—
692338	NAVAL RESEARCH LABORATORY	N00173-14-1-G908	12 300	18,215	—
721003	SPECTRAL SCIENCES	8304	12 000	(53)	—
792055	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	7000334070	15 650	66,509	—
				235,005	—
U S Department of Energy:					
682006	U S Department of Energy	DE-FG02-91ER40635	81 049	275,581	16,799
682020	U S Department of Energy	DE-NA0001802	81 049	141,696	—
682024	U S Department of Energy	DE-SC0016363	81 000	541	—
792051	DAWN RESEARCH INC	5/6/2015	81 049	84,664	—
				502,482	16,799
National Aeronautics and Space Administration (NASA):					
610153	NASA- Goddard Space Flight Center	NNX10AD68G	43 001	742	—
610179	NASA - Goddard Space Flight Center	NNX10AQ58G	43 001	3,873	—
610200	NASA - Goddard Space Flight Center	NNX11AH28G	43 001	31,555	—
610218	NASA - Goddard Space Flight Center	NNX13AE54G	43 000	78,507	—
610233	NASA	NNX15AE56G	43 001	84,587	—
610234	NASA- Shared Services Center	NNX15AD96G	43 001	1,709	—
611101	NASA - Headquarters	NNX15AL65G	43 001	72,269	—
611102	NASA - Headquarters	NNX15AN41G	43 001	71,605	—
611103	NASA - Headquarters	NNX16AC11G	43 001	92,288	28,440
611104	NASA - Headquarters	NNX16AB79G	43 001	53,302	—
611105	NASA - Headquarters	NNX16AD69G	43 001	69,644	12,342
611106	NASA - Headquarters	NNX16AC86A	43 001	552,069	—
611107	NASA - Headquarters	NNX16AF37G	43 001	4,407	—
611108	NASA - Headquarters	NNX16AG47G	43 000	69,566	—
611109	NASA - Headquarters	NNX16AH87G	43 001	13	—
611110	NASA - Headquarters	NNX16AG51G	43 000	6,818	—
612168	NASA - Ames Research Center	NNX13AB58A	43 001	189,314	—
612169	NASA - Ames Research Center	NNX13AC29G	43 000	16,248	—
613604	NASA - Goddard Space Flight Center	NNG04GP44A	43 000	(367)	—
613772	NASA - Goddard Space Flight Center	NNX11AH33G	43 001	52,774	—
613774	NASA - Goddard Space Flight Center	NNX11AM37G	43 001	59,128	—
613776	NASA - Goddard Space Flight Center	NNX11AO65G	43 001	54,869	—
613780	NASA - Goddard Space Flight Center	NNX12AB25G	43 001	16,794	—
613781	NASA - Goddard Space Flight Center	NNX11AO98G	43 000	46,687	20,981
613782	NASA - Goddard Space Flight Center	NNX12AC39G	43 001	12,150	—
613786	NASA - Goddard Space Flight Center	NNX12AE89G	43 001	746,807	(2,500)
613787	NASA - Goddard Space Flight Center	NNX12AC70G	43 001	78,890	—
613790	NASA - Goddard Space Flight Center	NNX12AE39G	43 001	(6,066)	—
613791	NASA - Goddard Space Flight Center	NNX12AF84G	43 001	1,559	—
613794	NASA - Goddard Space Flight Center	NNX12AF74G	43 001	62,054	—
613798	NASA - Goddard Space Flight Center	NNX12AH38G	43 001	149,126	—
613799	NASA - Goddard Space Flight Center	NNX12AI30G	43 000	36,318	—
613800	NASA - Goddard Space Flight Center	NNX12AI60G	43 001	184,422	—
613801	NASA - Goddard Space Flight Center	NNX12AI55G	43 001	50,644	—
613802	NASA - Goddard Space Flight Center	NNX12AJ04G	43 001	23,238	—
613803	NASA - Goddard Space Flight Center	NNX12AG54G	43 000	1,662,553	—
613805	NASA - Goddard Space Flight Center	NNX12AN05G	43 001	(3,885)	—
613806	NASA - Goddard Space Flight Center	NNX12AP44G	43 001	(430)	—
613810	NASA - Goddard Space Flight Center	NNX13AB94A	43 000	54,462	—
613811	NASA - Goddard Space Flight Center	NNX13AE88G	43 000	7,226	—
613812	NASA - Goddard Space Flight Center	NNX13AE90G	43 000	31,796	—
613813	NASA - Goddard Space Flight Center	NNX13AF16G	43 000	81,392	12,816

SMITHSONIAN INSTITUTION
 Detail Schedule of Expenditures of Federal Awards
 Year ended September 30, 2016

Smithsonian designated code	Federal grantor (PASS-THROUGH GRANTOR)	Agency or pass-through award number	CFDA	Total expenditures	Amounts provided to subrecipients
Research and Development: Smithsonian Astrophysical Observatory					
613816	NASA - Goddard Space Flight Center	NNX13AE59G	43 001	131,896	—
613817	NASA - Goddard Space Flight Center	NNX13AF65G	43 000	218,502	—
613820	NASA - Goddard Space Flight Center	NNX13AI24G	43 000	113,331	30,286
613822	NASA - Goddard Space Flight Center	NNX13AG62G	43 001	6,934	—
613823	NASA - Goddard Space Flight Center	NNX13AI43G	43 001	122,657	—
613824	NASA - Goddard Space Flight Center	NNX13AF56G	43 000	10,481	—
613825	NASA - Goddard Space Flight Center	NNX13AI83A	43 001	1,043,225	36,492
613827	NASA - Goddard Space Flight Center	NNX13AI59G	43 001	101,992	—
613828	NASA - Goddard Space Flight Center	NNX13AK80G	43 001	173,555	111,655
613833	NASA - Goddard Space Flight Center	NNX14AB83G	43 001	61,749	—
613834	NASA - Goddard Space Flight Center	NNX14AC22G	43 000	63,365	—
613835	NASA - Goddard Space Flight Center	NNX14AE10A	43 001	485,794	301,614
613836	NASA - Goddard Space Flight Center	NNX14AF56G	43 001	318,452	—
613837	NASA - Goddard Space Flight Center	NNX14AF06G	43 001	14,597	—
613838	NASA - Goddard Space Flight Center	NNX14AF16G	43 001	246,605	33,560
613839	NASA - Goddard Space Flight Center	NNX14AF72G	43 001	37,061	—
613840	NASA - Goddard Space Flight Center	NNX14AF04G	43 001	14,465	—
613842	NASA - Goddard Space Flight Center	NNX14AG55G	43 000	51,632	—
613843	NASA - Goddard Space Flight Center	NNX14AE88G	43 001	20,208	—
613844	NASA - Goddard Space Flight Center	NNX14AF78G	43 001	989	—
613845	NASA - Goddard Space Flight Center	NNX14AG96G	43 001	92,420	—
613846	NASA - Goddard Space Flight Center	NNX14AJ61G	43 001	100,721	—
613847	NASA - Goddard Space Flight Center	NNX14AI55G	43 001	505,359	—
613848	NASA - Goddard Space Flight Center	NNX14AL70G	43 001	2,161	—
613850	NASA - Goddard Space Flight Center	NNX14AR84G	43 001	71,399	—
613851	NASA - Goddard Space Flight Center	NNX14AR69G	43 001	121,614	—
613852	NASA - Goddard Space Flight Center	NNX14AT26G	43 001	50,079	—
613853	NASA - Goddard Space Flight Center	NNX14AQ52G	43 001	294,632	—
613854	NASA - Goddard Space Flight Center	NNX15AC44G	43 001	505,781	1,221
613855	NASA - Goddard Space Flight Center	NNX15AE16G	43 001	83,945	—
613856	NASA - Goddard Space Flight Center	NNX15AF23G	43 001	136,023	—
613857	NASA - Goddard Space Flight Center	NNX15AF43G	43 001	54,122	—
613858	NASA - Goddard Space Flight Center	NNX15AG36G	43 001	8,381	—
613859	NASA - Goddard Space Flight Center	NNX15AG25G	43 001	40,833	—
613860	NASA - Goddard Space Flight Center	NNX15AI60G	43 001	187,505	—
613861	NASA - Goddard Space Flight Center	NNX15AJ31G	43 001	54,835	—
613862	NASA - Goddard Space Flight Center	NNX15AR30G	43 001	64,354	—
613863	NASA - Goddard Space Flight Center	NNX15AV31G	43 001	44,640	—
613864	NASA - Goddard Space Flight Center	NNX16AC46G	43 001	40,009	—
613865	NASA - Goddard Space Flight Center	NNX16AH95G	43 001	57,353	—
613866	NASA - Goddard Space Flight Center	NNX16AH21G	43 001	2,694	—
613867	NASA - Goddard Space Flight Center	NNX16AH68G	43 001	35,487	—
613868	NASA - Goddard Space Flight Center	NNX16AH31G	43 001	18,026	—
613869	NASA - Goddard Space Flight Center	NNX16AL62A	43 001	6,984	—
615003	NASA - Langley Research Center	NNX13AR40G	43 001	1,805	—
617170	NASA - Goddard Space Flight Center	NNX15AL07G	43 001	151,407	—
617870	NASA - Goddard Space Flight Center	NNX13AD46G	43 000	100,298	26,313
617992	NASA - Goddard Space Flight Center	NNX15AF50G	43 001	24,922	—
619041	UNIVERSITIES SPACE RESEARCH ASSOCIA	SOF 04-0141	43 001	925	—
713742	NASA - Goddard Space Flight Center	NNG13HZ06C	43 001	23,402	—
715004	NASA - Langley Research Center	NNL13AA09C	43 001	2,037,999	694,018
716015	NASA - Marshall Space Flight Center	NAS8-03060	43 001	56,764,051	13,054,763
716016	NASA - Marshall Space Flight Center	NNM07AB07C	43 001	2,422,443	266,631
716022	NASA - Marshall Space Flight Center	NNM15AA13C	43 001	276,733	—
716023	NASA - Marshall Space Flight Center	NNM15AE52P	43 001	7,721	—
716024	NASA - Marshall Space Flight Center	NNM15AA15C	43 001	218,453	39,050
716025	NASA - Marshall Space Flight Center	NNM16AA16C	00 000	88,845	—
717015	UNIVERSITY OF CHICAGO	OPP-8920223	43 000	(10)	—
717131	LOCKHEED MARTIN SHARED SERVICES	SP02H1701R	43 001	209,998	—
717257	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET PROPULSION LABORATORY	1329220	43 001	(729)	—
717359	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET PROPULSION LABORATORY	1376302	43 001	114	—

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Smithsonian designated code	Federal grantor (PASS-THROUGH GRANTOR)	Agency or pass-through award number	CFDA	Total expenditures	Amounts provided to subrecipients
Research and Development: Smithsonian Astrophysical Observatory					
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717374	PROPULSION LABORATORY	1388733	43 000	180	—
717375	LOCKHEED MARTIN SHARED SERVICES	8100002705	43 001	635,951	—
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717379	PROPULSION LABORATORY	1396270	43 000	121	—
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717391	PROPULSION LABORATORY	1416591	43 000	3,651	—
717395	JOHNS HOPKINS UNIVERSITY	975569	43 001	13,286,091	8,618,252
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717407	PROPULSION LABORATORY	1427018	43 001	11,791	—
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717413	PROPULSION LABORATORY	1433390	00 000	12,002	—
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717416	PROPULSION LABORATORY	1433108	43 001	36	—
717424	UNIVERSITY OF NEW HAMPSHIRE	11-108	43 001	3,700	—
717448	BOSTON CHILDRENS MUSEUM	NNX12AB91G-Sub	43 001	35,431	—
717456	BOSTON UNIVERSITY	4500001066	43 000	95,753	—
717466	THE PENNSYLVANIA STATE UNIVERSITY	4843-SAO-NASA-C84G	43 009	(1,316)	—
717467	TRUSTEES OF BOSTON COLLEGE	5001920-02	00 000	40,132	—
717472	JOHNS HOPKINS UNIVERSITY	2001888276	43 000	1,394	—
717487	JOHNS HOPKINS UNIVERSITY	117582	43 001	4,305	—
717491	MASSACHUSETTS INSTITUTE OF TECHNOLO	5710003554	43 001	168,588	1,929
717492	CALIFORNIA INSTITUTE OF TECHNOLOGY	2-1094580	43 000	168,725	—
717497	RELIACOAT TECHNOLOGIES	RCT1013S	00 000	52,869	—
717500	MONTANA STATE UNIVERSITY	G163-14-W4769	43 001	47,208	—
717501	UNIVERSITY OF NEW HAMPSHIRE	14-054	43 001	21,141	—
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717502	PROPULSION LABORATORY	1502090	00 000	10,673	—
717507	REFLECTIVE X-RAY OPTICS LLC	NNX14AH64G-SAO	43 001	4,783	—
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717508	PROPULSION LABORATORY	1515599	43 001	2,300	—
717509	HARVARD UNIVERSITY	131414-5084550	43 001	44,202	—
717510	RICE UNIVERSITY	R53541	43 001	20,985	—
717514	GEORGE MASON UNIVERSITY	E2034761	43 001	20,595	—
717515	NORTHERN ARIZONA UNIVERSITY	10026901-01	43 001	102,157	—
717516	HAMPTON UNIVERSITY	HU-150012	43 001	101,078	—
717517	LOCKHEED MARTIN SHARED SERVICES	4101946323	43 001	70,832	—
717518	BOSTON CHILDRENS MUSEUM	NNX14AQ83G SAO Sub	00 000	27,922	—
717523	UNIVERSITY OF ALABAMA	2015-065	43 001	11,166	—
717524	SCIENCE SYSTEMS AND APPLICATIONS, I	21515-15-014	43 001	19,389	—
717526	JOHNS HOPKINS UNIVERSITY	130620	43 001	328,137	—
717527	UNIVERSITY OF ARIZONA	292962	43 001	18,075	—
717529	THE UNIVERSITY OF WISCONSIN-MADISON	647K986	43 001	13,580	—
717532	NASA - Space Telescope Science Institute	STScI-509913	43 008	377,957	138,559
	CALIFORNIA INSTITUTE OF TECHNOLOGY - JET				
717534	PROPULSION LABORATORY	JPL Subcontract No 1551704	43 001	7,833	—
717536	HARVARD UNIVERSITY	131443-5099614	43 001	25,550	—
792060	PRINCETON UNIVERSITY	S014981-F	43 001	26,374	—
617000	NASA - Chandra	GO5-16090X	43 001	7,046	—
617397	NASA - Chandra	PF5-160141	43 001	103,035	—
617697	NASA - Chandra	GOO-11040X	43 001	984	—
617733	NASA - Chandra	GO1-12168X	43 001	1,662	—
617755	NASA - Chandra	AR1-12007X	43 001	1,376	—
617759	NASA - Chandra	AR1-12016X	43 001	(424)	—
617762	NASA - Chandra	GO1-12160X	43 001	32,400	—
617778	NASA - Chandra	GO1-12099X	43 001	2,670	—
617786	NASA - Chandra	GO1-12149B	43 001	13,071	—
617788	NASA - Chandra	GO1-12021X	43 001	26,713	—
617796	NASA - Chandra	GO2-13006C	43 000	(381)	—
617818	NASA - Chandra	AR2-13004X	43 000	871	—
617825	NASA - Chandra	GO2-13142X	43 000	2,134	—
617826	NASA - Chandra	GO2-13127X	43 000	1,000	—
617827	NASA - Chandra	GO2-13088X	43 000	15,304	—

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<u>Smithsonian designated code</u>	<u>Federal grantor (PASS-THROUGH GRANTOR)</u>	<u>Agency or pass-through award number</u>	<u>CFDA</u>	<u>Total expenditures</u>	<u>Amounts provided to subrecipients</u>
Research and Development: Smithsonian Astrophysical Observatory					
617831	NASA - Chandra	GO2-13135X	43 000	52,093	—
617835	NASA - Chandra	GO2-13148X	43 000	11,695	—
617836	NASA - Chandra	GO2-13031X	43 000	376	—
617841	NASA - Chandra	GO2-13080X	43 000	3,643	—
617845	NASA - Chandra	GO2-13022X	43 000	25,587	—
617852	NASA - Chandra	GO2-13161X	43 000	13,949	—
617853	NASA - Chandra	GO2-13019X	43 000	1,913	—
617854	NASA - Chandra	GO2-13146X	43 000	8,090	—
617855	NASA - Chandra	GO2-13125X	43 000	19,736	—
617857	NASA - Chandra	GO9-0122B	43 000	33,471	—
617860	NASA - Chandra	GO3-14138X	43 000	8,529	—
617861	NASA - Chandra	GO3-14101X	43 001	6,045	—
617863	NASA - Chandra	GO3-14023X	43 000	28,555	—
617865	NASA - Chandra	TM3-14002X	43 001	63,972	—
617866	NASA - Chandra	AR3-14014X	43 000	14,840	—
617868	NASA - Chandra	GO2-13153X	43 000	38,983	—
617869	NASA - Chandra	GO2-13005X	43 000	49,087	—
617873	NASA - Chandra	GO3-14131X	43 000	34,316	—
617874	NASA - Chandra	AR3-14006X	43 001	17,530	—
617876	NASA - Chandra	GO3-14150B	43 000	31,049	—
617880	NASA - Chandra	GO3-14051X	43 000	17,432	—
617890	NASA - Chandra	GO3-14093X	43 001	16,597	—
617891	NASA - Chandra	GO3-14124X	43 000	16,452	—
617892	NASA - Chandra	DD2-13065X	43 000	6,218	—
617897	NASA - Chandra	GO3-14149X	43 000	262	—
617899	NASA - Chandra	GO3-14068X	43 000	12,424	—
617902	NASA - Chandra	GO3-14010X	43 000	15,494	—
617904	NASA - Chandra	PF3-140109	43 001	90,723	—
617906	NASA - Chandra	GO3-14141X	43 001	3,608	—
617907	NASA - Chandra	GO3-14134X	43 000	23,360	—
617911	NASA - Chandra	GO3-14133X	43 000	10,822	—
617912	NASA - Chandra	GO3-14143X	43 001	11,616	—
617913	NASA - Chandra	GO3-14026X	43 000	13,917	—
617914	NASA - Chandra	GO3-14094X	43 000	12,854	—
617915	NASA - Chandra	GO3-14130B	43 000	1,395	—
617918	NASA - Chandra	GO4-15000X	43 001	25,624	—
617921	NASA - Chandra	GO3-14074X	43 001	1,180	—
617926	NASA - Chandra	GO3-14013X	43 000	17,070	—
617928	NASA - Chandra	GO4-15016X	43 001	56,350	—
617930	NASA - Chandra	TM4-15002X	43 001	4,335	—
617933	NASA - Chandra	AR4-15009X	43 001	5,464	—
617934	NASA - Chandra	AR4-15005X	43 001	61,584	—
617936	NASA - Chandra	AR4-15003X	43 001	5,956	—
617939	NASA - Chandra	GO4-15076X	43 001	26,675	—
617940	NASA - Chandra	GO4-15116B	43 001	3,827	—
617941	NASA - Chandra	GO4-15081X	43 001	12,838	—
617942	NASA - Chandra	GO4-15011X	43 001	28,074	—
617943	NASA - Chandra	GO4-15025X	43 001	11,862	—
617944	NASA - Chandra	GO4-15017X	43 001	8,015	—
617950	NASA - Chandra	GO3-14118X	43 000	7,280	—
617951	NASA - Chandra	GO4-15023B	43 001	3,467	—
617952	NASA - Chandra	DD4-15071X	43 001	895	—
617953	NASA - Chandra	GO4-15096X	43 001	5,312	—
617956	NASA - Chandra	GO4-15107X	43 000	455	—
617957	NASA - Chandra	GO4-15120X	43 001	5,977	—
617958	NASA - Chandra	PF4-150118	43 001	17,136	—
617962	NASA - Chandra	GO4-15099X	43 001	16,857	—
617963	NASA - Chandra	GO4-15102X	43 001	60,099	—
617965	NASA - Chandra	GO4-15070A	43 001	1,205	—
617967	NASA - Chandra	GO4-15082X	43 001	45,802	—
617969	NASA - Chandra	GO4-15051X	43 001	25,274	—
617970	NASA - Chandra	GO4-15127X	43 000	1,868	—
617975	NASA - Chandra	GO5-16099X	43 001	25,260	—

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Research and Development: Smithsonian Astrophysical Observatory					
617976	NASA - Chandra	GO5-16021X	43 001	8,977	—
617977	NASA - Chandra	GO5-16004X	43 001	2,566	—
617979	NASA - Chandra	GO5-16096X	43 001	8,547	—
617981	NASA - Chandra	GO5-16130X	43 001	3,038	—
617983	NASA - Chandra	GO5-16117A	43 001	30,055	—
617984	NASA - Chandra	GO5-16129X	43 001	3,608	—
617985	NASA - Chandra	GO4-15024X	43 001	9,336	—
617986	NASA - Chandra	GO5-16133X	43 001	13,041	—
617987	NASA - Chandra	AR5-16006X	43 001	38,860	—
617988	NASA - Chandra	AR5-16007X	43 001	11,617	—
617989	NASA - Chandra	AR5-16012A	43 001	8,800	—
617990	NASA - Chandra	GO5-16138A	43 001	5,517	—
617994	NASA - Chandra	GO5-16147A	43 001	26,335	—
617995	NASA - Chandra	TM3-14004A	43 001	2,961	—
617996	NASA - Chandra	GO5-16140X	43 001	7,123	—
617997	NASA - Chandra	GO5-16108X	43 001	63,457	—
617999	NASA - Chandra	GO5-16135X	43 001	11,113	—
619000	NASA - Chandra	GO5-16123X	43 001	11,468	—
619003	NASA - Chandra	GO5-16126X	43 001	156	—
619008	NASA - Chandra	GO5-16056X	43 001	9,610	—
619009	NASA - Chandra	GO5-16153X	43 001	18,314	—
619018	NASA - Chandra	GO6-17121X	43 001	1,775	—
619020	NASA - Chandra	GO6-17014X	43 001	23,781	—
619023	NASA - Chandra	AR6-17003X	43 001	4,983	—
619025	NASA - Chandra	TM6-17009X	43 001	10,762	—
619027	NASA - Chandra	TM6-17002X	43 001	3,467	—
619028	NASA - Chandra	TM6-17003X	43 001	1,544	—
619035	NASA - Chandra	GO6-17087X	43 001	860	—
619037	NASA - Chandra	GO5-16101X	43 001	319	—
619044	NASA - Chandra	GO6-17136B	43 001	740	—
617164	NASA - Space Telescope Science Institute	GO-13782 001-A	43 001	906	—
617203	NASA - Space Telescope Science Institute	GO-09087 01-A	43 001	1	—
617728	NASA - Space Telescope Science Institute	GO-12060 05-A	43 001	5,943	—
617851	NASA - Space Telescope Science Institute	HF-51315 01-A	43 000	3,139	—
617903	NASA - Space Telescope Science Institute	GO-12895 05-A	43 001	27,482	—
617905	NASA - Space Telescope Science Institute	GO-12981 03-A	43 001	2,728	—
617909	NASA - Space Telescope Science Institute	GO-13107 01-A	43 001	6,259	—
617910	NASA - Space Telescope Science Institute	GO-13111 05-A	43 001	(31)	—
617917	NASA - Space Telescope Science Institute	AR-13243 01-A	43 001	36,804	—
617920	NASA - Space Telescope Science Institute	GO-13368 01-A	43 001	1,366	—
617922	NASA - Space Telescope Science Institute	GO-13436 01-A	43 001	14,458	—
617923	NASA - Space Telescope Science Institute	GO-13454 01-A	43 001	18,206	—
617924	NASA - Space Telescope Science Institute	GO-12984 02-A	43 001	26,791	—
617927	NASA - Space Telescope Science Institute	GO-13487 01-A	43 001	133	—
617948	NASA - Space Telescope Science Institute	GO-13369 001-A	43 001	17,139	—
617949	NASA - Space Telescope Science Institute	GO-13506 001-A	43 001	5,157	—
617960	NASA - Space Telescope Science Institute	GO-13378 011-A	43 001	20,197	—
617961	NASA - Space Telescope Science Institute	HF2-51345 001-A	43 001	16,411	—
617971	NASA - Space Telescope Science Institute	GO-13841 002-A	43 001	13,942	—
617972	NASA - Space Telescope Science Institute	GO-13754 001-A	43 001	5,538	—
617991	NASA - Space Telescope Science Institute	GO-13741 002-A	43 001	30,662	—
617998	NASA - Space Telescope Science Institute	GO-13947 001-A	43 001	7,321	—
619001	NASA - Space Telescope Science Institute	HST-HF2-51356 001-A	00 000	100,079	—
619004	NASA - Space Telescope Science Institute	HST-GO-12367 008-A	43 001	4,692	—
619005	NASA - Space Telescope Science Institute	HST-GO-12753 006-A	43 001	2,416	—
619006	NASA - Space Telescope Science Institute	HST-GO-13111 007-A	43 001	11,622	—
619013	NASA - Space Telescope Science Institute	HST-GO-14194 001-A	43 001	9,290	—
619014	NASA - Space Telescope Science Institute	HST-GO-14271 009-A	43 001	5,049	—
619016	NASA - Space Telescope Science Institute	HST-GO-13330 26-A	43 001	3,257	—
619017	NASA - Space Telescope Science Institute	HST-GO-14202 001-A	43 001	4,028	—
619021	NASA - Space Telescope Science Institute	HST-GO-14272 011-A	43 001	9,370	—
619029	NASA - Space Telescope Science Institute	HST-GO-14161 003-A	43 009	39,373	—
				90,969,515	23,426,422

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Smithsonian designated code	Federal grantor (PASS-THROUGH GRANTOR)	Agency or pass-through award number	CFDA	Total expenditures	Amounts provided to subrecipients
Research and Development: Smithsonian Astrophysical Observatory					
National Science Foundation:					
640246	National Science Foundation	AGS-1037834	47 050	(2,308)	—
640269	National Science Foundation	PHY-1205923	47 049	326,148	—
640276	National Science Foundation	DRL-1222588	47 076	1,635	—
640281	National Science Foundation	AGS-1263241	47 049	16,068	—
640282	National Science Foundation	AST-1262851	47 049	192,094	—
640288	National Science Foundation	AST-1337663	43 001	(318)	—
640289	National Science Foundation	AST-1312882	47 049	81,091	—
640290	National Science Foundation	PHY-1205389	47 049	289,507	15,436
640291	National Science Foundation	AST-1305310	47 049	258	—
640293	National Science Foundation	ECCS-1408075	47 041	14,767	—
640299	National Science Foundation	AGS-1358342	47 050	91,585	—
640306	National Science Foundation	DRL-1433345	47 076	117,352	—
640308	National Science Foundation	AST-1405606	47 049	126,717	—
640314	National Science Foundation	AST-1440254	47 049	812,201	760,645
640319	National Science Foundation	DRL-1502798	47 076	28,498	—
640323	National Science Foundation	AGS-1460165	47 050	44,119	—
640324	National Science Foundation	AGS-1531549	47 049	618,772	78,750
640325	National Science Foundation	AST-1509375	47 049	109,420	—
640332	National Science Foundation	AGS-1531312	47 050	21,112	—
640334	National Science Foundation	AGS-1560313	47 049	84,151	—
640336	National Science Foundation	AST-1615847	47 049	2,613	—
640338	National Science Foundation	CHE-1566266	47 049	6,212	—
642096	National Science Foundation	AGS-1156076	47 049	106,189	—
742067	AURA	N01310C-N	47 049	33,921	—
742076	UNIVERSITY OF CALIFORNIA - LOS ANGELES	1000 G QB252	00 000	106,973	—
742078	UNIVERSITY OF VIRGINIA	GA10962-142211	00 000	48,712	—
742080	UNIVERSITY OF CHICAGO	FP052668	43 001	37,179	—
742081	MASSACHUSETTS INSTITUTE OF TECHNOLO	5710003643	47 049	130,696	—
742082	HARVARD UNIVERSITY	131385-5086156	47 076	9,279	—
742084	GEORGIA STATE UNIVERSITY	SP00011663-01	47 050	49,760	—
742085	HARVARD UNIVERSITY	131407-5091340	47 076	91,707	—
742086	HARVARD UNIVERSITY	131403-5094253	47 076	91,487	—
742087	NATIONAL RADIO ASTRONOMY OBSERVATORY	346987	47 049	11,380	—
742088	NATIONAL RADIO ASTRONOMY OBSERVATORY	346989	47 049	19,506	—
742090	OHIO STATE UNIVERSITY	60054183 PO#RF01429282	00 000	34,050	—
742091	NATIONAL RADIO ASTRONOMY OBSERVATORY	352403	47 049	24,300	12,936
742093	NATIONAL RADIO ASTRONOMY OBSERVATORY	350358	47 000	31,999	—
742094	HARVARD UNIVERSITY	131455-5097556	47 049	581	—
				<u>3,809,413</u>	<u>867,767</u>
Other Agencies:					
692346	National Institute of Standards & Technology	60NANB15D351	11 609	43,090	35,543
792047	QUANTUM DIAMOND TECHNOLOGIES, INC	QS1001	43 001	4,086	—
792050	HARVARD UNIVERSITY	144800-5079188	45 301	11,136	—
792054	LAWRENCE LIVERMORE NATIONAL LABORATORY	B614697	43 009	930	—
792061	LAWRENCE LIVERMORE NATIONAL LABORATORY	B617466	43 009	81,344	—
792059	OHIO STATE UNIVERSITY	60054182 PO#RF01429285	00 000	35,847	—
				<u>176,433</u>	<u>35,543</u>
Total Research and Development: Smithsonian Astrophysical Observatory				<u>95,692,848</u>	<u>24,346,531</u>
Total Research and Development				<u>105,645,675</u>	<u>24,855,786</u>

SMITHSONIAN INSTITUTION
 Detail Schedule of Expenditures of Federal Awards
 Year ended September 30, 2016

Smithsonian designated code	Federal grantor (PASS-THROUGH GRANTOR)	Agency or pass-through award number	CFDA	Total expenditures	Amounts provided to subrecipients
	U S Postal Service				
692336	U S Postal Service	Not applicable	99 UNK	166,530	—
692345	U S Postal Service	Not applicable	99 UNK	2,711,604	—
				<u>2,878,134</u>	<u>—</u>
	Other (Mall - based) Programs:				
	U S Agency for International Development:				
692341	THE BRIDGE FUND	AID-486-A14-0000	98 001	573,955	—
692326	UCLA	0830 G QB293	98 001	10,341	—
				<u>584,296</u>	<u>—</u>
	U S Department of Education:				
692342	ALBEMARLE COUNTY PUBLIC SCHOOLS	N/A	84 411C	22,880	
680009	U S Department of Education	U396B100097-10A	84 396	217,087	189,907
				<u>239,967</u>	<u>189,907</u>
	U S Department of the Interior:				
634052	U S Department of the Interior	P14AP00179	15 933	80,346	43,893
				<u>80,346</u>	<u>43,893</u>
	U S Department of State:				
668021	U S Department of State	SIZ-100-15-GR026	19 021	392,848	—
668017	U S Department of State	S-BR250-13-GR150-M002	19 040	16,622	—
668019	U S Department of State	S-LMAQM-14-GR-018	19 700	114,247	—
668020	U S Department of State	S-TS800-15-CA-059/PDPR08	19 021	62,837	—
	U S Department of State Total			<u>586,553</u>	<u>—</u>
	National Aeronautics and Space Administration:				
617968	AMERICAN UNIVERSITY	31297-5	43 008	(339)	—
610230	National Aeronautics and Space Administration	NNX4AQ78G	43 008	19,043	—
				<u>18,704</u>	<u>—</u>
	National Science Foundation:				
642101	UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN	DGE 1069157-Subaward #2011-01734-03	47 076	71,076	—
640245	National Science Foundation	DRL-1010776	47 076	52,510	—
640259	National Science Foundation	1127060	47 075	672	—
640295	National Science Foundation	DBI-1359299	47 074	132,970	—
640321	National Science Foundation	DRL-1511155	47 076	16,039	—
640337	National Science Foundation	N/A	47 050	1,318	—
640331	National Science Foundation	OCE-1560088	47 050	139,627	—
				<u>414,212</u>	<u>—</u>
	Architect of the Capitol				
792052	Architect of the Capitol	AOC15A1024	99 UNK	143,668	—
				<u>143,668</u>	<u>—</u>
	Total Other (mall-based) Programs			2,067,746	233,800
	Total expenditures of federal awards			<u>110,591,555</u>	<u>25,089,586</u>

SMITHSONIAN INSTITUTION

Notes to Schedules of Expenditures of Federal Awards

Year ended September 30, 2016

(1) Background

Basis of Presentation and Description of Major Program

The accompanying schedules of expenditures of federal awards were prepared in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The purpose of these schedules is to present information relating to expenditures of the Smithsonian Institution (Smithsonian) under programs of the federal government for the year ended September 30, 2016. The summary schedule on page 27 presents total expenditures by both federal agency and principal Smithsonian research location. The schedule from pages 28-37 provides more detailed award information supporting the summary schedule.

The Smithsonian's federal awards are received either directly from the federal government or indirectly through "pass-through" organizations. Most awards received by the Smithsonian are classified within the cluster of "research and development" in the accompanying schedules of expenditures of federal awards.

The schedules do not include expenditures funded by the Smithsonian's federal appropriation, which is not subject to the Uniform Guidance.

(2) Summary of Significant Accounting Policies for Federal Award Expenditures

Basis of Accounting

The accompanying schedules of expenditures of federal awards were prepared using the accrual method of accounting. Expenses are recognized as incurred using the cost accounting principles contained in the Uniform Guidance. Under the guidance, certain types of expenses are not allowable or are limited as to reimbursement.

Expenditures include costs that can be identified with specific projects (e.g., salaries and fringe benefits, travel, and materials) plus allocations of the applicable indirect costs (e.g., grant and contract administration, general administration, operating overhead, material burden, and engineering services). The indirect cost rates applied are negotiated percentages of direct expenses. The indirect cost rate allocation bases exclude capital expenditures and other items. Indirect cost rates applied to awards for the fiscal year ended September 30, 2016 were negotiated with the cognizant federal rate agency, the Office of Naval Research. Because the Smithsonian has received a negotiated indirect cost rate, it is not eligible for and has not elected to use the 10-percent de minimus indirect cost rate under the Uniform Guidance.



KPMG LLP
Suite 12000
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Washington, DC 20006

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Office of the Inspector General, Audit and Review Committee
of the Board of Regents, and Secretary Skorton
Smithsonian Institution:

We have audited, in accordance with the 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, the financial statements of Smithsonian Institution, (Smithsonian) which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Smithsonian's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Smithsonian's internal control. Accordingly, we do not express an opinion on the effectiveness of Smithsonian's internal control.

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Smithsonian's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Smithsonian's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Smithsonian Institution's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
January 27, 2017



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

Independent Auditors' Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Office of the Inspector General, Audit and Review Committee of
the Board of Regents, and Secretary Skorton
Smithsonian Institution:

Report on Compliance for the Major Federal Program

We have audited the Smithsonian Institution's (Smithsonian) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Smithsonian's major federal program for the year ended September 30, 2016. Smithsonian's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Smithsonian's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Smithsonian's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Smithsonian's compliance.

Opinion on the Major Federal Program

In our opinion, Smithsonian complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.



Report on Internal Control Over Compliance

Management of Smithsonian is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Smithsonian's internal control over compliance with the types of requirements that could have a direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Smithsonian's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Smithsonian as of and for the year ended September 30, 2016, and have issued our report thereon dated January 27, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the



United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Washington, DC
May 11, 2017

SMITHSONIAN INSTITUTION

Schedule of Findings and Questioned Costs

Year ended September 30, 2016

(1) Summary of Auditors' Results

Financial Statements

The type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles:

Unmodified opinion

Internal control over financial reporting:

• Material weaknesses identified:

None

• Significant deficiencies identified:

None reported

Noncompliance which is material to the financial statements:

None

Federal Awards

Internal control over major program:

• Material weaknesses identified:

None

• Significant deficiencies identified:

None reported

The type of report issued on compliance for major program:

Unmodified opinion

Any audit findings which are required to be reported under the Uniform Guidance:

No

Major programs:

Research and Development – various CFDA numbers

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as a low risk auditee under the Uniform Guidance:

Yes

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Federal Awards Findings and Questioned Costs

None