



Smithsonian Institution

Office of Sponsored Projects

June 25, 2013

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, IN 47132

RE: September 30, 2012 Office of Management and Budget (OMB) Circular A-133
Audit Report

Dear Sir or Madam:


Enclosed are the Smithsonian Institution's OMB Circular A-133 audit reports and completed Form SF-SAC for the year ended September 30, 2012. The audit of the Institution's federal awards was performed in accordance with the coordinated audit provisions detailed in paragraphs .305(c) and .400 (a) (6) and (8) of the Attachment to Circular A-133. The coordinated audit effort incorporated the work of:

KPMG LLP, the Institution's independent auditors, and
The Defense Contract Audit Agency (DCAA) on behalf of the Office of Naval
Research, and the National Aeronautics and Space Administration, the
Institution's cognizant agency.

The audit responsibilities were outlined and agreed to by the respective parties as described in the enclosed matrix. Generally, KPMG audited the direct costs of the Institution's Washington, DC based activities. DCAA audited the direct costs of the Smithsonian Astrophysical Observatory in Cambridge, MA. The summary of prior audit findings and corrective action plan also is enclosed.

If you have any questions, please contact Teresa Neese of my staff at (202) 633-7108.

Sincerely,


J. Scott Robinson, CRA, Director

Enclosures

THE SMITHSONIAN INSTITUTION

2012 Coordinated A-133 Audit Effort

Compliance Requirements	Audit Responsibilities	
	KPMG	DCAA
A. Activities Allowed or Unallowed Direct expenses Indirect expenses	SI-MB SI-WIDE	SAO
B. Allowable Costs/Cost Principles Direct expenses Indirect expenses	SI-MB SI-WIDE	SAO
C. Cash Management	SI-WIDE	
D. Davis-Bacon Act	SI-WIDE	
E. Eligibility	SI-MB	SI-SAO
F. Equipment and Real Property Management	SI-MB	SI-SAO
G. Matching, Level of Effort, Earmarking	SI-WIDE	
H. Period of Availability of Federal Funds	SI-MB	SAO
I. Procurement and Suspension and Debarment	SI-MB	SI-SAO
J. Program Income	SI-WIDE	
K. Real Property Acquisition and Relocation Assistance	SI-WIDE	
L. Reporting	SI-WIDE	
M. Subrecipient Monitoring	SI-MB	SI-SAO
N. Special Tests and Provisions	SI-MB	SI-SAO

Legend:

SI - WIDE

Audit performed for ENTIRE Smithsonian Institution grants and contracts

SI - MB

Audit performed for Mall-Based Smithsonian Institution grants and contracts

SAO

Audit performed for the Smithsonian Astrophysical Observatory grants and contracts



SMITHSONIAN INSTITUTION

Audit of Federal Awards Performed in Accordance with
U.S. Office of Management and Budget Circular A-133

September 30, 2012

(With Independent Auditors' Report Thereon)

SMITHSONIAN INSTITUTION

Audit of Federal Awards Performed in Accordance with
U.S. Office of Management and Budget Circular A-133

Table of Contents

	Page(s)
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Financial Activity	3
Statement of Cash Flows	4
Notes to Financial Statements	5 – 26
Schedules of Expenditures of Federal Awards	
Summary Schedule of Expenditures of Federal Awards	27
Detail Schedule of Expenditures of Federal Awards	28 – 39
Notes to Schedules of Expenditures of Federal Awards	40
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 <i>Government Auditing Standards</i>	41 – 42
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Supplementary Schedules of Expenditures on Federal Awards	43 – 45
Schedule of Findings and Questioned Costs	46 – 48



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

Independent Auditors' Report

Members of the Audit and Review Committee
of the Board of Regents
Smithsonian Institution:

We have audited the accompanying statement of financial position of the Smithsonian Institution (Smithsonian) as of September 30, 2012, and the related statements of financial activity and cash flows for the year then ended. These financial statements are the responsibility of Smithsonian's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Smithsonian's 2011 financial statements and, in our report dated February 24, 2012; we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Smithsonian as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2013 on our consideration of Smithsonian's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP

January 31, 2013

SMITHSONIAN INSTITUTION

Statement of Financial Position

September 30, 2012

(with summarized financial information as of September 30, 2011)

(Dollars in millions)

	Trust funds	Federal funds	Total funds	
			2012	2011
Assets:				
Cash, cash equivalents and balances with the U.S. Treasury	\$ 179.7	350.5	530.2	505.3
Receivables and advances	268.3	0.8	269.1	219.3
Inventory	9.0	0.4	9.4	9.4
Investments	1,166.9	—	1,166.9	1,061.3
Property and equipment, net	569.3	1,219.8	1,789.1	1,690.3
Deferred expenses and other assets	30.9	—	30.9	30.8
Total assets	\$ 2,224.1	1,571.5	3,795.6	3,516.4
Liabilities:				
Accounts payable and accrued expenses	\$ 142.2	133.6	275.8	269.1
Deferred revenue	51.8	—	51.8	51.8
Deferred gain on sale of real estate	31.7	—	31.7	35.6
Unexpended federal appropriations	—	289.4	289.4	275.2
Long-term debt	107.8	—	107.8	109.3
Total liabilities	333.5	423.0	756.5	741.0
Net assets:				
Unrestricted:				
Funds functioning as endowment	531.1	—	531.1	482.7
Operational balances	416.4	1,148.5	1,564.9	1,416.3
Total unrestricted net assets	947.5	1,148.5	2,096.0	1,899.0
Temporarily restricted:				
Funds functioning as endowment	238.2	—	238.2	209.9
Donor contributions for facilities	192.7	—	192.7	205.6
Donor contributions for programs	154.4	—	154.4	141.7
Total temporarily restricted net assets	585.3	—	585.3	557.2
Permanently restricted:				
True endowments	305.0	—	305.0	278.6
Donor endowment receivables	34.9	—	34.9	24.9
Interest in perpetual and other trusts	17.9	—	17.9	15.7
Total permanently restricted net assets	357.8	—	357.8	319.2
Total net assets	1,890.6	1,148.5	3,039.1	2,775.4
Commitments and contingencies				
Total liabilities and net assets	\$ 2,224.1	1,571.5	3,795.6	3,516.4

See accompanying notes to financial statements.

SMITHSONIAN INSTITUTION
Statement of Financial Activity
Year ended September 30, 2012
(with summarized financial information as of September 30, 2011)
(Dollars in millions)

	Trust funds	Unrestricted Federal funds	Total	Temporarily restricted trust funds	Permanently restricted trust funds	Total	
						2012	2011
Operating revenues and other additions:							
Government revenue:							
Federal appropriations	\$ —	795.5	795.5	—	—	795.5	758.0
Government grants and contracts	116.0	—	116.0	—	—	116.0	113.7
Total government revenue	116.0	795.5	911.5	—	—	911.5	871.7
Contributions:							
Program support	28.8	—	28.8	100.3	35.5	164.6	107.3
Construction of facilities	—	—	—	38.5	—	38.5	44.7
Total contributions	28.8	—	28.8	138.8	35.5	203.1	152.0
Business activities and other:							
Business activities	165.2	—	165.2	—	—	165.2	165.2
Short-term investment income	4.7	—	4.7	0.2	—	4.9	1.4
Endowment payout	34.4	—	34.4	22.1	1.2	57.7	53.8
Private grants	6.4	—	6.4	—	—	6.4	6.0
Rentals, fees, commissions, and other	20.6	5.0	25.6	—	—	25.6	27.5
Gain on sale of real estate	3.9	—	3.9	—	—	3.9	3.9
Total business activities and other	235.2	5.0	240.2	22.3	1.2	263.7	257.8
Total operating revenues	380.0	800.5	1,180.5	161.1	36.7	1,378.3	1,281.5
Net assets released from restrictions	165.1	—	165.1	(165.1)	—	—	—
Total operating revenues and other additions	545.1	800.5	1,345.6	(4.0)	36.7	1,378.3	1,281.5
Expenses:							
Program activities:							
Research	126.9	122.8	249.7	—	—	249.7	242.9
Collections management	22.0	198.1	220.1	—	—	220.1	221.3
Education, public programs, and exhibitions	70.7	202.9	273.6	—	—	273.6	267.9
Business activities	134.5	—	134.5	—	—	134.5	128.0
Total program activities	354.1	523.8	877.9	—	—	877.9	860.1
Supporting activities:							
Administration	66.3	182.9	249.2	—	—	249.2	233.2
Advancement	34.7	5.7	40.4	—	—	40.4	31.2
Total supporting activities	101.0	188.6	289.6	—	—	289.6	264.4
Total expenses	455.1	712.4	1,167.5	—	—	1,167.5	1,124.5
Change in net assets from operations	90.0	88.1	178.1	(4.0)	36.7	210.8	157.0
Nonoperating activities:							
Nonoperating investment gain (loss)	27.8	—	27.8	35.9	1.9	65.6	(49.5)
Change in interest in net assets of related organizations and other	3.1	—	3.1	(3.8)	—	(0.7)	—
Change in net assets related to collection items not capitalized:							
Proceeds from sales	0.1	—	0.1	—	—	0.1	0.3
Collection items purchased	(8.8)	(3.3)	(12.1)	—	—	(12.1)	(7.8)
Change in net assets	112.2	84.8	197.0	28.1	38.6	263.7	100.0
Net assets, beginning of year	835.3	1,063.7	1,899.0	557.2	319.2	2,775.4	2,675.4
Net assets, end of year	\$ 947.5	1,148.5	2,096.0	585.3	357.8	3,039.1	2,775.4

See accompanying notes to financial statements.

SMITHSONIAN INSTITUTION

Statement of Cash Flows

Year ended September 30, 2012

(with summarized financial information as of September 30, 2011)

(Dollars in millions)

	<u>Trust funds</u>	<u>Federal funds</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Cash flows from operating activities:				
Change in net assets	\$ 178.9	84.8	263.7	100.0
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Proceeds from sales of collection items	(0.1)	—	(0.1)	(0.3)
Collection items purchased	8.8	3.3	12.1	7.8
Depreciation	34.1	80.2	114.3	106.8
Loss on disposition of assets	—	—	—	0.2
Contributions for permanent endowment	(25.1)	—	(25.1)	(23.5)
Contributions for construction of facilities	(20.3)	—	(20.3)	(24.7)
Appropriations for repair, restoration, and construction	—	(174.7)	(174.7)	(124.7)
Investment income restricted for long-term purposes	(1.3)	—	(1.3)	(1.2)
Net investment (gain)/loss	(119.7)	—	(119.7)	0.8
Decrease (increase) in assets:				
Receivables and advances	(50.3)	0.5	(49.8)	(5.3)
Deferred expenses and other assets	(0.2)	0.1	(0.1)	(7.3)
Inventory	(0.1)	0.1	—	0.6
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(0.9)	1.2	0.3	5.9
Deferred revenue and deferred gain on sale of real estate	(3.9)	—	(3.9)	(3.7)
Unexpended federal appropriations	—	14.2	14.2	0.8
Net cash provided by (used in) operating activities	<u>(0.1)</u>	<u>9.7</u>	<u>9.6</u>	<u>32.2</u>
Cash flows from investing activities:				
Proceeds from sales of collection items	0.1	—	0.1	0.3
Collection items purchased	(8.8)	(3.3)	(12.1)	(7.8)
Purchases of property and equipment	(42.7)	(164.0)	(206.7)	(170.0)
Purchases of investment securities	(770.9)	—	(770.9)	(674.6)
Proceeds from sales/maturities of investment securities	785.0	—	785.0	714.1
Net cash used in investing activities	<u>(37.3)</u>	<u>(167.3)</u>	<u>(204.6)</u>	<u>(138.0)</u>
Cash flows from financing activities:				
Contributions for permanent endowment	25.1	—	25.1	23.5
Contributions for construction of facilities	20.3	—	20.3	24.7
Appropriations for repair, restoration, and construction	—	174.7	174.7	124.7
Investment income restricted for long-term purposes	1.3	—	1.3	1.2
Principal payments on long-term debt	(1.5)	—	(1.5)	(1.9)
Net cash provided by financing activities	<u>45.2</u>	<u>174.7</u>	<u>219.9</u>	<u>172.2</u>
Net change in cash, cash equivalents and balances with U.S. Treasury	7.8	17.1	24.9	66.4
Cash, cash equivalents and balances with U.S. Treasury:				
Beginning of year	<u>171.9</u>	<u>333.4</u>	<u>505.3</u>	<u>438.9</u>
End of year	\$ <u>179.7</u>	<u>350.5</u>	<u>530.2</u>	<u>505.3</u>
Noncash investing activities:				
Construction cost accruals	\$ 6.8	19.6	26.4	20.0

Cash paid for interest during fiscal years 2012 and 2011 was approximately \$1.5 in each year.

See accompanying notes to financial statements.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(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 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 17 museums and the National Zoological Park in Washington, D.C., and two museums in New York City. Additional facilities and programs operate in five states and Panama. Research is carried out in the Smithsonian’s museums and in other facilities throughout the world. During fiscal year 2012, over 30 million individuals visited Smithsonian museums and other facilities.

The Smithsonian describes its collections by the following categories: works of art, historical artifacts, natural and physical science specimens (living and nonliving), archival holdings, and library holdings.

At September 30, 2012, the Smithsonian’s extensive collection contained approximately 136.9 million objects as follows: works of art (0.3 million), historical artifacts (8.8 million), and natural and physical science specimens (127.8 million). In addition, 127,500 cubic feet of archives and 1.9 million library volumes are maintained by the Smithsonian. Acquisitions and disposals of collection items during fiscal year 2012 were nominal in each category of collection items, except for the acquisition of approximately 0.4 million natural and physical science specimens.

A substantial portion of the Smithsonian’s operations is funded from annual federal appropriations. The Smithsonian also receives federal appropriations 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 and other publications, a mail-order catalog, and museum shops and food services.

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The financial statements present the financial position, financial activity, 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.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

The statement of financial activity 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, 2011, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year presentation.

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, which were established by Congress within the Smithsonian, but are governed by independent boards of trustees.

Expenses are presented on a functional basis in the statement of financial activity. Programs include research, collections management, education, public programs and exhibitions, and business activities. Supporting services include administration and advancement. Depreciation, security, and other operating costs that generally benefit more than one program are general allocated based on a square footage methodology.

(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 determination of the fair value of nonmarketable investments, allocation of functional expenses, FECA liability, and the allowance and discount for contributions. The financial market volatility in the U.S. has impacted and will continue to impact the Smithsonian's investment portfolio. Such conditions could have a material impact on management's significant accounting estimates.

(c) Federal Funds

Federal appropriations revenues are classified as unrestricted and recognized as exchange transactions as expenditures 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 annual leave and estimated liabilities under the Federal Employees' Compensation Act (FECA) for workers compensation claims.

The Smithsonian was appropriated \$635.4 for operations and \$174.7 for construction or repair and restoration of facilities net of rescissions of \$1.3 in fiscal year 2012. Federal appropriations for operations are generally available for obligation only in the year received. In accordance with Public Law 110-161, these appropriations are maintained by the Smithsonian for five years following the year of appropriation, after which the appropriation account is closed and any unexpended balances are returned to the U.S. Treasury. During fiscal year 2012, the Smithsonian returned \$2.3 to the U.S. Treasury, which represented the unexpended balance of appropriations for operations for fiscal

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

year 2007. Federal appropriations for construction or repair and restoration of facilities are generally available for obligation until expended.

(d) Trust Funds

Net assets, revenues, and gains and losses of trust funds are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of trust funds are classified and reported as follows:

Unrestricted

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

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 that have been designated for long-term investment. Expiration of temporary restrictions on net assets (i.e., the donor stipulation has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

Permanently Restricted

Net assets subject to donor-imposed stipulations that the principal be maintained permanently by the Smithsonian. Generally, the donors of these assets permit the Smithsonian to use 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 donor-imposed restrictions. 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 activity. 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 activity.

(e) Cash Equivalents

The Smithsonian considers all highly liquid investments purchased with an average maturity of three months or less to be cash equivalents. At September 30, 2012, cash equivalents consisted of funds held by the U.S. Treasury of \$350.5 and investments with maturity dates of three months or less, \$140.9 of which are invested in AAA institutional money market funds.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(f) Trade Account Receivables

The Smithsonian's trade account receivables balance generally consists of accounts receivables related to magazine advertising and certain concession agreements. As of September 30, 2012, trade accounts receivable totaled \$12.6.

(g) 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 that Smithsonian funds should 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, 2012, the fund is comprised of cash equivalents with maturity dates of three months or less of \$140.9 and short-term investments which include U.S. government agency bonds of \$91.9. The total working capital fund as of September 30, 2012 is \$232.8.

(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 their estimated fair value at the date of gift, except that items 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. The donor's restrictions are considered met and the net assets are released from restriction when the related asset is placed in service.

Contributions receivable are reported net of estimated uncollectible amounts determined based on management's judgment and analysis of the creditworthiness of donors, past collection experience, and other relevant factors. Estimated collectible contributions 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 additional contribution revenue.

In-kind contributions of goods and services totaling \$11.0 were received in fiscal year 2012 and recognized as program support revenues and expenses in the statement of financial activity. 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. In fiscal year 2012, approximately 6,000 volunteers contributed approximately 453,000 hours of service to the Smithsonian. In accordance with applicable guidance, the value of these contributions is not recognized in the financial statements.

(i) Deferred Revenues and Expenses

Revenues from subscriptions to Smithsonian and Air and Space/Smithsonian magazines are deferred and recognized ratably over the period of the subscription, generally one year.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

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 September 30, 2012, deferred expenses and other assets included \$5.4 of deferred promotion costs, related primarily to Smithsonian magazine. Advertising expense, including direct response advertising of \$0.9, totaled \$11.8 in fiscal year 2012 and is included in business activities expenses in the statement of financial activity.

(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's investments consist primarily of publicly traded fixed income and equity securities, hedge funds, private equity, real assets, and cash and equivalents.

For detailed descriptions of investment assets and the valuation methods and assumptions applied to determine fair value, please refer to footnote 6, *Investments and Fair Value Measurements*. Investments are exposed to various risks including interest rate, market, 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 activity. Purchases and sales of investments are recorded on the trade date using average costs. 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. For the charitable remainder trusts, the assets are included in receivables. The related contribution revenues 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. 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.

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.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(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 their estimated fair value at the date of the gift. These 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.

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

Certain lands occupied by the Smithsonian's buildings, primarily located 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 generally designated for future collection acquisitions.

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.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(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 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 the U.S. government and state and local governments which generally provide for cost reimbursement to the Smithsonian. Revenues under these agreements are recognized as reimbursable expenditures are incurred. These revenues include recoveries of facilities and administrative costs that are generally determined as 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. Fundraising costs are expensed as incurred and reported as advancement expenses in the statement of financial activity. Fundraising expenses for fiscal year 2012 were \$40.4.

(r) Related Organizations

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 Friends of the National Zoo (FONZ), which raises funds for the benefit of the Smithsonian's National Zoological Park, and the Smithsonian Network.

(s) Measure of Operations

The Smithsonian considers operations to include all changes in net assets exclusive of investment income not used for operations, change in the interest in net assets of related organizations, and changes in net assets related to collection items. Investment income not used for operations 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 for the endowment funds.

(t) Reclassification

Certain prior year balances have been reclassified to conform to current year presentation.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(3) Receivables and Advances

Receivables and advances consisted of the following at September 30, 2012:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Trade receivables, net of \$0.9 in allowances	\$ 11.8	0.8	12.6
Contributions receivable, net	197.6	—	197.6
Grants and contracts	18.4	—	18.4
Investment receivables	21.0	—	21.0
Charitable trusts	18.9	—	18.9
Advances	0.6	—	0.6
	<hr/>	<hr/>	<hr/>
Total receivables and advances	\$ 268.3	0.8	269.1
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Contributions receivable, net, are summarized as follows at September 30, 2012:

Due within:		
Less than 1 year		\$ 57.6
1 to 5 years		123.9
More than 5 years		34.3
		<hr/>
		215.8
Less:		
Allowance for uncollectible contributions		(7.4)
Unamortized discount (at rates ranging from 0.62% to 4.23%)		(10.8)
		<hr/>
Contributions receivable, net		\$ 197.6
		<hr/> <hr/>

At September 30, 2012, gross contributions receivable included approximately \$45.7 due from one donor for construction of facilities.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(4) Federal Appropriations

Federal appropriation revenues recognized in fiscal year 2012 are reconciled to the federal appropriations for fiscal year 2012 as follows:

	<u>Salaries and expenses</u>	<u>Repair and restoration and construction</u>	<u>Total</u>
Federal appropriation revenue	\$ 633.2	162.3	795.5
Unexpended 2012 appropriation	83.9	131.7	215.6
Amounts expended from prior years	<u>(81.7)</u>	<u>(119.3)</u>	<u>(201.0)</u>
Fiscal year 2012 federal appropriation	<u>\$ 635.4</u>	<u>174.7</u>	<u>810.1</u>

Federal expenses recognized in fiscal year 2012 are reconciled to the federal appropriations for fiscal year 2012 as follows:

	<u>Salaries and expenses</u>	<u>Repair and Restoration and construction</u>	<u>Total</u>
Federal appropriation expense	\$ 632.2	80.2	712.4
Unexpended 2012 appropriation	83.9	131.7	215.6
Depreciation	(15.3)	(64.9)	(80.2)
Loss on disposition of assets	—	—	—
Unfunded annual leave and FECA costs	(1.6)	—	(1.6)
Amounts expended from prior years	(81.7)	(119.3)	(201.0)
Capital expenditures	19.5	147.0	166.5
Foreign currency and related costs	(0.5)	—	(0.5)
Collection items purchased	3.3	—	3.3
Other funding	<u>(4.4)</u>	<u>—</u>	<u>(4.4)</u>
Fiscal year 2012 federal appropriations	<u>\$ 635.4</u>	<u>174.7</u>	<u>810.1</u>

Unexpended appropriations for all fiscal years total \$289.4 at September 30, 2012 and consist of \$113.0 in unexpended operating funds and \$176.4 in unexpended construction funds. Unexpended operating and construction funds represent amounts appropriated for Smithsonian's operations and new facilities or renovations, respectively.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(5) Accessions and Deaccessions

For fiscal year 2012, \$8.8 of trust funds and \$3.3 of federal funds were spent to acquire collection items. For fiscal year 2012, sales of collection items were \$0.1 of trust funds. At September 30, 2012, accumulated proceeds and related earnings from deaccessions amounted to \$6.3.

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 fiscal year 2012 the Smithsonian's noncash deaccessions included works of art, animals, historical objects, and natural specimens. Contributed items held for sale, which are included in other assets, were \$1.4 at September 30, 2012.

(6) 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 is responsible for determining the long-term asset allocation for the endowment.

As of September 30, 2012, the carrying values of the Smithsonian's cash, cash equivalents and balances with the U.S. Treasury, U.S. government agency bonds and other fixed income holdings, receivables and advances, deferred expenses, accounts payable and accrued expenses, deferred revenues and certain other liabilities approximate their fair values because of the terms and relatively short maturity of these assets and liabilities.

The fair value of debt is determined based on quoted market prices for publicly traded issues and on the discounted future payments to be made for other issues. The discount rates used approximate current market rates for loans of similar maturities and credit quality. The carrying value of long-term debt obligations in the financial statements is less than their fair value by approximately \$4.4 at September 30, 2012.

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 that have weekly liquidity and/or are redeemable in up to 90 days.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset 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.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

The following table presents information relating to the fair value measurements for assets that are measured at fair value on a recurring basis at September 30, 2012:

	Fair value at September 30,				Redemption terms	Days of notice
	2012	Level 1	Level 2	Level 3		
U.S. government agency bonds	\$ 91.9	91.9	—	—		
Total short-term investments	<u>91.9</u>	<u>91.9</u>	<u>—</u>	<u>—</u>		
Endowment :						
Pooled investments:						
Global equity:						
Global developed equity	257.6	79.1	97.6	80.9	Daily to annually	0-120
Emerging markets equity	106.5	19.6	12.2	74.7	Daily to at maturity	3-n/a
Hedge funds:						
Long/short equity	52.9	—	—	52.9	Quarterly to at maturity	45-n/a
Credit and distressed	80.6	—	—	80.6	Quarterly to at maturity	90-n/a
Multi-strategy	160.2	—	—	160.2	Quarterly to at maturity	60-n/a
Global macro	60.6	—	14.5	46.1	Monthly to quarterly	2-90
Private equity:						
Private equity	56.6	—	—	56.6	n/a	n/a
Venture capital	46.4	—	—	46.4	n/a	n/a
Real assets:						
Energy and natural resources	62.3	20.1	—	42.2	Daily to at maturity	0-n/a
Real estate	43.5	—	—	43.5	Quarterly to at maturity	60-n/a
Fixed income	105.9	105.9	—	—	Daily	0
Cash and equivalents	<u>18.9</u>	<u>18.9</u>	<u>—</u>	<u>—</u>		
Total pooled investments	1,052.0	243.6	124.3	684.1		
Nonpooled investments:						
Deposits with U. S. Treasury	<u>1.0</u>	<u>1.0</u>	<u>—</u>	<u>—</u>		
Total endowment	1,053.0	244.6	124.3	684.1		
Gift annuity program assets	<u>22.0</u>	<u>22.0</u>	<u>—</u>	<u>—</u>		
Total investments	1,166.9	358.5	124.3	684.1		
Charitable trusts	<u>18.9</u>	<u>—</u>	<u>—</u>	<u>18.9</u>	n/a	n/a
Grand total	<u><u>1,185.8</u></u>	<u><u>358.5</u></u>	<u><u>124.3</u></u>	<u><u>703.0</u></u>		

Investments in U.S. government agency bonds, certain global equities, natural resources and real estate funds, cash and equivalents, deposits with U.S. Treasury, and gift annuity program investments are reported at fair value, which are determined primarily based on quoted market prices. Investments in certain global equity, hedge funds, private equity and venture capital, natural resources and real estate, and charitable trusts, are reported at estimated fair values as determined by management and are generally recorded based on the manager reported net asset value (NAV). No adjustments to NAV were considered necessary by management. There are no transfers and reclassifications of assets between Level 1 and Level 2. The following presents the nature and risk of the major categories reported as of September 30, 2012.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(a) U. S. Government Agency Bonds

U.S. government agency bonds are comprised of AA+ U.S. government agency (Fannie Mae, Freddie Mac, etc.) bonds.

(b) Global Equity

Investments in U.S. publicly listed equity securities and funds invested in global developed and emerging markets strategies. Certain level 3 funds are subject to lock-ups of up to 2 years.

(c) Hedge Funds

Investments in a broad array of securities and strategies aimed to reduce volatility and enhance returns. Smithsonian's hedge funds are broadly defined as long/short equity, credit and distressed, multi-strategy, and global macro funds. Long/short equity funds invest both long and short in primarily U.S. common stocks. Credit and distressed funds invest in assets that are in default and/or restructuring. Multi-strategy funds invest in multiple strategies to diversify risks and reduce volatility. Global macro funds invest in strategies to profit from economic and political views and projections. Certain level 3 funds are subject to soft and hard lock-ups of up to 2 years and other funds are not eligible for redemption.

(d) Private Equity

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. All partnerships are not eligible for redemption.

(e) Real Assets

Comprised of publicly traded and privately held real estate, energy and natural resource assets. Real estate investments are held in private limited partnerships. Energy and natural resources investments are publicly traded securities in the natural resources sector, private oil and gas partnerships and commodity futures funds. All partnerships are not eligible for redemption.

(f) Cash and Equivalents

High quality, highly liquid, short duration commercial paper, and money market funds.

(g) Fixed Income

Funds that invest in U.S. government and agency bonds, and other interest bearing products.

(h) Deposits with U.S. Treasury

The Smithsonian maintains U.S. Treasury investments totaling \$1.0 relating in part to the original gift from James Smithsonian.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(i) Gift Annuity Program Assets

Publicly traded mutual funds in equities, bonds, and money market funds.

(j) Charitable Trusts

Receivables related to interests in irrevocable charitable remainder trusts and certain perpetual trusts held and administered by others. Charitable trusts are not eligible for redemption.

The following table summarizes activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for fiscal year 2012:

Asset Subclass	September 30, 2011	Dividends and income	Realized gain/loss	Unrealized gain/loss investment	Purchases	Redemptions	Transfer in/out	September 30, 2012
Global developed equity	79.1	-	7.5	17.7	-	(23.4)	-	80.9
Emerging markets equity	61.1	-	(4.4)	10.9	18.0	(10.9)	-	74.7
Long/short equity	55.6	-	5.6	4.2	15.0	(27.5)	-	52.9
Credit and distressed	95.5	-	4.9	9.7	-	(29.5)	-	80.6
Multi-strategy	169.1	-	6.8	7.5	-	(23.2)	-	160.2
Global Macro	-	-	-	1.1	45.0	-	-	46.1
Private equity	61.4	0.7	2.0	(0.2)	7.3	(13.8)	(0.8)	56.6
Venture capital	32.8	-	1.1	2.6	11.4	(1.4)	(0.1)	46.4
Energy and natural resources	24.3	-	(2.7)	2.7	26.8	(8.9)	-	42.2
Real estate funds	35.4	0.4	0.9	1.8	9.7	(4.7)	-	43.5
Charitable Trusts	16.1	-	-	2.1	0.7	-	-	18.9
Total	<u>630.4</u>	<u>1.1</u>	<u>21.7</u>	<u>60.1</u>	<u>133.9</u>	<u>(143.3)</u>	<u>(0.9)</u>	<u>703.0</u>

The Smithsonian is obligated under the terms of certain limited partnership agreements to remit additional funding periodically as capital calls are exercised. At September 30, 2012, the Smithsonian had uncalled commitments of approximately \$19.6 for private equity, \$37.3 for venture capital, \$18.3 for private real estate investments, and \$22.1 for energy and natural resources. Such commitments are generally callable over the next 5 years and the related agreements contain fixed expiration dates or other termination clauses. The average remaining life of Smithsonian's investments in these private partnerships are between 7 to 8 years to maturity.

Investment return consisted of the following for fiscal year 2012:

Dividend and interest income	\$	7.4
Net investment gain		122.7
Investment management fees		<u>(1.9)</u>
Investment return	\$	<u>128.2</u>

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

Investment return is classified in the statement of financial activity as follows for fiscal year 2012:

Short-term investment income	\$	4.9
Endowment payout		57.7
Nonoperating investment gain		65.6
Investment return	\$	<u>128.2</u>

(7) Endowment Funds

The Smithsonian endowment consists of approximately 500 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 District of Columbia adopted the Uniform Prudent Management of Funds Act (UPMIFA) in January 2008. The Smithsonian determined that it was not required to follow the District of Columbia's version of UPMIFA as a matter of law. Absent a federal statutory prudence standard, however, the Smithsonian chose to implement the standards of UPMIFA because they represent best practices for investing and spending charitable endowments in most states and the District of Columbia. In practice, many of the Smithsonian's endowment investment and management standards already aligned with UPMIFA.

The Smithsonian's adoption of UPMIFA standards became effective October 1, 2010. Prior to that date, the Smithsonian's management and investment of donor-restricted endowment funds conformed with the provisions of the Uniform Management of Institutional Funds Act of 1972 (UMIFA).

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 that is not classified in permanently restricted net assets 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, 2012, the market value of the pool equated to seven hundred sixty-one dollars and fifty-one cents per unit.

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

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

factor, and the investment policy of the institution which targets an appropriation to be 5% of the prior five years' average value of the endowment. The payout for programs and operating costs for fiscal year 2012 was thirty-nine dollars and seventeen cents per unit or 5% of the average per unit market value of the endowment over the prior five years. An additional payout of two dollars and twenty-five cents per eligible unit was made to support the national 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. The Smithsonian reports deficiencies of this nature in unrestricted net assets. As of September 30, 2012, the fair value of permanent endowment gifts fell \$3.6 below the original value of the gifts. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board.

Endowment net assets (excluding contributions receivable) consist of the following at September 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (3.8)	229.3	305.0	530.5
Board-designated endowment funds	<u>534.9</u>	<u>8.9</u>	<u>—</u>	<u>543.8</u>
Total endowment net assets	<u>\$ 531.1</u>	<u>238.2</u>	<u>305.0</u>	<u>1,074.3</u>
 Total endowment net assets			\$ 1,074.3	
Less:				
Uninvested cash and other				(1.0)
Deposit with U.S. Treasury				<u>(1.0)</u>
Total endowment assets under management			\$	<u><u>1,072.3</u></u>

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

Changes in endowment net assets for fiscal year 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance, beginning of year	\$ 482.7	209.9	278.6	971.2
Investment return:				
Investment income	2.0	0.5	1.3	3.8
Net appreciation (realized and unrealized)	<u>60.1</u>	<u>57.8</u>	<u>—</u>	<u>117.9</u>
Total investment return	62.1	58.3	1.3	121.7
Contributions	—	0.3	25.1	25.4
Appropriation for expenditure	(28.1)	(25.0)	—	(53.1)
Deficiency reclassification (net)	7.4	(7.4)	—	—
Transfer to Board-designated endowment funds	<u>7.0</u>	<u>2.1</u>	<u>—</u>	<u>9.1</u>
Balance, end of year	\$ <u><u>531.1</u></u>	<u><u>238.2</u></u>	<u><u>305.0</u></u>	<u><u>1,074.3</u></u>

(8) Property and Equipment

Property and equipment consisted of the following at September 30, 2012:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Land	\$ 12.5	—	12.5
Buildings and capital improvements	732.3	2,221.3	2,953.6
Equipment and software	47.8	187.2	235.0
Leasehold improvements	<u>93.8</u>	<u>22.5</u>	<u>116.3</u>
	886.4	2,431.0	3,317.4
Accumulated depreciation	<u>(317.1)</u>	<u>(1,211.2)</u>	<u>(1,528.3)</u>
Total property and equipment	\$ <u><u>569.3</u></u>	<u><u>1,219.8</u></u>	<u><u>1,789.1</u></u>

At September 30, 2012, buildings and capital improvements included \$80.4 and \$420.7 of construction in progress within trust and federal funds, respectively. Depreciation expense for fiscal year 2012 totaled \$34.1 in trust funds and \$80.2 in federal funds.

During fiscal year 2006, the Smithsonian completed the sale of the Victor Building, located in Washington, D.C., and entered into short-term and long-term (15 years) leases for portions of the property (approximately 32% of the building). As a result of this leaseback, the Smithsonian deferred the full gain at

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

the date of sale (\$62.9) and is recognizing the gain over the term of the leases. In fiscal year 2012, \$3.9 of the deferred gain was recognized.

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at September 30, 2012:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Accounts payable	\$ 24.5	38.8	63.3
Accrued salaries and benefits	39.8	94.1	133.9
Deferred rent liability	19.0	—	19.0
Gift annuity liabilities	11.9	—	11.9
Other accrued liabilities	<u>47.0</u>	<u>0.7</u>	<u>47.7</u>
Total accounts payable and accrued expenses	\$ <u>142.2</u>	<u>133.6</u>	<u>275.8</u>

Accrued salaries and benefits include estimated FECA liabilities of \$4.2 for trust employees and \$44.7 for federal employees at September 30, 2012.

(10) Long-Term Debt

The Smithsonian is obligated with respect to the following issues of long-term debt at September 30, 2012:

Series 2010 Revenue Bonds, serial, principal amounts ranging from \$1.2 to \$1.7, interest rates, 3.00% to 5.25%, due February 1, 2013 through 2021	\$	13.1
Series 2010 Revenue Bonds, term:		
Interest rate 5.25%, due February 1, 2022		1.8
Interest rate 5.25%, due February 1, 2023		1.9
Interest rate 5.25%, due February 1, 2024		2.0
Interest rate 5.25%, due February 1, 2025		2.1
Interest rate 5.25%, due February 1, 2026		2.2
Interest rate 5.25%, due February 1, 2027		2.3
Interest rate 5.25%, due February 1, 2028		2.4
Series 2003 Revenue Bonds, Series A:		
Variable interest rate, due December 1, 2033		52.5
Series 2003 Revenue Bonds, Series B:		
Variable interest rate, due December 1, 2033		25.0
Plus unamortized bond premium		<u>2.5</u>
Total long-term debt	\$	<u>107.8</u>

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

The individual debt components at September 30, 2012 are described as follows:

Series 2010 Revenue Bonds

The tax exempt Series 2010 Revenue Bonds represent a refunding of the Series 1997 bonds issued by the District of Columbia on behalf of the Smithsonian. The Series 2010 term and serial revenue bonds were also issued by the District of Columbia on behalf of the Smithsonian and represent unsecured general obligations of the Smithsonian. Interest is payable semiannually every August 1 and February 1. Principal and interest payments are funded solely by trust funds.

The serial bond matures yearly beginning February 1, 2011 through February 1, 2021. Payments for the serial bond began on February 1, 2011 and principal repayments range from \$1.2 to \$1.7 per year. The term bonds maturing on February 1, 2028 are subject to mandatory redemption by sinking fund installments. Installment payments for the term bond maturing February 1, 2028 begin on February 1, 2022 and range from \$1.8 to \$2.4 per year through the maturity date.

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. The bonds were issued to finance a portion of the costs of the Steven F. Udvar-Hazy Center, an extension of the National Air and Space Museum, and are due on December 1, 2033, subject to earlier redemption at the option of the Smithsonian. The bonds are unsecured, and bear interest, payable monthly, at a variable interest rate determined in accordance with the Indenture. Interest rates for Series A and Series B were 0.18% and 0.19%, respectively, at September 30, 2012. Principal and interest payments are funded solely by trust funds.

Pursuant to the terms of the Trust Indenture dated December 1, 2003, the Bonds were subject to mandatory tender for purchase on September 13, 2012 (the "Mandatory Tender Date"). The bonds are supported by a Standby Bond Purchase Agreement - Series A and a Standby Bond Purchase Agreement - Series B (collectively, the "2012 Liquidity Facility"). The Northern Trust Company 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 2012 Liquidity Facility expires September 13, 2013.

Interest expense on long-term debt for fiscal year 2012 totaled \$1.2.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

The annual maturities of long-term debt for the five fiscal years subsequent to fiscal year 2012 and thereafter are as follows:

2013	\$	1.2
2014		1.3
2015		1.3
2016		1.4
2017		1.4
Thereafter		98.7
	\$	<u>105.3</u>

(11) Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2012:

Museums and general support	\$	151.3
Education, public programs and exhibitions		100.9
Research		79.6
Acquisitions and collections		60.8
Facilities		192.7
	\$	<u>585.3</u>

Net assets released from donor restrictions due to the passage of time or by incurring expenses satisfying the restricted purpose specified by the donors were as follows for the year ended September 30, 2012:

Program support and other	\$	68.8
Facilities		77.0
Research		19.3
	\$	<u>165.1</u>

Permanently restricted net assets are restricted for investment in perpetuity, the income from which is expendable to support the following purposes at September 30, 2012:

Museums and general support	\$	95.7
Education, public programs and exhibitions		156.4
Research		70.3
Acquisitions and collections		33.6
Facilities		1.5
Other		0.3
	\$	<u>357.8</u>

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(12) Employee Benefit Plans

The 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, the Smithsonian withholds a specified percentage from each federal employee's salary. The Smithsonian also contributes specified percentages of employees' salaries. The Smithsonian's expense for these plans for fiscal year 2012 was \$32.1.

The Smithsonian has 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 2012 was \$15.7.

In addition to the Smithsonian's retirement plans, the Smithsonian makes available certain health care and life insurance benefits 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, 2012, the accrued benefit obligation under this plan was \$14.9 and is included in accounts payable and accrued expenses in the statement of financial position.

(13) 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. Periodical advertising sales are the principal source of unrelated business income for the Smithsonian. The provision for income taxes was not material for fiscal year 2012.

The 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.

(14) Business Activities

A summary of business activities revenues and expenses for fiscal year 2012 is as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Smithsonian business enterprises	\$ 142.5	(114.0)	28.5
Unit auxiliary activities	22.7	(20.5)	2.2
Total business activities	<u>\$ 165.2</u>	<u>(134.5)</u>	<u>30.7</u>

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(15) 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 for increases in property taxes or operating expenses attributable to the leased properties or based on increases in the Consumer Price Index. The Smithsonian has the authority to enter into leases for up to 30 years using federal funds.

Annual minimum lease payments due under non-cancellable operating leases in effect at September 30, 2012 are summarized as follows:

2013	\$	36.2
2014		36.1
2015		37.0
2016		37.0
2017		34.4
Thereafter		172.5
	\$	<u>353.2</u>

The Smithsonian has one cancellable lease which renews annually at approximately \$2.0. Rental expense under operating leases, including executory costs such as maintenance, insurance and taxes, totaled \$50.7 for fiscal year 2012 which includes \$6.7 in office space received in-kind.

(b) *Government Grants and Contracts*

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 in process throughout its museums with significant projects at the National Museum of African American History and Culture of \$85.4, the Smithsonian Environmental Research Center of \$13.7, the Arts and Industries Building of \$14.2, and Cooper-Hewitt National Design Museum of \$17.6. Remaining commitments under related contracts aggregated approximately \$130.9 at September 30, 2012.

(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.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2012

(Dollars in millions)

(16) Subsequent Events

Management has performed an evaluation of subsequent events through January 31, 2013, which is the date that the financial statements are available to be issued, noting no events which affect the financial statements as of September 30, 2012.

SMITHSONIAN INSTITUTION

Summary Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Federal agency sponsor	Research and development		Total research and development	Other programs	Total	Amounts provided to subrecipients
	Washington, DC (Mall-based) awards	Smithsonian Astrophysical Observatory awards				
United States Postal Service	\$ —	—	—	3,105,442	3,105,442	—
National Aeronautics and Space Administration	1,622,752	85,816,800	87,439,552	58,135	87,497,687	16,975,770
Department of Defense	224,114	—	224,114	—	224,114	—
Department of the Interior	462,507	—	462,507	713,674	1,176,181	—
National Science Foundation	3,421,062	4,182,567	7,603,629	301,574	7,905,203	288,094
Department of Health and Human Services	1,353,349	191,523	1,544,872	9,999	1,554,871	176,451
Department of Commerce	1,609,929	—	1,609,929	—	1,609,929	297,603
Department of Agriculture	99,928	—	99,928	214,136	314,064	—
Environmental Protection Agency	51,974	—	51,974	—	51,974	—
Department of Energy	51,459	659,771	711,230	—	711,230	61,814
Department of Homeland Security	2,213,213	—	2,213,213	—	2,213,213	—
Department of Education	5,337,521	—	5,337,521	—	5,337,521	929,889
Other agencies	651,534	36,321	687,855	124,900	812,755	11,829
Total expenditures of federal awards	\$ 17,099,342	90,886,982	107,986,324	4,527,860	112,514,184	18,741,450

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, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
Washington DC Mall-based awards:				
Research and Development:				
National Aeronautics and Space Administration:				
613768	NASA	NNX11AG68G	43.001	\$ (8,544)
717441	JPL/NASA	1456630	43.000	12
610203	NASA	NNX11AP19G	43.000	4,673
717434	JPL/NASA	1449932	43.000	16,639
717100	JPL/NASA	1243174 - Mod. #27	43.000	27,252
613731	NASA	NNX07AP72G	43.000	43,748
717373	Johns Hopkins/NASA	958832	43.000	51,093
717164	Univ of Arizona/NASA	Y432801	43.000	55,056
613769	NASA	NNX11AG09G	43.001	69,737
613730	NASA	NNX07AR76G	43.000	70,050
613765	NASA	NNX11AC67G	43.000	70,646
613762	NASA	NNX10AR23G	43.000	74,238
613760	NASA	NNX09AV95G	43.000	75,763
613732	NASA	NNX07AR60G	43.000	81,676
610204	NASA	NNX11A094G	43.000	108,887
617586	MIT/NASA	Subaward #:5710002310	43.000	110,115
613766	NASA	NNX11AD43G	43.000	120,479
610202	NASA	NNX11AH79G	43.001	234,239
717403	Univ of Colorado/NASA	CU 1547481 (NASA Prime NNX10AP85G)	43.002	(9,375)
613737	NASA	NNX08AJ74G	43.000	(2,130)
613685	NASA	NNG06GF56G	43.000	(703)
613748	NASA	NNX08AX17G	43.000	751
613734	NASA	NNX07AP42G	43.000	1,538
613752	NASA	NNX09AC69G	43.000	4,089
613740	NASA	NNX08AK90G	43.000	5,183
717163	JPL/NASA	SubContract #1278569	43.000	5,231
613742	NASA	NNX09AC27G	43.000	5,382
613733	NASA	NNX08AM01G	43.000	5,528
717107	JPL/NASA	1249472 Mod. No. 11	43.000	8,970
613756	NASA	NNX09AI65G	43.000	21,267
613736	NASA	NNX07AO71G	43.000	22,575
613738	NASA	NNX08AM19G	43.000	27,846
613758	NASA	NNX09AI40G	43.000	48,592
613753	NASA	NNX09AD88G	43.000	50,560
613746	NASA	NNX08AM73G	43.000	52,494
613747	NASA	NNX08AU49G	43.000	75,633
617663	Washburn Univ/NASA	NASABT09002	43.000	93,562
				<u>1,622,752</u>
Department of Defense:				
720008	DoD	HE1254-09-C0010	12.000	132,996
622025	Dept of the Army	W9132T-10-2-0027	12.000	22,302
625002	Exponent/DoD	S72-1182	12.000	68,816
				<u>224,114</u>
Department of Interior:				
635004	Bureau of Land Management	L11AC20325	15.231	4,097
634049	DOI/National Park Service	H399207001/J370010018	15.000	34,018
634043	DOI/National Park Service	H9807100009	15.946	88,992
633041	DOI/FWS	X-2-R-1	15.650	101,989
634041	DOI/National Park Service	MT-2210-10-NC-02	15.923	(35)
634038	DOI/National Park Service	H4250090030	15.000	6,985
634050	DOI/National Park Service	PIIAT30993	15.000	23,361
633039	DOI/FWS	96200-0-G218	15.650	(1,519)
734013	DOI/National Park Service	J3992090102	15.000	(81)
786114	Mid- Atlantic Regional Panel on	PO #K00P0400744	15.608	13
735003	DOI/BLM	L09PX00685	15.000	158
687008	DOI/ALA Dept of Conserv	40181AJ203	15.657	954
730017	Dept. of Interior/USGS	G11PX0070	15.808	10,142
633034	Idaho Fish Game/DOI	T-3-7 0814	15.634	10,280
630014	DOI/USGS	G10AC00675	15.808	10,787
633042	DOI/FWS	96200-1-G269	15.650	11,787
634036	DOI/National Park Service	H9807070005	15.000	12,100
633043	DOI/FWS	96200-1-G220	15.621	18,473
634039	DOI/National Park Service	MT-2210-10-NC-10	15.923	19,836
734015	DOI/National Park Service	A #H3992090001 TA #J3992100313	15.945	53,030
633040	Lower Elwha Klallam Tribe	WA U-26WA-2	15.639	57,140
				<u>462,507</u>

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
National Science Foundation:				
642058	Colorado State Univ./NSF	G-3636-1	47.074	\$ 66
640261	National Science Foundation	EF-1137366	47.074	1,190
642091	Virginia Polytech/NSF	478640-19985	47.074	1,939
642078	Univ of Hawaii/NSF	Z950738	47.074	3,016
742050	Univ of Hawaii/NSF	UTA07-812	47.074	3,597
642084	Univ of Maryland/NSF	Z359101	47.000	3,969
642092	George Mason Univ/NSF	E2025091	47.070	4,500
642070	Univ of MI/NSF	SUBA #3000969351	47.074	7,546
642099	Tulane Univ/NSF	TUL-656-12/13	47.074	9,832
642094	Macalester College/NSF	20005801SI	47.050	17,748
642074	U of CA Berkley/NSF	2000107881	47.074	21,661
642082	Univ of FL/NSF	UF11035	47.074	26,422
642090	Ohio State Univ/NSF	60033206-SI	47.074	29,164
640268	National Science Foundation		47.078	36,115
642089	Univ of CA/NSF	Subaward No. 2011-2623	47.074	38,658
640237	National Science Foundation	DEB-0950080	47.074	44,560
642066	Towson U/NSF	08-NP01-004	47.074	48,902
640235	National Science Foundation	DEB-0949602	47.074	49,836
642095	Univ Ill Urbana Ch/NSF	2011-03452-01	47.074	50,202
642073	Geo Wash U/NSF	08-S13	47.075	51,973
642098	N Carolina Museum/NSF	N/A	47.074	70,618
640239	National Science Foundation	IOS-1019727	47.074	70,807
640260	National Science Foundation		47.000	108,137
642072	Univ of AL/NSF	#331939/DEB-0829986(NSF)	47.074	122,101
640248	National Science Foundation	1062692	47.050	122,179
642081	Univ of FL/NSF	UF10125	47.079	125,743
640262	National Science Foundation	DEB-1136626	47.000	129,903
640240	National Science Foundation - ARRA	OIA-0963388	47.082	612,756
640219	National Science Foundation - ARRA	DBI-0851303	47.082	(1,130)
640230	National Science Foundation	1005357	47.074	(177)
640229	National Science Foundation - ARRA	OCE-0943671	47.082	13,997
640256	National Science Foundation	1153556	47.078	26,166
642076	MIT/NSF	Sub# 5710002695	47.076	28,634
642080	Stevens Inst. Tech/NSF	527773-03	47.076	42,482
640267	National Science Foundation		47.078	52,424
640263	National Science Foundation	SMA-1156360	47.074	71,945
640257	National Science Foundation	1119468	47.076	85,712
640265	National Science Foundation	DB1 1156799	47.074	93,121
640244	National Science Foundation	1038990	47.050	115,919
640253	National Science Foundation	DRL-1100810	47.076	195,272
642047	State of CA, Davis/NSF	SubAward#012465-01(NSF)	47.074	(3,045)
640172	National Science Foundation	IOS-0649679	47.074	(10)
640241	National Science Foundation	OISE-1034665	47.079	1,105
640213	National Science Foundation	EAR-07-48442	47.050	1,536
640250	National Science Foundation	1132295	47.078	2,418
642075	Univ of Oregon/NSF	207551A	47.074	2,582
640249	National Science Foundation	IOS-1019727	47.074	3,232
642079	Roger Wms Univ/NSF	2234548	47.074	3,768
640171	National Science Foundation	EAR 0641956	47.050	3,962
642064	Field Museum/NSF	#50108-01	47.074	4,200
642071	U CA Santa Cruz/NSF	SO182424	47.074	5,448
642068	Mich St Univ/NSF	Subaward No. 61-2006SI	47.074	6,023
641010	Chesapeake Research Consortium/NSF	DO-1/DEB-0742195-NSF	47.074	8,360
640169	National Science Foundation	DEB-0639977	47.074	9,358
642059	Amherst College/NSF	NSF-SI-DEB-0614218	47.074	13,472
640201	National Science Foundation	EAR-0738654	47.050	15,647
642067	Fl Inst. of Tech/NSF	Authorized under #DEB-0742301	47.074	16,998
640217	National Science Foundation	EAR 0841006	47.050	20,647
640238	National Science Foundation	EAR-0957679	47.050	31,583
642065	Univ of FL/NSF	UF08022	47.074	35,346
640176	National Science Foundation	DEB-0640823	47.074	40,408
642061	Univ. of MD/NSF	Z479502	47.074	61,160
640227	National Science Foundation - ARRA	EAR 0921879	47.082	66,618
640220	National Science Foundation - ARRA	ANT-0839011	47.082	69,022
640222	National Science Foundation - ARRA	DEB-0909141	47.082	80,527
640195	National Science Foundation	DEB-0717338	47.074	94,656
642069	U of MD CES/NSF	Pr. #0816810 Sub# 08-19	47.074	123,610
640251	National Science Foundation	EF 1065821	47.074	164,926
				<u>3,421,062</u>

SMITHSONIAN INSTITUTION
 Detail Schedule of Expenditures of Federal Awards
 Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
Department of Health and Human Services:				
651010	UNIV OF ILL URBANA	2009-06358-04	93.859	\$ 3,645
794026	CANCER INST/NIH	11YS286S	93.393	7,730
658004	DHHS/NIH	3U01TW006634-0952	93.989	11,085
651008	Conservation, Research and	None	93.307	21,724
651009	Health Research, Inc/DHHS	4189-01	93.855	84,655
650040	DHHS/NIH	1R01RR026064-01A1	93.389	338,091
650034	DHHS/NIH	5U01TW006634-09	93.989	700,159
651005	Louisiana State/DHHS	Subaward-#30121 (5R24RR023998-03)	93.389	(13,750)
651002	Univ. of Texas/DHHS	124164/124036	93.847	(68)
650032	DHHS/NIH	5 K01 RR020045-05	93.389	(15)
651007	Univ of FL/NIH	UF08122	93.859	6,368
650039	DHHS/NIH	3U01TW006634-09S1	93.989	<u>193,725</u>
				1,353,349
Department of Commerce:				
655007	State of MD/NOAA	SA7528112-F	11.000	3,300
655011	State of MD/NOAA	CA-12-2407-5-29047	11.417	8,997
654078	Commerce/NOAA	NA11NMF4570230	11.457	16,309
655009	State of MD/NOAA	SA7528114-WW	11.417	20,148
654079	Commerce/NOAA	NA11NMF4570231	11.457	31,738
692318	State of VA/NOAA	716452-712683	11.457	58,618
655005	Gulf & So. Atl Fish/DOC/NOAA	117-01-75000/0	11.477	1,402
654075	Commerce/NOAA	NA10NES4280018	11.428	95,413
754019	Photo Sci Geo. Sol./NOAA	EA133C05O1052	11.473	18
655003	State of MD/NOAA	SA7528082-TT	11.417	95
654072	State of MD/NOAA	CA#10-13- Rf#SA7528114-BB	11.417	735
755001	Fl Intl Univ/NOAA	800000427-01	11.419	891
686130	Alaska Dept Fish/Game/NOAA	COOP-10-145	11.000	4,402
792017	Univ of MI/DOC/NOAA	3000834059	11.432	5,020
692103	Univ of MI/DOC/NOAA	3002309850 (previously F014550)	11.478	6,254
755002	University of California-San Diego	NA10OAR4170060	11.417	9,978
655004	Old Dominion Univ/NOAA	506791	11.417	15,287
654076	Commerce/NOAA	NA10NMF4570443	11.454	26,487
654066	Commerce/NOAA	NA09NMF4270067	11.427	27,130
654071	UMCES/NOAA	CA-10-12	11.000	44,018
655001	Univ of Alaska/NOAA	UAF 11-0117	11.417	66,813
654074	Commerce/NOAA	NA10NOS4780138	11.478	175,715
654070	CHES BAY TRST/DOC	10110	11.000	2,160
655006	State of MD/NOAA	SA7528122	11.417	176,739
654068	Commerce/NOAA	NA09NOS4780214	11.478	619,396
655012	Chesapeake Bav Trust/NOAA	11375	11.463	41,931
655002	Chesapeake Bav Trust/DOC	#10671	11.000	82,540
655008	National Fish and Wildlife/NOAA	0603.11.029052	11.463	<u>68,395</u>
				1,609,929
Department of Agriculture :				
692321	Univ. of Ill Urbana Ch/USDA	2012-01539-01	10.025	16,578
660032	USDA	10-DG-11221638-237	10.000	53,881
660029	USDA/CREES	2007-35320-18375	10.206	3,314
686139	Univ of MD/USDA	CA- 58-1265-1-070 Subaward# Z542901	10.001	<u>26,155</u>
				99,928
Environmental Protection Agency:				
676010	EPA	DW-3392296801	66.714	60,115
792024	St Johns Waste Water/EPA	26675	66.456	<u>(8,141)</u>
				51,974
Department of Energy:				
682019	US Department of Energy	DE-SC0008165	81.049	819
792025	UT-Battelle/DOE	4000105691	81.000	12,735
692120	Tulane/DOE	TUL-561-07/08	81.049	<u>37,905</u>
				51,459
Department of Homeland Security:				
745000	US Dept of Homeland Security	HSCG23-06-C-MMS065	97.000	83,297
745001	US Dept of Homeland Security	HSCG23-11-C-MMS153	97.000	2,174,657
794023	US Dept of Homeland Security	HSCG23-06C-MMS065	97.000	<u>(44,741)</u>
				2,213,213

SMITHSONIAN INSTITUTION
 Detail Schedule of Expenditures of Federal Awards
 Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
Department of Education:				
686106	NW Services/U.S. D Ed	None	84.000	\$ 4,615
692138	Studio in a School/U.S. D Ed - ARRA	U396C100449	84.396C	40,692
680008	US Dept of Education - ARRA	U396B100097	84.000	5,292,214
				5,337,521
Other Agencies:				
692315	Univ of Maryland CES/DOT	CA 12-03	20.00	22,092
794028	United States Botanic Garden/USDA	BG120009	99.UNK	24,158
692314	Univ of Maryland CES/DOT	CA 12-02	20.000	32,070
692312	UC Davis/USAID	200910804-03	98.001	443,681
686138	Fed Hghwy Reauth/DOT	SHA Project #1020	20.219	1,943
678013	US State Dept	#N/A	19.000	(2,747)
786118	City of Ft. Pierce/HUD	none	14.218	1,356
692117	Lower Manhattan Development Corp/HUD	6227	14.228	1,526
694020	NEH	12-01-14	45.000	1,650
668011	US State Dept	SAJ200-12-GR-017	19.900	5,235
692323	US State Dept	N/A	19.415	13,050
668010	US State Dept	SET 100-126R-042	19.000	20,053
668008	US State Dept - ARRA	SUP30010GR323	19.009	43,489
733015	United States Fish and Wildlife/USDA	F11PX05161	99.UNK	3,780
792020	Environment/US District Court	03-12807T	99.UNK	40,198
				651,534
Total research and development - Mall based				17,099,342
Other programs:				
692135	United States Postal Service	Funding for NPM	22.000	225,133
692316	United States Postal Service	Funding for NPM	22.000	2,880,309
				3,105,442
613763	NASA	NNX10AU56G	43.000	58,135
				58,135
634044	DOI/National Park Service	MT-2256-10-320	15.929	20,995
634040	DOI/National Park Service	MT-2256-10-218	15.929	23,585
634046	DOI/National Park Service	MT-2256-10-323	15.929	28,883
634042	DOI/National Park Service	MT-2256-09-219	15.929	116,306
634047	DOI/National Park Service	MT-2256-10-322	15.929	148,202
634045	DOI/National Park Service	M-2256-10-321	15.929	165,303
731000	DOI/Minerals Mgmt Serv	#M09PC00020	15.423	210,400
				713,674
642083	U of CA Berkley/NSF	P #DEB-0956426/Sub#7420	47.074	3,664
640216	National Science Foundation	BCS-0852511	47.075	30,936
640259	National Science Foundation	1127060	47.075	79,237
640245	National Science Foundation	DRL-1010776	47.076	187,737
				301,574
792026	DHHS	1170283S	93.000	9,999
				9,999
660033	Department of Agriculture	59-0101-1-184	10.000	214,136
				214,136
Other agencies:				
692134	Univ of Chicago/NEH	Award # 43557	45.164	101,145
692136	Nat Film Pres/LOC	FED10-040	42.000	3,165
692317	Nat Film Pres/LOC	FED11-006	42.000	5,200
692320	Nat Film Pres/LOC	FED11-044	42.000	5,890
501651	Nat Film Pres/LOC	AGM 10-02	42.000	9,500
				124,900
Total Other programs				4,527,860
Total Washington DC Mall-based awards				21,627,202

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
	Smithsonian Astrophysical Observatory Awards:			
	Research and Development :			
	National Aeronautics and Space Administration			
610013	NASA- Goddard Space Flight Center	NNX07AII1G-R	43.001	\$ (334)
610014	NASA- Goddard Space Flight Center	NNX07AI23G	43.001	6,722
610035	NASA- Goddard Space Flight Center	NNX07AU35G	43.001	(188)
610036	NASA- Goddard Space Flight Center	NNX08AB46A	43.001	481,815
610042	NASA- Goddard Space Flight Center	NNX08AD05A	43.001	14,205
610048	NASA- Goddard Space Flight Center	NNX08AF47A	43.001	918,812
610049	NASA- Goddard Space Flight Center	NNX08AE05G	43.001	14,973
610050	NASA- Goddard Space Flight Center	NNX08AF23G	43.001	7,091
610051	NASA- Goddard Space Flight Center	NNX08AD92G	43.001	(10,308)
610052	NASA- Goddard Space Flight Center	NNX08AG38G	43.001	53,675
610053	NASA- Goddard Space Flight Center	NNX08AG67G	43.001	55,185
610054	NASA- Goddard Space Flight Center	NNX08AI14G	43.001	(1,109)
610055	NASA- Goddard Space Flight Center	NNX08AG36G	43.001	90,886
610059	NASA- Goddard Space Flight Center	NNX08AJ55G	43.001	(155)
610062	NASA- Goddard Space Flight Center	NNX08AJ66G	43.001	84,884
610063	NASA- Goddard Space Flight Center	NNX08AI41G	43.001	38,512
610065	NASA- Goddard Space Flight Center	NNX08AJ81G	43.001	93,527
610066	NASA- Goddard Space Flight Center	NNX08AK33G	43.001	(783)
610069	NASA- Goddard Space Flight Center	NNX08AO04G	43.001	254,232
610075	NASA/NSSC	NNX08AV76G	43.001	61,628
610077	NASA- Goddard Space Flight Center	NNX08AX90G	43.001	(8)
610083	NASA- Goddard Space Flight Center	NNX08AX35G	43.001	(3)
610085	NASA- Goddard Space Flight Center	NNX08AZ87G	43.001	(1,794)
610086	NASA- Goddard Space Flight Center	NNX08AZ74G	43.001	5,328
610087	NASA- Goddard Space Flight Center	NNX08AW53G	43.001	52,855
610089	NASA- Goddard Space Flight Center	NNX08BA97G	43.001	59,883
610090	NASA- Shared services center	NNX09AB29G	43.001	4,273
610091	NASA- Goddard Space Flight Center	NNX09AB28G	43.001	43,525
610093	NASA- Goddard Space Flight Center	NNX09AB18G	43.001	22,251
610094	NASA- Goddard Space Flight Center	NNX09AB17G	43.001	73,270
610095	NASA- Goddard Space Flight Center	NNX09AB11G	43.001	30,692
610096	NASA- Goddard Space Flight Center	NNX09AB33G	43.001	87,191
610097	NASA/NSSC	NNX09AB27G	43.001	171,974
610098	NASA- Goddard Space Flight Center	NNX09AB15G	43.001	(4,188)
610099	NASA- Goddard Space Flight Center	NNX09AB89G	43.001	59,755
610100	NASA- Goddard Space Flight Center	NNX09AB03G	43.001	943,964
610101	NASA- Goddard Space Flight Center	NNX09AB39G	43.001	1,130,220
610102	NASA- Goddard Space Flight Center	NNX09AC50G	43.001	33,571
610103	NASA- Goddard Space Flight Center	NNX09AC97G	43.001	107,368
610104	NASA- Goddard Space Flight Center	NNX09AC71G	43.001	63,982
610105	NASA- Goddard Space Flight Center	NNX09AE09G	43.001	355,345
610107	NASA	NNX09AE87G	43.001	302,045
610109	NASA	NNX09AE86G	43.001	311,110
610110	NASA	NNX09AF59G	43.001	2,912
610111	NASA	NNX09AG26G	43.001	80,726
610112	NASA/NSSC	NNX09AG35G	43.001	(2)
610114	NASA	NNX09AH18A	43.001	104,153
610115	NASA	NNX09AH22G	43.001	96,954
610117	NASA	NNX09AK28G	43.001	33,839
610120	NASA	NNX09AP39G	43.001	7,975
610121	NASA	NNX09AP45G	43.001	(779)
610123	NASA	NNX09AP92G	43.001	(159)
610124	NASA	NNX09AP46G	43.001	18,443
610125	NASA	NNX09AP99G	43.001	(175)
610126	NASA-GSFC	NNX09AP90G	43.001	(2,106)
610127	NASA	NNX09AP36G	43.001	538
610128	NASA	NNX09AQ39G	43.001	353,988
610130	NASA	NNX09AP94G	43.001	(1,437)
610136	NASA-GSFC	NNX09AQ05G	43.001	6,264
610138	NASA	NNX09AT20G	43.001	25,941
610139	NASA	NNX09AT12G	43.001	7,471
610140	NASA	NNX09AT68G	43.001	3,715
610142	NASA	NNX09AU94A	43.001	(49)
610143	NASA- Goddard Space Flight Center	NNX09AV59G	43.001	599
610147	NASA	NNX10AB94G	43.001	73,110
610148	NASA/NSSC	NNX10AB88G	43.001	107,544
610149	NASA/NSSC	NNX10AB85G	43.001	72,597
610150	NASA/NSSC	NNX10AC11G	43.001	80,120
610152	NASA	NNX10AD50G	43.001	23,247
610153	NASA	NNX10AD68G	43.001	133,812
610154	NASA	NNX10AD81G	43.001	34,699

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
610155	NASA	NNX10AE52G	43.001	\$ 8,108
610156	NASA/NSSC	NNX10AD10G	43.001	36,151
610157	NASA/NSSC	NNX10AF29G	43.001	71,427
610158	NASA/NSSC	NNX10AF35G	43.001	85,422
610159	NASA/NSSC	NNX10AF50G	43.001	15,157
610162	NASA/NSSC	NNX10AG13G	43.001	3,305
610163	NASA/AMES	NNX10AC38G	43.001	(2,997)
610164	NASA/NSSC	NNX10AH55G	43.001	390,523
610165	NASA/NSSC	NNX10AD83G	43.001	162,990
610166	NASA/NSSC	NNX10AH04G	43.001	25,453
610167	NASA/NSSC	NNX10AK69G	43.001	8,673
610168	NASA/NSSC	NNX10AK89G	43.001	12,158
610169	NASA/NSSC	NNX10AK54A	43.001	89,630
610171	NASA- Goddard Space Flight Center	NNX10AN39G	43.001	1,373
610172	NASA/GSFC	NNX10AP70G	43.001	12,809
610173	NASA/GSFC	NNX10AO48G	43.001	31,942
610174	NASA/GSFC	NNX10AO16G	43.001	71,233
610175	NASA/GSFC	NNX10AO60G	43.001	78,444
610176	NASA/GSFC	NNX10AQ27G	43.001	(8,173)
610177	NASA/GSFC	NNX10AR29G	43.001	8,007
610178	NASA- Goddard Space Flight Center	NNX10AR44G	43.001	29,043
610179	NASA/GSFC	NNX10AQ58G	43.001	157,550
610181	NASA/GSFC	NNX10AU13G	43.001	14,905
610182	NASA/GSFC	NNX11AB61G	43.001	100,812
610183	NASA/AMES	NNX11AB68G	43.001	48,182
610184	NASA/AMES	NNX11AB99A	43.001	180,397
610185	NASA/GSFC	NNX11AC85G	43.001	22,002
610187	NASA/GSFC	NNX11AB98G	43.001	16,262
610188	NASA/GSFC	NNX11AD16G	43.001	29,386
610189	NASA/GSFC	NNX11AD17G	43.001	51,345
610190	NASA/GSFC	NNX11AD12G	43.001	5,985
610191	NASA/AMES	NNX11AC82G	43.001	43,408
610192	NASA/GSFC	NNX11AD08G	43.001	62,025
610193	NASA/GSFC	NNX11AE58G	43.001	363,034
610194	NASA/GSFC	NNX11AE95G	43.001	152,988
610196	NASA/GSFC	NNX11AG83G	43.001	40,414
610197	NASA/GSFC	NNX11AF91G	43.001	462,801
610198	NASA- Shared services center	NNX11AF61G	43.001	209,012
610199	NASA/GSFC	NNX11AH77G	43.001	54,981
610200	NASA/GSFC	NNX11AH28G	43.001	148,994
610201	NASA/GSFC	NNX11AH31G	43.001	28,180
613302	NASA- Goddard Space Flight Center	NAG5-9361	43.001	22
613445	NASA- Goddard Space Flight Center	NCC5-706	43.001	(1,990)
613586	NASA- Goddard Space Flight Center	NNG04GK64G	43.001	(20)
613625	NASA- Goddard Space Flight Center	NNG05GH50G	43.001	(3,461)
613669	NASA- Goddard Space Flight Center	NNG06GB30G	43.001	38,231
613721	NASA- Goddard Space Flight Center	NNX07AB98G	43.001	150,838
613722	NASA- Goddard Space Flight Center	NNX07AG40G-R	43.001	(5,023)
613747	NASA- Goddard Space Flight Center	NNX08AU49G	43.000	2,630
613770	NASA- Shared services center	NNX11AI38G	43.001	35,240
613771	NASA- Shared services center	NNX11AG99G	43.001	18,395
613772	NASA- Shared services center	NNX11AH33G	43.001	94,318
613773	NASA- Shared services center	NNX11AK63G	43.001	5,922
613774	NASA- Shared services center	NNX11AM37G	43.001	35,726
613775	NASA- Shared services center	NNX11AM46G	43.001	331,686
613776	NASA- Shared services center	NNX11AO65G	43.001	80,474
613777	NASA- Shared services center	NNX11AO45G	43.000	40,113
613778	NASA- Shared services center	NNX11AQ09G	43.001	11,257
613779	NASA- Goddard Space Flight Center	NNX11AQ43G	43.000	8,774
613780	NASA- Shared services center	NNX12AB25G	43.001	10,702
613781	NASA- Goddard Space Flight Center	NNX11AO98G	43.000	37,395
613782	NASA- Goddard Space Flight Center	NNX12AC39G	43.001	78,351
613784	NASA- Goddard Space Flight Center	NNX11AP87G	43.001	448
613785	NASA- Goddard Space Flight Center	NNX12AC75G	43.001	40,682
613786	NASA- Goddard Space Flight Center	NNX12AE89G	43.001	627,378
613787	NASA- Goddard Space Flight Center	NNX12AC70G	43.001	21,407
613788	NASA- Goddard Space Flight Center	NNX12AC43G	43.000	206,714
613789	NASA- Goddard Space Flight Center	NNX12AF25G	43.001	35,147
613790	NASA- Goddard Space Flight Center	NNX12AE39G	43.001	7,292
613791	NASA- Goddard Space Flight Center	NNX12AF84G	43.001	8,672
613793	NASA- Goddard Space Flight Center	NNX12AD38G	43.001	34,492
613795	NASA- Goddard Space Flight Center	NNX12AE50G	43.001	50,097
613796	NASA- Goddard Space Flight Center	NNX11AQ74G	43.001	18,170
613797	NASA- Goddard Space Flight Center	NNX12AF44G	43.001	7,642

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
613799	NASA- Goddard Space Flight Center	NNX12AI30G	43.000	\$ 315
613800	NASA- Goddard Space Flight Center	NNX12AI60G	43.001	3,483
613801	NASA- Goddard Space Flight Center	NNX12AI55G	43.001	930
613803	NASA- Goddard Space Flight Center	NNX12AG54G	43.000	762,497
613804	NASA- Goddard Space Flight Center	NNX12AJ66G	43.001	6,692
613806	NASA- Goddard Space Flight Center	NNX12AP44G	43.001	20,906
617803	NASA- Goddard Space Flight Center	NNX12AB19G	43.001	59,745
713025	NASA- Goddard Space Flight Center	NNG07DA00C	43.001	11,416
713741	NASA- Goddard Space Flight Center	NNG12VP05c	43.001	259,150
716005	NASA - Marshall Space Flight Center	NAS8-39073	43.001	(9,789)
716015	NASA - Marshall Space Flight Center	NAS8-03060	43.001	56,594,809
716016	NASA - Marshall Space Flight Center	NNM07AB07C	43.001	2,762,825
716017	NASA/MSFC	NNM10AB47P	43.001	(443)
716018	NASA - Marshall Space Flight Center	NNM12AA95P	43.001	90,071
716019	NASA - Marshall Space Flight Center	NNM12AA17C	43.000	325,422
717112	California Institute of Technology	2-1062296	43.001	396,195
717131	Lockheed Martin Shared Services	SP02H1701R	43.001	1,077,259
717197	JPL (RSA)	1281114	43.001	(4,245)
717199	Massachusetts Institute of Technology	5710001988	43.001	(1,037)
717221	JPL (RSA)	1298236	43.001	(2,018)
717229	JPL (RSA)	1314304	43.001	(169)
717234	JPL (RSA)	1314425	43.001	(5,781)
717257	Jet Propulsion Laboratory	1329220	43.001	63,412
717302	JPL (RSA)	1341616	43.001	71,955
717310	JPL (RSA)	1348192	43.001	33,688
717311	JPL (RSA)	1348189	43.001	192
717312	JPL (RSA)	1343466	43.001	(456)
717313	JPL (RSA)	1343468	43.001	123,766
717314	JPL (RSA)	1348190	43.001	1,130
717316	JPL (RSA)	1343513	43.001	120
717319	JPL (RSA)	1343460	43.001	46
717320	JPL (RSA)	1343496	43.001	1,986
717322	JPL (RSA)	1343503	43.001	442
717331	Massachusetts Institute of Technology	5710002512	43.001	(1,670)
717333	JPL (RSA)	1365763	43.001	(3,220)
717336	JPL (RSA)	1365759	43.001	5,835
717337	JPL (RSA)	1365750	43.001	536
717338	JPL (RSA)	1366748	43.001	(359)
717339	JPL (RSA)	1367407	43.001	24,422
717340	JPL (RSA)	1367413	43.001	108,507
717341	JPL (RSA)	1367986	43.001	10,998
717345	JPL (RSA)	1367412	43.001	87,675
717346	JPL (RSA)	1367411	43.001	105,586
717350	JPL (RSA)	1369550	43.001	12,734
717351	JPL (RSA)	1369556	43.001	3,139
717352	JPL (RSA)	1369565	43.001	5,871
717353	JPL (RSA)	1369566	43.001	6,042
717354	Harvard University	123448	43.001	6,930
717357	JPL (RSA)	1375009	43.001	2,099
717358	JPL (RSA)	1376300	43.001	4,091
717359	JPL (RSA)	1376302	43.001	98
717360	JPL (RSA)	1376490	43.001	(248)
717361	JPL (RSA)	1376492	43.001	3,220
717364	Univ. of Colorado	154-5653	43.001	127,043
717368	JPL (RSA)	1379477	43.001	(2,507)
717369	JPL (RSA)	1379672	43.001	(372)
717370	Southwest Research Institute	A99171MO	43.001	(3,234)
717371	University of Chicago	39695	43.001	1,445
717375	Lockheed Martin	8100002705	43.001	1,421,378
717380	NASA	NNM10AA07C	43.001	842,655
717382	MIT	5710002755	43.001	76,882
717383	NASA/MSFC	NNM10AA15C	43.001	23,090
717387	University of Chicago	33907	43.001	63,715
717389	JPL (RSA)	1416454	43.001	16,120
717390	JPL (RSA)	1416581	43.001	3,350
717392	JPL (RSA)	1416508	43.001	401
717394	JPL (RSA)	1416924	43.001	2,161
717395	NASA- Goddard Space Flight Center	975569	43.001	3,260,454
717397	JPL (RSA)	1422036	43.001	9,165
717400	Predictive Sciences	NARL01-01-11	43.001	26,115
717402	Harvard University	123661	43.001	40,168
717404	NASA/MSFC	NNM11AB33P	43.001	27,978
717406	JPL (RSA)	1427107	43.001	5,297
717407	JPL (RSA)	1427018	43.001	48,632

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
717408	UCAR	Z11-83527	43.001	\$ 277
717409	North Carolina State University	2010-2495-01	43.001	9,332
717411	Univ. of Nebraska	25-0514-0116-003	43.001	10,481
717414	JPL (RSA)	1433371	43.001	1,733
717415	JPL (RSA)	1433475	43.001	887
717416	JPL (RSA)	1433108	43.001	22,137
717417	University of Michigan	3001762433	43.001	18,806
717418	Lockheed	4500157837	43.001	6,873
717419	Jet Propulsion Laboratory	1436232	43.001	4,128
717422	University of New Hampshire	11-129	43.001	47,183
717424	University of New Hampshire	11-108	43.001	66,796
717425	Jet Propulsion Laboratory	1439357	43.001	57,514
717426	Jet Propulsion Laboratory	1439337	43.001	86,106
717427	Jet Propulsion Laboratory	1439801	43.001	150,620
717429	Jet Propulsion Laboratory	1439120	43.001	243
717430	Jet Propulsion Laboratory	1439694	43.001	5,071
717432	NASA- Goddard Space Flight Center	NNG12PQ27C	43.001	157,701
717433	Ball Aerospace Technology Corp	11DHK060	43.001	34,245
717435	Marshall Space Flight Center	NNM12AA70P	43.000	62,442
717437	Jet Propulsion Laboratory	1455432	43.001	16,065
717438	Jet Propulsion Laboratory	1455319	43.001	5,037
717439	Jet Propulsion Laboratory	1455422	43.001	16,100
717442	Jet Propulsion Laboratory	1455411	43.001	19,393
717443	Jet Propulsion Laboratory	1457441	43.001	1,748
717444	Jet Propulsion Laboratory	1457458	43.001	912
717445	Jet Propulsion Laboratory	1457102	43.001	36,253
717446	Jet Propulsion Laboratory	1457512	43.001	1,757
717447	Jet Propulsion Laboratory	1457493	43.001	828
717448	Boston Childrens Museum	NNX12AB91G	43.001	5,110
717499	Jet Propulsion Laboratory	1464398	43.001	367
717450	Jet Propulsion Laboratory	1464437	43.001	732
792031	NASA/JPL/CalTech	2-1092869	43.001	5,458
617583	SAO (CHANDRA)	GO8-9120X	43.001	48,568
617646	SAO (CHANDRA)	GO9-0055X	43.001	10,322
617650	SAO (CHANDRA)	GO9-0129X	43.001	46,690
617653	SAO (CHANDRA)	GO9-0059X	43.001	21,090
617654	SAO (CHANDRA)	GO9-0105X	43.001	(1,992)
617658	SAO (CHANDRA)	GO9-0094C	43.001	1,079
617660	SAO (CHANDRA)	GO9-0133X	43.001	(4)
617670	SAO (CHANDRA)	AR0-11006X	43.001	3,333
617672	SAO (CHANDRA)	GO0-11003X	43.001	4,121
617673	SAO (CHANDRA)	GO0-11009X	43.001	23,132
617675	SAO (CHANDRA)	GO0-11016X	43.001	24,584
617676	SAO (CHANDRA)	GO0-11017X	43.001	17,963
617677	SAO (CHANDRA)	GO0-11143B	43.001	25,982
617678	SAO (CHANDRA)	GO0-11108A	43.001	50,537
617679	SAO (CHANDRA)	GO0-11098B	43.001	92
617683	SAO (CHANDRA)	GO0-11123A	43.001	20,434
617684	SAO (CHANDRA)	TM0-11001X	43.001	57,807
617685	SAO (CHANDRA)	TM0-11007X	43.001	55,316
617686	SAO (CHANDRA)	TM0-11006A	43.001	1,011
617687	SAO (CHANDRA)	AR0-11011A	43.001	5,863
617690	SAO (CHANDRA)	AR0-11018A	43.001	29,555
617691	SAO (CHANDRA)	GO0-11094X	43.001	5,768
617692	SAO (CHANDRA)	GO0-11106X	43.001	693
617693	SAO (CHANDRA)	AR0-11017X	43.001	(406)
617695	SAO (CHANDRA)	GO0-11136X	43.001	20,008
617696	SAO (CHANDRA)	AR0-11001X	43.001	5,072
617697	SAO (CHANDRA)	GO0-11040X	43.001	55,335
617699	SAO (CHANDRA)	GO0-11133X	43.001	51,347
617704	SAO (CHANDRA)	GO0-11114X	43.001	23,684
617705	SAO (CHANDRA)	GO0-11120X	43.001	18,094
617706	SAO (CHANDRA)	GO0-11102X	43.001	3,609
617707	SAO (CHANDRA)	GO0-11141X	43.001	21,095
617708	SAO (CHANDRA)	GO0-11104X	43.001	42,225
617709	SAO (CHANDRA)	GO0-11128X	43.001	15,311
617710	SAO (CHANDRA)	GO0-11037X	43.001	4,600
617714	SAO (CHANDRA)	GO0-11043x	43.001	28,256
617715	SAO (CHANDRA)	SP1-12002X	43.001	56,436
617716	SAO (CHANDRA)	SP1-12001X	43.001	9,214
617717	SAO (CHANDRA)	GO0-11142X	43.001	24,853
617719	SAO (CHANDRA)	GO0-11117B	43.001	1,108
617723	SAO (CHANDRA)	GO1-12009X	43.001	71,944
617724	SAO (CHANDRA)	GO1-12010X	43.001	16,509

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
617725	SAO (CHANDRA)	DD0-11049X	43.001	\$ (97)
617729	SAO (CHANDRA)	DD1-12051X	43.001	6,442
617730	SAO (CHANDRA)	GO1-12120X	43.001	37,015
617731	SAO (CHANDRA)	GO1-12082X	43.001	6,043
617732	SAO (CHANDRA)	GO1-12100X	43.001	7,340
617733	SAO (CHANDRA)	GO1-12168X	43.001	23,533
617734	SAO (CHANDRA)	GO1-12125A	43.001	34,852
617750	SAO (CHANDRA)	GO1-12133A	43.001	18,132
617751	SAO (CHANDRA)	GO1-12124X	43.001	5,985
617752	SAO (CHANDRA)	AR1-12011X	43.001	4,328
617753	SAO (CHANDRA)	TM1-12004X	43.001	38,414
617754	SAO (CHANDRA)	AR1-12005X	43.001	8,029
617755	SAO (CHANDRA)	AR1-12007X	43.001	13,666
617756	SAO (CHANDRA)	AR1-12008X	43.001	48,428
617757	SAO (CHANDRA)	AR1-12012X	43.001	40,912
617758	SAO (CHANDRA)	AR1-12014X	43.001	42,604
617762	SAO (CHANDRA)	GO1-12160X	43.001	5,422
617763	SAO (CHANDRA)	GO1-12030X	43.001	21,687
617764	SAO (CHANDRA)	GO1-12163X	43.001	29
617765	SAO (CHANDRA)	GO1-12138X	43.001	35,100
617766	SAO (CHANDRA)	GO1-12036X	43.001	12,207
617767	SAO (CHANDRA)	GO1-12032X	43.001	26,334
617768	SAO (CHANDRA)	GO1-12152X	43.001	6,715
617769	SAO (CHANDRA)	GO1-12127X	43.001	4,823
617770	SAO (CHANDRA)	GO1-12023X	43.001	26,863
617771	SAO (CHANDRA)	GO1-12167X	43.001	17,956
617772	SAO (CHANDRA)	GO1-12094A	43.001	1,387
617775	SAO (CHANDRA)	GO1-12155A	43.001	19,990
617776	SAO (CHANDRA)	GO9-0119A	43.001	23,369
617777	SAO (CHANDRA)	GO1-12110X	43.001	8,386
617779	SAO (CHANDRA)	GO1-12105X	43.001	10,083
617782	SAO (CHANDRA)	DD1-12054X	43.001	6,353
617784	SAO (CHANDRA)	GO1-12104X	43.001	3,977
617785	SAO (CHANDRA)	GO1-12049A	43.001	3,733
617786	SAO (CHANDRA)	GO1-12149B	43.001	48,918
617787	SAO (CHANDRA)	GO1-12174X	43.001	26,950
617788	SAO (CHANDRA)	GO1-12021X	43.001	5,171
617700	SAO (CHANDRA)	GO0-11044X	43.001	15,625
617655	SAO(CHANDRA)	GO9-0140X	43.001	57,282
617741	SAO(CHANDRA)	GO1-12162X	43.001	27,033
617742	SAO(CHANDRA)	GO1-12116X	43.001	(16,919)
617743	SAO(CHANDRA)	GO1-12145X	43.001	13,588
617744	SAO(CHANDRA)	GO1-12161X	43.001	54,277
617745	SAO(CHANDRA)	GO1-12034X	43.001	24,886
617746	SAO(CHANDRA)	GO1-12150X	43.001	2,271
617747	SAO(CHANDRA)	GO1-12081B	43.001	2,417
617748	SAO(CHANDRA)	GO1-12067X	43.001	5,985
617749	SAO(CHANDRA)	GO1-12020X	43.001	11,165
617486	SAO(CHANDRA)	GO6-7073A	43.001	(105)
617492	SAO(CHANDRA)	GO6-7031X	43.001	(28)
617532	SAO(CHANDRA)	GO7-8026X-R	43.001	(191)
617534	SAO(CHANDRA)	AR7-8015A	43.001	(40)
617535	SAO(CHANDRA)	AR7-8013X	43.001	27,878
617548	SAO(CHANDRA)	GO7-8107X	43.001	14,184
617550	SAO(CHANDRA)	GO7-8105X	43.001	2,780
617587	SAO(CHANDRA)	AR8-9002X	43.001	(22)
617590	SAO(CHANDRA)	AR8-9017X	43.001	957
617603	SAO(CHANDRA)	GO8-9101X	43.001	776
617605	SAO(CHANDRA)	GO8-9017X	43.001	3,459
617606	SAO(CHANDRA)	GO8-9025A	43.001	(405)
617609	SAO(CHANDRA)	GO8-9088A	43.001	7,869
617616	SAO(CHANDRA)	GO8-9082X	43.001	12,710
617618	SAO(CHANDRA)	GO8-9064X	43.001	(757)
617622	SAO(CHANDRA)	GO7-8016C	43.001	(642)
617632	SAO(CHANDRA)	GO9-0121B	43.001	15,714
617633	SAO(CHANDRA)	GO9-0114A	43.001	14,326
617635	SAO(CHANDRA)	GO9-0155X	43.001	24,319
617636	SAO(CHANDRA)	GO9-0115X	43.001	25,463
617638	SAO(CHANDRA)	AR9-0020X	43.001	49,568
617639	SAO(CHANDRA)	AR9-0014X	43.001	(14,935)
617641	SAO(CHANDRA)	AR9-0003X	43.001	5,438
617644	SAO(CHANDRA)	GO9-0107X	43.001	45,988
617790	SAO(CHANDRA)	GO1-12109X	43.001	24,193
617791	SAO(CHANDRA)	GO1-12123X	43.001	38,618

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
617792	SAO(CHANDRA)	PF1-120081	43.001	\$ 89,717
617793	SAO(CHANDRA)	GO1-12026X	43.001	21,889
617797	SAO(CHANDRA)	GO2-13004A	43.000	4,537
617798	SAO(CHANDRA)	GO2-13001X	43.000	13,219
617802	SAO(CHANDRA)	GO2-13115X	43.000	6,069
617804	SAO(CHANDRA)	GO2-13109X	43.001	28,739
617805	SAO(CHANDRA)	GO2-13044A	43.000	1,711
617806	SAO(CHANDRA)	GO2-13015X	43.000	19,172
617808	SAO(CHANDRA)	GO2-13124X	43.000	38,562
617809	SAO(CHANDRA)	GO2-13133X	43.000	2,869
617810	SAO(CHANDRA)	GO2-13118X	43.000	1,981
617812	SAO(CHANDRA)	AR2-13012X	43.000	67,103
617814	SAO(CHANDRA)	GO2-13021X	43.000	20,383
617815	SAO(CHANDRA)	GO2-13098X	43.000	9,461
617816	SAO(CHANDRA)	TM2-13001X	43.000	56,568
617817	SAO(CHANDRA)	AR2-13010X	43.000	92
617818	SAO(CHANDRA)	AR2-13004X	43.000	92
617820	SAO(CHANDRA)	TM2-13003X	43.001	29,721
617821	SAO(CHANDRA)	TM2-13000X	43.001	42,237
617823	SAO(CHANDRA)	GO2-13092A	43.000	1,462
617824	SAO(CHANDRA)	GO2-13166X	43.000	12,755
617826	SAO(CHANDRA)	GO2-13127X	43.000	15,094
617829	SAO(CHANDRA)	GO1-12114X	20.762	17,507
617835	SAO(CHANDRA)	GO2-13148X	43.000	264
617836	SAO(CHANDRA)	GO2-13031X	43.000	30,118
617844	SAO(CHANDRA)	PF2-130104	43.001	28,395
617846	SAO(CHANDRA)	GO2-13106X	43.001	12,507
617582	SAO(CHANDRA)	GO8-9092X	43.001	(45)
617461	Space Telescope Science Institute	AR-10661.01-A	43.001	(589)
617524	Space Telescope Science Institute	GO-10891.01-A-R	43.001	2,097
617598	Space Telescope Science Institute	GO-11184.01-A	43.001	1,856
617612	Space Telescope Science Institute	GO-11123.01-A	43.001	37,592
617619	Space Telescope Science Institute	HF-01220.01-A	43.001	(47)
617626	Space Telescope Science Institute	AR-11778.02	43.001	382
617661	Space Telescope Science Institute	HF-51243.01-A	43.001	2,628
617664	Space Telescope Science Institute	HF-51260.01-A	43.001	84,644
617667	Space Telescope Science Institute	GO-11838.04-A	43.001	4,408
617669	Space Telescope Science Institute	GO-11735.01-A	43.001	(237)
617681	Space Telescope Science Institute	GO-11726.02-A	43.001	876
617698	Space Telescope Science Institute	GO-11836.01-A	43.001	92
617703	Space Telescope Science Institute	GO-11837.01	43.001	(24)
617713	Space Telescope Science Institute	HF-51267.01-A	43.001	83,576
617718	Space Telescope Science Institute	HF-51271.01-A	43.001	91,418
617721	Space Telescope Science Institute	GO-12215.01-A	43.001	3,093
617722	Space Telescope Science Institute	GO-11135.09-A	43.001	2,535
617728	Space Telescope Science Institute	GO-12060.05-A	43.001	35,340
617736	Space Telescope Science Institute	GO-12055.19-A	43.001	(59)
617738	Space Telescope Science Institute	GO-11617.01-A	43.001	28,523
617739	Space Telescope Science Institute	GO-12174.01-A	43.001	7,740
617740	Space Telescope Science Institute	GO-12014.01-A	43.001	3,221
617760	Space Telescope Science Institute	GO-12376.01-A	43.001	11,925
617761	Space Telescope Science Institute	GO-12199.01-A	43.001	24,487
617774	Space Telescope Science Institute	GO-12365.01-A	43.001	3,856
617780	Space Telescope Science Institute	GO-12363.01	43.001	4,890
617781	Space Telescope Science Institute	GO-12366.01-A	43.001	13,942
617783	Space Telescope Science Institute	GO-12315.01-A	43.001	24,050
617795	Space Telescope Science Institute	GO-12186.01-A	43.001	6,580
617799	Space Telescope Science Institute	AR-11758.06-A	43.001	25,705
617811	Space Telescope Science Institute	AR-12621.01-A	43.001	51,267
617822	Space Telescope Science Institute	GO-12757.01-A	43.000	60,603
617830	Space Telescope Science Institute	GO-12592.01-A	43.001	14,109
617833	Space Telescope Science Institute	GO-12753.01-A	43.000	8,365
617834	Space Telescope Science Institute	GO-12761.01-A	43.000	10,308
617837	Space Telescope Science Institute	GO-12367.01-A	43.001	16,447
617843	Space Telescope Science Institute	GO-12545.01-A	43.001	526
617848	Space Telescope Science Institute	HF-51301.01-A	43.001	5,458
717309	Space Telescope Science Institute	45048	43.001	10,646
717420	Space Telescope Science Institute	46858	43.001	(3,613)
				<u>85,816,800</u>

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
National Science Foundation:				
640136	National Science Foundation	AST-0234268	47.049	\$ 23,678
640174	National Science Foundation	DRL-0638963	47.076	256,818
640175	National Science Foundation	PHY-0653021	47.049	546,500
640186	National Science Foundation	CHE-0701204	47.049	(5,863)
640187	National Science Foundation	AST-0723073	47.049	107,675
640194	National Science Foundation	DRL-0733252	47.076	229,513
640197	National Science Foundation	AGS-0752257 (former ATM-0752257)	47.050	21,283
640199	National Science Foundation	AST-0754568	47.049	127,332
640211	National Science Foundation	AST-0804441	47.049	148,851
640218	National Science Foundation	PHY-0915563	47.049	19,172
640221	National Science Foundation - ARRA	ATM-0851866	47.082	76,202
640223	National Science Foundation - ARRA	CBET-0932985	47.082	69,018
640226	National Science Foundation - ARRA	AST-0908878	47.082	160,306
640231	National Science Foundation - ARRA	AST-1018998	47.082	50,656
640234	National Science Foundation	AGS-0956525	47.050	6,980
640236	National Science Foundation - ARRA	AST-0958738	47.082	86,026
640242	National Science Foundation	AST-1009649	47.049	195,906
640243	National Science Foundation	AST-1007992	47.049	221,512
640246	National Science Foundation	AGS-1037834	47.050	74,014
640247	National Science Foundation	CHE-1058063	47.049	233,879
640254	National Science Foundation	PHY-1068876	47.049	142,716
640255	National Science Foundation	HRD-1131039	47.076	130,275
640258	National Science Foundation	PHY-1210523	47.049	3,550
640269	National Science Foundation	PHY-1205923	47.049	41,585
642096	National Science Foundation	AGS-1156076	47.049	27,737
742044	Massachusetts Institute of Technology	5710002041	47.049	2
742045	Massachusetts Institute of Technology	5710002093	47.076	1,504
742051	University of Chicago	34252-F	47.078	125,122
742056	Oregon State University	S1131A-A	47.076	65,493
742057	Univ. of Virginia	GA10750-131845	47.049	19,569
742058	Harvard University	131246-02	47.082	30,899
742059	Virtual Astronomical Observatory	VAO_2010_3_1	47.082	412,251
742060	Giant Magellan Telescope Project	GMTO-100507A	47.049	(27,953)
742061	Giant Magellan Telescope Project	GMTO-100507E	47.049	(6,030)
742062	MIT	5710002813	47.049	110,865
742063	Harvard University	131278	47.049	30,250
742066	NOAO	N02005C-A	47.090	371,322
742067	AURA/NOAO	N01310C-N	47.049	25,870
742071	Harvard University	123564-5045551	47.049	14,274
742072	Massachusetts Institute of Technology	5710002935	47.049	3,048
792028	NSF/Nat'l Radio Astron Obs	337420	47.UNK	3,955
792029	NSF/Nat'l Radio Astron Obs	337424	47.UNK	6,805
				<hr/>
				4,182,567
				<hr/>
650038	Department of Health and Human Services-NIH - ARRA	1RC1CA146695-01	93.701	191,523
				<hr/>
				191,523
				<hr/>

SMITHSONIAN INSTITUTION

Detail Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

Smithsonian designated code	Federal grantor (pass-through grantor)	Agency or pass-through award number	CFDA number	Total expenditures
682006	Department of Energy: US Department of Energy	DE-FG02-91ER40635	81.049	\$ 613,422
682018	US Department of Energy	DE-SC0001131	81.049	40,731
682020	US Department of Energy	DE-NA0001802	81.UNK	6,224
725008	Harvard University	70000099876	99.UNK	<u>(606)</u>
				<u>659,771</u>
792030	USAID/Education	13463	98.001	<u>36,321</u>
				<u>36,321</u>
	Total Smithsonian Astrophysical Observatory Awards Research and Development Programs			<u>90,886,982</u>
	Total federal awards			\$ <u><u>112,514,184</u></u>

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

SMITHSONIAN INSTITUTION

Notes to Schedules of Expenditures of Federal Awards

Year ended September 30, 2012

(1) Background

Basis of Presentation and Description of Major Program

The accompanying schedules of expenditures of federal awards were prepared in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, 2012. The summary schedule on page 27 presents total expenditures by both federal agency and principal Smithsonian research location. The schedule from pages 28-39 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 OMB Circular A-133 audit requirements.

(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 OMB Circular A-122, *Costs Principles for Non-Profit Organizations, and Cost Accounting Standards*. Under those cost principles, 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, 2012 were negotiated with the cognizant federal rate agency, the Office of Naval Research.



KPMG LLP
Suite 12000
1801 K Street, NW
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*

Members of the Audit and Review Committee
of the Board of Regents
Smithsonian Institution:

We have audited the financial statements of the Smithsonian Institution (Smithsonian) as of and for the year ended September 30, 2012 and have issued our report thereon dated January 31, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Smithsonian is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered Smithsonian's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Smithsonian's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 over financial reporting, 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Smithsonian's financial statements are free of 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*.



This report is intended solely for the information and use of the Board of Regents, the Inspector General, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 31, 2013



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

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Supplementary Schedules of Expenditures on Federal Awards

Members of the Audit and Review Committee
of the Board of Regents
Smithsonian Institution:

Compliance

We have audited the Smithsonian Institution (Smithsonian's) compliance of with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended September 30, 2012, except those requirements discussed in the third following paragraph. The Smithsonian's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Smithsonian's management. Our responsibility is to express an opinion on the Smithsonian's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the 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. Our audit does not provide a legal determination of the Smithsonian's compliance with those requirements.

In our opinion, the Smithsonian complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2012, other than those requirements discussed in the following paragraph which were excluded from the scope of our audit. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

We did not audit the Smithsonian's compliance with requirements applicable to Smithsonian Astrophysical Observatory (SAO) federal awards, except for Cash Management; Davis-Bacon Act; Matching, Level of Effort, and Earmarking; Program Income; Real Property Acquisition and Relocation Assistance; and Reporting to the extent such requirements are deemed direct and material. During the year ended



September 30, 2012, SAO's federal awards were approximately \$91 million. Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. The Smithsonian's compliance with those requirements was audited by other auditors.

Internal Control over Compliance

Management of the Smithsonian is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Smithsonian's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Smithsonian's internal control over compliance.

Internal control over compliance with requirements related to SAO federal awards was reported on by other auditors except for Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Program Income; Real Property Acquisition and Relocation Assistance; and Reporting to the extent such requirements are deemed direct and material.

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.

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 deficiencies, significant deficiencies, or material weaknesses as defined above. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedules of Expenditures of Federal Awards

We have audited the basic financial statements of the Smithsonian as of and for the year ended September 30, 2012, and have issued our report thereon dated January 31, 2013 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to January 31, 2013. The accompanying schedules of expenditures of federal awards are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the basic 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 basic 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 federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Smithsonian's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Smithsonian's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Regents, the Inspector General, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

June 27, 2013

SMITHSONIAN INSTITUTION

Schedule of Findings and Questioned Costs

Year ended September 30, 2012

(1) Summary of Auditors' Results

Financial Statements

The type of report issued on the financial statements: Unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified: No
- Significant deficiencies identified: None reported

Noncompliance which is material to the financial statements: No

Federal Awards

Internal control over major program:

- Material weaknesses identified: No
- Significant deficiencies identified: None reported

The type of report issued on compliance for major program: Unqualified opinion

Any audit findings which are required to be reported under Section 0.510(a) of OMB Circular A-133: Yes

Major programs: Research and Development – various CFDA numbers

United States Postal Service – 22.000

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as a low risk auditee under Section 0.530 of OMB Circular A-133: Yes

SMITHSONIAN INSTITUTION

Schedule of Findings and Questioned Costs

Year ended September 30, 2012

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

None

(3) **Findings and Questioned Costs Relating to Federal Awards**

Finding 2012-01:

Allowability

Federal Program:

Research and Development

Federal Agency:

Department of Health and Human Services,
Department of Commerce
National Aeronautics and Space Administration
UC Davis/USAID
Department of Education

CFDA Number:

93.389(DHHS), 93.989 (DHHS), 11.478 (DOC), 43.001(NASA),
98.001(USAID), 84.000 (DOE)

Federal Award Number:

1R01RR026064-01A1 (DHHS), 5U01TW006634-09(DHHS),
NA09NOS4780214 (DOC), NNX11AH79G (NASA),
200910804-03 (USAID), U396B100097 (DOE)

Federal Award Year:

May1, 2010 – February 29, 2012 (1R01RR026064-01A1)
September 15, 2008 – May 31, 2012 (5U01TW006634-09)
September 1, 2011 – August 31, 2012 (NA09NOS4780214)
April 18, 2011 – April 17, 2014 (NNX11AH79G)
September 30, 2009 – September 30, 2012 (200910804-03)
October 1, 2011 – September 30, 2012 (U396B100097)

Criteria

2 CFR part 230 appendix B, g (1), states that Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as vacation leave, sick leave, military leave, and the like, are allowable, provided such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted to each.

SMITHSONIAN INSTITUTION

Schedule of Findings and Questioned Costs

Year ended September 30, 2012

Condition and Proper Perspective

During our testing of transactions over the allowability of costs charged to specific mall-based grants, we noted 15 employees out of a sample of 40, whose leave benefits were charged to the project the employee was working on during the pay period the benefits were paid instead of being allocated in proportion to the actual effort spent on the project by the employee. This resulted in an overcharge of leave benefits to certain projects of approximately \$1,402 of a total of \$68,320 salary expense tested. There was a total of \$4,698,323 of salary expenses (mall-based) charged to the program. The total program expenses for mall based awards were \$17,099,342 and the total R&D program expenses (mall-based and SAO) were \$107,979,292.

Cause and Effect

The Smithsonian has a policy where employee leave benefits are charged to the project the employee is working on in the period it is paid. However, they do not have a mechanism to ensure that these benefits are allocated in proportion to the actual effort spent on various projects by the employee on a year-to-year basis which results in an overcharge and/or undercharge of fringe benefits cost to various projects.

Questioned Costs

This resulted in known questioned costs of \$1,402 during the year ended September 30, 2012.

Recommendation

We recommend that the Smithsonian continue to evaluate the impact of its current policy of allocating leave benefits to ensure that all fringe benefits are allocated in proportion to the actual effort spent on projects by the employee during the year.

Views of Responsible Officials

The Smithsonian currently charges employee leave costs as taken for all organization activities. Based on the current practice, the Smithsonian believes that federal grants are not overcharged for leave expenses during the life of the grant. However, we will continue evaluating the option to include these costs in the fringe benefit pool and to allocate them to the actual effort using the negotiated fringe benefit rate. We will also continue to monitor the impact of the current practice on an annual basis to ensure proportionate allocation of leave expenses to all organization activities.



Smithsonian Institution

Under Secretary for Finance and Administration and Chief Financial Officer

June 25, 2013

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, IN 47132

Subject: September 30, 2012 Office of Management and Budget (OMB) Circular A-133
Audit Report Summary of Prior Audit Findings and Corrective Action Plan

Dear Sir or Madam:

The audit of federal awards was performed jointly by KPMG LLP (KPMG) and the Defense Contract Audit Agency (DCAA), in accordance with OMB Circular A-133, as of September 30, 2012. Recommendations were included in the individual prior and current year reports. The summary of prior audit findings and the corrective action plan are presented below.

1. KPMG Finding 2011-01: Cash Management.

The recommendation was that, “. . . the Smithsonian enhance its current procedures to ensure that all reimbursement requests are for program costs that have been paid for by the Smithsonian.”

The Office of Sponsored Projects reminded fund managers of the need to review grant related contracts, purchase orders, and travel orders to identify those for which final payment, reimbursement, or closeout without payment can occur. With regard to not seeking reimbursement until goods and services are paid, however, the Smithsonian believes that its cash management practices are fully consistent with the Cash Management Improvement Act; Treasury regulations (e.g., Title 31 Code of Federal Regulations (CFR) 205, Subpart B); 2 CFR 230, Attachment A; and the cost accumulation and reporting consistency requirement in the Cost Accounting Standards.

No further action is required and the finding is considered closed.

2. DCAA Chesapeake Finding No. 2011-01: Control Deficiency.

The recommendation was that, “the awardee maintain proper supporting documentation relating to all movement of funds transactions, including any copies of agreements between departments regarding services performed and detailed expense breakdowns of costs incurred to ensure adequate internal controls over Compliance B are in place. We recommend the awardee implement control activities and monitoring to implement internal controls to ensure that intracompany transfers are properly supported.”

The Smithsonian believes that its internal policy and procedures for the completion of inter-unit reimbursements are adequate and produce reasonable results. For Fiscal Year 2013, Smithsonian will implement the following additional procedures to further strengthen its internal controls relating to intracompany transfers: (1) Collect and review Smithsonian intercompany transactions and agreements; (2) Document the current practice of documentation management of intercompany transfers and cost transfers; (3) Inquiry of subject matter experts in terms of best practices of document management; (4) Implement best practices, where possible, in the document management of intercompany transactions and agreements; (5) Update all relevant forms to include information pertinent to intercompany transactions and agreements; and (6) Continually monitor all intercompany transactions and agreements to ensure that best practices have been implemented.

No further action is required and this recommendation is considered closed.

3. DCAA Chesapeake Finding No. 2011-02: Control Deficiency.

The recommendation was that, “the awardee document the policy and procedures for splitting costs between the federal and trust side of SI. When reviewing support, the basis of the claimed costs should be made clear to ensure adequate internal controls over Compliance B are in place.”

The Smithsonian believes that its official policy and procedures for the proper allocation of costs among funding sources in purchase orders are adequate and produce reasonable results. As DCAA noted, the purchase order was for audit services related to the Smithsonian financial statements. The costs of the audit services were allocated among federal and trust funding sources. DCAA received the actual historical expense records on how the costs were allocated.

No further action is required and this recommendation is considered closed.

4. DCAA Chesapeake Finding No. 2011-03: Noncompliance.

The recommendation was that, “the awardee submit its annual indirect cost proposal in a timely manner, in accordance with 2 CFR Part 230 Appendix A Paragraph E.2.C.

The Smithsonian met the due date for the fiscal year 2012 incurred cost submission as required by the Office of Naval Research.

No further action is required and this recommendation is considered closed.

Please address any questions you may have to Teresa Neese, of the Office of Sponsored Projects, at (202)-633-7108.

Sincerely,

A handwritten signature in black ink, appearing to read "Albert G. Horvath". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Albert G. Horvath
Under Secretary for Finance and Administration
Smithsonian Institution

cc
KPMG LLP
DCAA Chesapeake
DCAA Boston
ONR
OSP

Defense Contract Audit Agency



United States
Department of Defense



June 26, 2013

Independent Audit of the Smithsonian Astrophysical
Observatory's Compliance with Requirements Applicable to its
Research and Development Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133,
Fiscal Year Ending September 30, 2012

AUDIT REPORT NO. 2171-2012J10110001

RESTRICTIONS:

1. The For Official Use Only (FOUO) marking normally placed on this audit report is not a security marking. It is a marking required by DoD Freedom of Information Act (FOIA) regulations, which provides notice that the report might contain information that is subject to withholding under FOIA. The FOUO marking is a notice limited to the Department of Defense employees. The auditee has provided DCAA with written authorization to permit removal of the FOUO markings from this report.
2. The Defense Contract Audit Agency has no objection to the auditee releasing this report at its discretion for public inspection.
3. This report is intended solely for the information and use by federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DEFENSE CONTRACT AUDIT AGENCY

PREPARED FOR: Administrative Contracting Officer (Ms. Linda Shipp)
Department of the Navy
Office of Naval Research, Indirect Cost Branch/ONR 242
875 North Randolph Street
Arlington, VA 22203-1995

PREPARED BY: DCAA Boston Branch Office
495 Summer Street, Suite 336
Boston, MA 02210-2192
Telephone No. (617) 753-3777
FAX No. (617) 753-3404
E-mail Address dcaa-fao2171@dcaa.mil

AUDITEE: Smithsonian Astrophysical Observatory
60 Garden Street
Cambridge, MA 02138

	<u>Page</u>
CONTENTS: Subject of Audit	1
Scope of Audit	1
Results of Audit	3
Auditee's Organization and Systems	6
DCAA Personnel and Report Authorization	7
Audit Report Distribution	8
Index of Appendixes	9

SUBJECT OF AUDIT

COMPLIANCE

We have audited the compliance of the Smithsonian Astrophysical Observatory (SAO) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its research and development program for the year ended September 30, 2012. Based upon a coordinated audit effort agreed to between DCAA and KPMG LLP, DCAA is responsible for the eight compliance requirements detailed in the Scope of Audit section of this report and KPMG LLP is responsible for the remaining six compliance requirements. SAO's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. We have also audited SAO's direct cost submission and related books and records as well as the application of its fixed indirect rates for reimbursement of Fiscal Year (FY) 2012 incurred costs. The purpose of the audit was to determine the allowability and allocability of direct costs and allocability of indirect costs for the period ended September 30, 2012.

The proposal and compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs are the responsibility of SAO's management. Our responsibility is to express an opinion on the proposal and compliance based on our audit.

INTERNAL CONTROL OVER COMPLIANCE

The management of SAO is also responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered SAO's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance taken as a whole. Accordingly, we do not express an opinion on the effectiveness of SAO's internal control over compliance.

SCOPE OF AUDIT

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), except DCAA does not currently have an external opinion on its quality control system as required by GAGAS. The most recent external quality control review opinion expired on August 26, 2009. We also conducted our audit in accordance with OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. GAGAS and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements listed below that could have a direct and material effect on the research and development program being audited occurred.

Audit Report No. 2171-2012J10110001

- A. Activities allowed or unallowed.
- B. Allowable cost/cost principles.
- E. Eligibility.
- F. Equipment and real property management.
- H. Period of availability of Federal funds.
- I. Procurement and suspension and debarment.
- M. Subrecipient monitoring.
- N. Special tests and provisions.

SAO's independent public accounting firm of KPMG LLP is responsible for reviewing the remaining six compliance requirements.

An audit includes:

- obtaining an understanding of the auditee's internal controls, assessing control risk, and determining the extent of audit testing needed based on the control risk assessment;
- examining, on a test basis, evidence about the auditee's compliance with those requirements and performing other procedures as the auditor considered necessary in the circumstances;
- assessing the accounting principles used and significant estimates made by the auditee; and
- evaluating the overall data and records presentation.

We evaluated SAO's incurred cost proposal, compliance with applicable compliance requirements and the related internal controls using the applicable requirements contained in:

- Federal Acquisition Regulation (FAR),
- Defense FAR Supplement (DFARS),
- NASA FAR Supplement,
- NASA Grant and Cooperative Agreement Handbook,
- Department of Energy Acquisition Regulation (DEAR),
- NSF Grant Policy Manual,
- Cost Accounting Standards (CAS),
- 2 CFR, Subtitle A, Chapter II, Part 215 (OMB Circular A-110) - Grants and Agreements with Institution of Higher Education, Hospitals, and Other Nonprofit Organizations,
- 2 CFR, Subtitle A, Chapter II, Part 230 (OMB Circular A-122), Cost Principles for Non-Profit Organizations,
- OMB Circular A-133 Audits of States, Local Government and Nonprofit Organizations, and
- OMB Circular A-133 Compliance Supplement.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of SAO's compliance with those requirements.

RESULTS OF AUDIT

COMPLIANCE

In our opinion, SAO complied, in all material respects, with the requirements referred to above that are applicable to the research and development program for the year ended FY 2012.

Direct Costs: Claimed direct costs are provisionally approved pending final acceptance. Our audit of direct costs disclosed no exceptions at this time. Final acceptance of amounts proposed under federal awards does not take place until performance under the award is completed and accepted by the cognizant authorities and the audit responsibilities have been completed.

Indirect Costs: The indirect costs are based on negotiated fixed rates with carry-forward provisions established by agreement between the Office of Naval Research (ONR) and the Smithsonian Institution (SI), dated May 31, 2012. Indirect costs are recovered at the negotiated fixed rates unless a particular agreement limits the recovery on indirect costs. As part of our audit, we verified that SAO applied the negotiated indirect rates to the appropriate bases, and that the amounts claimed were the products of applying the indirect rates to the applicable bases. The negotiated fixed indirect rates for Fiscal Year Ending (FYE) September 30, 2012 are as follows:

<u>Indirect Category</u>	FY 12 Negotiated Fixed Indirect Rates	Allocation Base
Material Burden Rate	5.2%	(a)
Central Engineering Overhead Rate	26.4%	(b)
Direct Operating Overhead Rate	26.8%	(c)
General and Administrative Rate	15.5%	(d)
Non Productive (SAO Leave) Rate	16.4%	(e)
Employee Benefits - Full- and Part-Time Employees	26.8%	(f)
Employee Benefits - Intermittent Employees	8.4%	(g)

Allocation Bases:

- (a) Cost of direct materials, equipment, and subcontracts.
- (b) Central Engineering direct labor and benefit costs (including direct labor and benefits cost of contracted personnel).
- (c) Total SAO direct labor, personnel leave and pooled benefits.
- (d) Total costs of direct operating activities (including grants and contracts) net use of costs associated with materials, subcontract, and equipment. In addition, the base includes Central Engineering costs and the applicable share of overhead costs.
- (e) Total SAO full-time labor costs.
- (f) Total labor less intermittent and less than 90-day appointments.
- (g) Total intermittent and less than 90-day appointment labor costs.

GOVERNMENT PARTICIPATION IN ALLOCATION BASES

<u>Indirect Category</u>	Government Flexibly Priced Federal Awards	Non Federal Government Awards	<u>Total</u>
Material Burden Rate	97%	3%	100%
Central Engineering Overhead Rate	93%	7%	100%
Direct Operating Overhead Rate	93%	7%	100%
General and Administrative Rate	88%	12%	100%
Non Productive (SAO Leave) Rate	94%	6%	100%
Employee Benefits - Full- and Part-Time Employees	24%	76%	100%
Employee Benefits - Intermittent Employees	24%	76%	100%

Appendix 2, page 12, includes a Schedule of Allowable Costs by Federal Award.

INTERNAL CONTROL OVER COMPLIANCE

Our consideration of the internal control over compliance was for the limited purpose described in the Subject of Audit section above and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses as defined below.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency in an entity's internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Remote. The chance of the future event or events occurring is slight.
- Probable. The future event or events are likely to occur.

Audit Report No. 2171-2012J10110001

AUDITOR'S COMMENTS ON SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There are no open prior audit findings.

We provided the audit results to Mr. Roger Brissenden, SAO Deputy Director, on June 24, 2013.

AUDITEE ORGANIZATION AND SYSTEMS

1. Organization

The Smithsonian Astrophysical Observatory (SAO) is a division of the Smithsonian Institution (SI). SAO's location in Cambridge, MA, enables collaboration with Harvard College Observatory in research programs. A member of the Center for Astrophysics, SAO conducts research in atomic and molecular physics, high-energy astrophysics, optical and infrared astronomy, planetary sciences, radio and geoastronomy, solar and stellar physics, and theoretical astrophysics. SAO's Fiscal Year (FY) 2012 revenues were approximately \$94 million. Of this amount, approximately \$91 million represents Federal government grants and contracts. SAO has both Trust and Federal employees working on the contracts and grants. The distribution between Trust and Federal employees are approximately 431 and 108 employees, respectively.

2. Accounting System

SAO maintains a job cost accounting system wherein contracts and grants are assigned individual fund numbers that are used to accumulate associated direct costs. Five pools accumulate the various indirect costs. SAO applies an institution wide pooled benefits rate to labor costs. The pooled benefits rate is reported with the SI indirect rates. Indirect expenses are recorded and billed to projects using predetermined fixed rates with carry-forward provisions. The following is a schedule of SAO's indirect cost pools and applicable allocation bases:

Indirect Cost Pool

Material Burden
Central Engineering Overhead

Direct Operating Overhead
General and Administrative

Non Productive (SAO Leave)
Employee Benefits - Full- and Part-Time
Employees (this is a combined rate for SI
and SAO)
Employee Benefits - Intermittent
Employees (this is a combined rate for SI
and SAO)

Allocation Base

Cost of direct materials, equipment, and subcontracts.
Central Engineering direct labor and benefit costs (including
direct labor and benefits cost of contracted personnel).
Total SAO direct labor, personnel leave and pooled benefits.
Total costs of direct operating activities (including grants and
contracts) net use of costs associated with materials,
subcontract, and equipment. In addition, the base includes
Central Engineering costs and the applicable share of overhead
costs.
Total SAO full-time labor costs.
Total labor less intermittent labor and less than 90-day labor
costs.

Total intermittent labor and less than 90-day-appointment labor
costs.

Audit Report No. 2171-2012J10110001

DCAA PERSONNEL

	<u>Telephone No.</u>
Primary contacts regarding this audit:	
Mr. Da Wu, Auditor	(617) 753-3861
Mr. Peter G. Meade, Auditor	(617) 252-1030
Mr. Edward T. Fleming, Supervisory Auditor	(617) 753-3373
Other contacts regarding this audit report:	
Ms. Jo-Anne Corvese, Branch Manager	(617) 753-3777
Mr. James Scott, Financial Liaison Advisor	(703) 696-2599
	<u>FAX No.</u>
Boston Branch Office	(617) 753-3404
Mr. James Scott, Financial Liaison Advisor	(703) 693-3365
	<u>E-mail Address</u>
Boston Branch Office	dcaa-fao2171@dcaa.mil

General information on audit matters is available at <http://www.dcaa.mil/>.

AUDIT REPORT AUTHORIZED BY:

Digitally signed by
joanne.corvese@dcaa.mil
DN:
Jo Anne Corvese
cn=joanne.corvese@dcaa.mil
Date: 2013.06.26 11:56:03
-04'00'

JO-ANNE CORVESE
Branch Manager
DCAA Boston Branch Office

Audit Report No. 2171-2012J10110001

AUDIT REPORT DISTRIBUTION

DISTRIBUTION

	<u>E-mail Address</u>
Administrative Contracting Officer (Ms. Linda Shipp) Department of Navy, Office of Naval Research Indirect Cost Branch (Code BD0242) 875 North Randolph Street, Room 371 Arlington, VA 22203	linda.shipp@navy.mil
Office of Sponsored Programs (Ms. Teresa Neese) Smithsonian Institution Deputy Director, Office of Sponsored Programs 750 9th Street, N.W., Suite 9200 Washington, DC 20560	neeset@si.edu
Deputy Director (Mr. Roger Brissenden) Smithsonian Astrophysical Observatory 60 Garden Street Cambridge, MA 02138	rbrissenden@cfa.harvard.edu
DCAA Financial Liaison Advisor (James Scott) Office of Naval Research 875 North Randolph Street, W1202 Arlington, VA 22203	DCAA-FLA-ONR@dcaa.mil
Defense Contract Audit Agency (Branch Manager) San Gabriel Valley Branch Office - JPL Suboffice 4800 Oak Grove Drive, M/S 114-129 Pasadena, CA 91109	dcaa-fao4901@dcaa.mil

INDEX OF THE APPENDIXES

<u>Appendices Description</u>	<u>Appendix</u>	<u>Page</u>
Schedule of Findings and Questioned Costs	Appendix 1	10
Schedule of Allowable Costs	Appendix 2	12

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Smithsonian Astrophysical Observatory (SAO)
Fiscal Year Ended September 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements:

Information pertaining to the financial statements can be found in the independent public accountant's audit report.

B. Federal Awards:

1. Type of auditor's report issued on compliance for major programs:

Type of Audit Opinion	
Unqualified	X
Qualified	
Adverse	
Disclaimer	

2. Internal control over major programs:

	Yes	None Reported
Material weaknesses were identified.		X
Significant deficiencies identified not considered to be material weaknesses.		X

3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a):

Yes	
No	X

4. Identification of Major Programs:

CFDA No.	Program
N/A	Research and Development-Cluster

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

\$3,000,000

6. Auditee classified as a low-risk under Circular A-133, section .530:

Yes	X
No	

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Smithsonian Astrophysical Observatory (SAO)

Fiscal Year Ended September 30, 2012

SECTION II - FINDINGS RELATED TO FINANCIAL STATEMENTS

Information pertaining to the financial statements can be found in the independent public accountant's audit report.

SECTION III - FINDINGS RELATED TO FEDERAL AWARDS

No matters were reported.

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12 Federal Expenditures	Questioned Expenditures	Difference
NASA Awards						
NASA/GSFC	NNX07AI11G-R	610013	43.001	\$ (334.07)		\$ (334.07)
NASA/GSFC	NNX07AI23G	610014	43.001	6,722.12		6,722.12
NASA/GSFC	NNX07AU35G	610035	43.001	(188.17)		(188.17)
NASA/GSFC	NNX08AB46A	610036	43.001	481,815.28		481,815.28
NASA/GSFC	NNX08AD05A	610042	43.001	14,205.27		14,205.27
NASA/GSFC	NNX08AF47A	610048	43.001	918,811.83		918,811.83
NASA/GSFC	NNX08AE05G	610049	43.001	14,972.99		14,972.99
NASA/GSFC	NNX08AF23G	610050	43.001	7,091.23		7,091.23
NASA/GSFC	NNX08AD92G	610051	43.001	(10,307.87)		(10,307.87)
NASA/GSFC	NNX08AG38G	610052	43.001	53,674.61		53,674.61
NASA/GSFC	NNX08AG67G	610053	43.001	55,184.59		55,184.59
NASA/GSFC	NNX08AI14G	610054	43.001	(1,109.02)		(1,109.02)
NASA/GSFC	NNX08AG36G	610055	43.001	90,886.25		90,886.25
NASA/GSFC	NNX08AJ55G	610059	43.001	(154.73)		(154.73)
NASA/GSFC	NNX08AJ66G	610062	43.001	84,884.41		84,884.41
NASA/GSFC	NNX08AI41G	610063	43.001	38,512.23		38,512.23
NASA/GSFC	NNX08AJ81G	610065	43.001	93,527.32		93,527.32
NASA/GSFC	NNX08AK33G	610066	43.001	(783.36)		(783.36)
NASA/GSFC	NNX08AO04G	610069	43.001	254,231.95		254,231.95
NASA/NSSC	NNX08AV76G	610075	43.001	61,627.88		61,627.88
NASA/GSFC	NNX08AX90G	610077	43.001	(7.69)		(7.69)
NASA/GSFC	NNX08AX35G	610083	43.001	(3.43)		(3.43)
NASA/GSFC	NNX08AZ87G	610085	43.001	(1,794.40)		(1,794.40)
NASA/GSFC	NNX08AZ74G	610086	43.001	5,327.93		5,327.93
NASA/GSFC	NNX08AW53G	610087	43.001	52,854.50		52,854.50
NASA/GSFC	NNX08BA97G	610089	43.001	59,882.59		59,882.59
NASA/Shared Services	NNX09AB29G	610090	43.001	4,273.18		4,273.18
NASA/GSFC	NNX09AB28G	610091	43.001	43,524.85		43,524.85
NASA/GSFC	NNX09AB18G	610093	43.001	22,251.03		22,251.03
NASA/GSFC	NNX09AB17G	610094	43.001	73,269.69		73,269.69
NASA/GSFC	NNX09AB11G	610095	43.001	30,691.60		30,691.60
NASA/GSFC	NNX09AB33G	610096	43.001	87,190.96		87,190.96
NASA/NSSC	NNX09AB27G	610097	43.001	171,974.16		171,974.16
NASA/GSFC	NNX09AB15G	610098	43.001	(4,187.59)		(4,187.59)
NASA/GSFC	NNX09AB89G	610099	43.001	59,755.25		59,755.25
NASA/GSFC	NNX09AB03G	610100	43.001	943,964.48		943,964.48
NASA/GSFC	NNX09AB39G	610101	43.001	1,130,219.66		1,130,219.66
NASA/GSFC	NNX09AC50G	610102	43.001	33,571.15		33,571.15
NASA/GSFC	NNX09AC97G	610103	43.001	107,368.25		107,368.25
NASA/GSFC	NNX09AC71G	610104	43.001	63,981.72		63,981.72
NASA/GSFC	NNX09AE09G	610105	43.001	355,344.51		355,344.51
NASA	NNX09AE87G	610107	43.001	302,045.37		302,045.37
NASA	NNX09AE86G	610109	43.001	311,110.45		311,110.45
NASA	NNX09AF59G	610110	43.001	2,911.63		2,911.63
NASA	NNX09AG26G	610111	43.001	80,726.38		80,726.38
NASA/NSSC	NNX09AG35G	610112	43.001	(1.72)		(1.72)
NASA	NNX09AH18A	610114	43.001	104,153.22		104,153.22
NASA	NNX09AH22G	610115	43.001	96,954.22		96,954.22
NASA	NNX09AK28G	610117	43.001	33,839.32		33,839.32
NASA	NNX09AP39G	610120	43.001	7,974.92		7,974.92
NASA	NNX09AP45G	610121	43.001	(778.79)		(778.79)

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12 Federal Expenditures	Questioned Expenditures	Difference
NASA	NNX09AP92G	610123	43.001	(158.87)		(158.87)
NASA	NNX09AP46G	610124	43.001	18,443.17		18,443.17
NASA	NNX09AP99G	610125	43.001	(175.46)		(175.46)
NASA/GSFC	NNX09AP90G	610126	43.001	(2,105.64)		(2,105.64)
NASA	NNX09AP36G	610127	43.001	537.72		537.72
NASA	NNX09AQ39G	610128	43.001	353,988.40		353,988.40
NASA	NNX09AP94G	610130	43.001	(1,437.39)		(1,437.39)
NASA/GSFC	NNX09AQ05G	610136	43.001	6,264.18		6,264.18
NASA	NNX09AT20G	610138	43.001	25,941.36		25,941.36
NASA	NNX09AT12G	610139	43.001	7,470.51		7,470.51
NASA	NNX09AT68G	610140	43.001	3,715.20		3,715.20
NASA	NNX09AU94A	610142	43.001	(48.75)		(48.75)
NASA/GSFC	NNX09AV59G	610143	43.001	598.94		598.94
NASA	NNX10AB94G	610147	43.001	73,110.27		73,110.27
NASA/NSSC	NNX10AB88G	610148	43.001	107,543.90		107,543.90
NASA/NSSC	NNX10AB85G	610149	43.001	72,596.75		72,596.75
NASA/NSSC	NNX10AC11G	610150	43.001	80,120.30		80,120.30
NASA	NNX10AD50G	610152	43.001	23,247.42		23,247.42
NASA	NNX10AD68G	610153	43.001	133,811.67		133,811.67
NASA	NNX10AD81G	610154	43.001	34,699.45		34,699.45
NASA	NNX10AE52G	610155	43.001	8,107.72		8,107.72
NASA/NSSC	NNX10AD10G	610156	43.001	36,151.43		36,151.43
NASA/NSSC	NNX10AF29G	610157	43.001	71,427.17		71,427.17
NASA/NSSC	NNX10AF35G	610158	43.001	85,421.63		85,421.63
NASA/NSSC	NNX10AF50G	610159	43.001	15,156.79		15,156.79
NASA/NSSC	NNX10AG13G	610162	43.001	3,304.83		3,304.83
NASA/AMES	NNX10AC38G	610163	43.001	(2,996.53)		(2,996.53)
NASA/NSSC	NNX10AH55G	610164	43.001	390,522.57		390,522.57
NASA/NSSC	NNX10AD83G	610165	43.001	162,989.81		162,989.81
NASA/NSSC	NNX10AH04G	610166	43.001	25,453.43		25,453.43
NASA/NSSC	NNX10AK69G	610167	43.001	8,672.93		8,672.93
NASA/NSSC	NNX10AK89G	610168	43.001	12,158.38		12,158.38
NASA/NSSC	NNX10AK54A	610169	43.001	89,629.87		89,629.87
NASA/GSFC	NNX10AN39G	610171	43.001	1,372.55		1,372.55
NASA/GSFC	NNX10AP70G	610172	43.001	12,809.02		12,809.02
NASA/GSFC	NNX10AO48G	610173	43.001	31,941.69		31,941.69
NASA/GSFC	NNX10AO16G	610174	43.001	71,233.44		71,233.44
NASA/GSFC	NNX10AO60G	610175	43.001	78,443.68		78,443.68
NASA/GSFC	NNX10AQ27G	610176	43.001	(8,173.25)		(8,173.25)
NASA/GSFC	NNX10AR29G	610177	43.001	8,006.75		8,006.75
NASA/GSFC	NNX10AR44G	610178	43.001	29,042.53		29,042.53
NASA/GSFC	NNX10AQ58G	610179	43.001	157,549.63		157,549.63
NASA/GSFC	NNX10AU13G	610181	43.001	14,905.31		14,905.31
NASA/GSFC	NNX11AB61G	610182	43.001	100,811.73		100,811.73
NASA/AMES	NNX11AB68G	610183	43.001	48,181.84		48,181.84
NASA/AMES	NNX11AB99A	610184	43.001	180,396.81		180,396.81
NASA/GSFC	NNX11AC85G	610185	43.001	22,001.89		22,001.89
NASA/GSFC	NNX11AB98G	610187	43.001	16,262.40		16,262.40
NASA/GSFC	NNX11AD16G	610188	43.001	29,386.37		29,386.37
NASA/GSFC	NNX11AD17G	610189	43.001	51,345.06		51,345.06
NAGA/GSFC	NNX11AD12G	610190	43.001	5,985.36		5,985.36
NASA/AMES	NNX11AC82G	610191	43.001	43,408.45		43,408.45

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12		Difference
				Federal Expenditures	Questioned Expenditures	
NASA/GSFC	NNX11AD08G	610192	43.001	62,024.54		62,024.54
NASA/GSFC	NNX11AE58G	610193	43.001	363,033.60		363,033.60
NASA/GSFC	NNX11AE95G	610194	43.001	152,987.73		152,987.73
NASA/GSFC	NNX11AG83G	610196	43.001	40,413.78		40,413.78
NASA/GSFC	NNX11AF91G	610197	43.001	462,801.10		462,801.10
NASA/Shared Services	NNX11AF61G	610198	43.001	209,012.00		209,012.00
NASA/GSFC	NNX11AH77G	610199	43.001	54,980.94		54,980.94
NASA/GSFC	NNX11AH28G	610200	43.001	148,993.91		148,993.91
NASA/GSFC	NNX11AH31G	610201	43.001	28,180.12		28,180.12
NASA/GSFC	NAG5-9361	613302	43.001	21.64		21.64
NASA/GSFC	NCC5-706	613445	43.001	(1,990.06)		(1,990.06)
NASA/GSFC	NNG04GK64G	613586	43.001	(20.46)		(20.46)
NASA/GSFC	NNG05GH50G	613625	43.001	(3,461.33)		(3,461.33)
NASA/GSFC	NNG06GB30G	613669	43.001	38,231.46		38,231.46
NASA/GSFC	NNX07AB98G	613721	43.001	150,838.35		150,838.35
NASA/GSFC	NNX07AG40G-R	613722	43.001	(5,022.73)		(5,022.73)
NASA/GSFC	NNX08AU49G	613747	43.000	2,630.04		2,630.04
NASA/Shared Services	NNX11AI38G	613770	43.001	35,239.95		35,239.95
NASA/Shared Services	NNX11AG99G	613771	43.001	18,395.00		18,395.00
NASA/Shared Services	NNX11AH33G	613772	43.001	94,318.26		94,318.26
NASA/Shared Services	NNX11AK63G	613773	43.001	5,922.48		5,922.48
NASA/Shared Services	NNX11AM37G	613774	43.001	35,725.91		35,725.91
NASA/Shared Services	NNX11AM46G	613775	43.001	331,685.95		331,685.95
NASA/Shared Services	NNX11AO65G	613776	43.001	80,474.30		80,474.30
NASA/Shared Services	NNX11AO45G	613777	43.000	40,113.41		40,113.41
NASA/Shared Services	NNX11AQ09G	613778	43.001	11,257.39		11,257.39
NASA/GSFC	NNX11AQ43G	613779	43.000	8,774.47		8,774.47
NASA/Shared Services	NNX12AB25G	613780	43.001	10,701.60		10,701.60
NASA/GSFC	NNX11AO98G	613781	43.000	37,394.76		37,394.76
NASA/GSFC	NNX12AC39G	613782	43.001	78,351.16		78,351.16
NASA/GSFC	NNX11AP87G	613784	43.001	447.51		447.51
NASA/GSFC	NNX12AC75G	613785	43.001	40,682.43		40,682.43
NASA/GSFC	NNX12AE89G	613786	43.001	627,378.45		627,378.45
NASA/GSFC	NNX12AC70G	613787	43.001	21,407.00		21,407.00
NASA/GSFC	NNX12AC43G	613788	43.000	206,713.50		206,713.50
NASA/GSFC	NNX12AF25G	613789	43.001	35,146.69		35,146.69
NASA/GSFC	NNX12AE39G	613790	43.001	7,292.10		7,292.10
NASA/GSFC	NNX12AF84G	613791	43.001	8,671.96		8,671.96
NASA/GSFC	NNX12AD38G	613793	43.001	34,491.65		34,491.65
NASA/GSFC	NNX12AE50G	613795	43.001	50,097.42		50,097.42
NASA/GSFC	NNX11AQ74G	613796	43.001	18,170.46		18,170.46
NASA/GSFC	NNX12AF44G	613797	43.001	7,641.98		7,641.98
NASA/GSFC	NNX12AI30G	613799	43.000	314.98		314.98
NASA/GSFC	NNX12AI60G	613800	43.001	3,482.97		3,482.97
NASA/GSFC	NNX12AI55G	613801	43.001	929.94		929.94
NASA/GSFC	NNX12AG54G	613803	43.000	762,497.47		762,497.47
NASA/GSFC	NNX12AJ66G	613804	43.001	6,692.21		6,692.21
NASA/GSFC	NNX12AP44G	613806	43.001	20,906.35		20,906.35
NASA/GSFC	NNX12AB19G	617803	43.001	59,744.57		59,744.57
NASA/GSFC	NNG07DA00C	713025	43.001	11,416.18		11,416.18
NASA/GSFC	NNG12VP05c	713741	43.001	259,149.74		259,149.74
NASA/MARSHALL	NAS8-39073	716005	43.001	(9,789.20)		(9,789.20)

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12	Questioned	Difference
				Federal Expenditures	Expenditures	
NASA/MARSHALL	NAS8-01003	716013	43.001	0.07		0.07
NASA/MARSHALL	NAS8-03060	716015	43.001	56,594,809.23		56,594,809.23
NASA/MARSHALL	NNM07AB07C	716016	43.001	2,762,824.85		2,762,824.85
NASA/MSFC	NNM10AB47P	716017	43.001	(442.64)		(442.64)
NASA/MARSHALL	NNM12AA95P	716018	43.001	90,071.12		90,071.12
NASA/MARSHALL	NNM12AA17C	716019	43.000	325,422.03		325,422.03
CALIF. INST. OF TECH.	2-1062296	717112	43.001	396,195.16		396,195.16
LOCKHEED MARTIN	SP02H1701R	717131	43.001	1,077,258.81		1,077,258.81
JPL (RSA)	1281114	717197	43.001	(4,244.63)		(4,244.63)
MIT	5710001988	717199	43.001	(1,036.78)		(1,036.78)
JPL (RSA)	1298236	717221	43.001	(2,017.68)		(2,017.68)
JPL (RSA)	1314304	717229	43.001	(168.80)		(168.80)
JPL (RSA)	1314425	717234	43.001	(5,781.29)		(5,781.29)
JPL	1329220	717257	43.001	63,412.08		63,412.08
JPL (RSA)	1341616	717302	43.001	71,954.82		71,954.82
JPL (RSA)	1348192	717310	43.001	33,688.40		33,688.40
JPL (RSA)	1348189	717311	43.001	191.86		191.86
JPL (RSA)	1343466	717312	43.001	(456.08)		(456.08)
JPL (RSA)	1343468	717313	43.001	123,765.60		123,765.60
JPL (RSA)	1348190	717314	43.001	1,130.23		1,130.23
JPL (RSA)	1343513	717316	43.001	120.42		120.42
JPL (RSA)	1343460	717319	43.001	46.32		46.32
JPL (RSA)	1343496	717320	43.001	1,985.83		1,985.83
JPL (RSA)	1343503	717322	43.001	441.56		441.56
MIT	5710002512	717331	43.001	(1,669.81)		(1,669.81)
JPL (RSA)	1365763	717333	43.001	(3,219.91)		(3,219.91)
JPL (RSA)	1365759	717336	43.001	5,835.48		5,835.48
JPL (RSA)	1365750	717337	43.001	536.42		536.42
JPL (RSA)	1366748	717338	43.001	(358.51)		(358.51)
JPL (RSA)	1367407	717339	43.001	24,422.28		24,422.28
JPL (RSA)	1367413	717340	43.001	108,507.20		108,507.20
JPL (RSA)	1367986	717341	43.001	10,998.23		10,998.23
JPL (RSA)	1367412	717345	43.001	87,675.14		87,675.14
JPL (RSA)	1367411	717346	43.001	105,585.70		105,585.70
JPL (RSA)	1369550	717350	43.001	12,734.38		12,734.38
JPL (RSA)	1369556	717351	43.001	3,138.82		3,138.82
JPL (RSA)	1369565	717352	43.001	5,870.85		5,870.85
JPL (RSA)	1369566	717353	43.001	6,042.15		6,042.15
HARVARD	123448	717354	43.001	6,930.49		6,930.49
JPL (RSA)	1375009	717357	43.001	2,099.21		2,099.21
JPL (RSA)	1376300	717358	43.001	4,091.35		4,091.35
JPL (RSA)	1376302	717359	43.001	98.18		98.18
JPL (RSA)	1376490	717360	43.001	(248.16)		(248.16)
JPL (RSA)	1376492	717361	43.001	3,219.90		3,219.90
U OF COLORADO	154-5653	717364	43.001	127,042.77		127,042.77
JPL (RSA)	1379477	717368	43.001	(2,507.03)		(2,507.03)
JPL (RSA)	1379672	717369	43.001	(372.24)		(372.24)
SOUTHWEST RES. INST.	A99171MO	717370	43.001	(3,234.25)		(3,234.25)
UNIV. OF CHICAGO	39695	717371	43.001	1,445.35		1,445.35
LOCKHEED MARTIN	8100002705	717375	43.001	1,421,378.16		1,421,378.16
NASA	NNM10AA07C	717380	43.001	842,655.15		842,655.15
MIT	5710002755	717382	43.001	76,882.35		76,882.35

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12	Questioned	Difference
				Federal Expenditures	Expenditures	
NASA/MSFC	NNM10AA15C	717383	43.001	23,089.79		23,089.79
UNIV. OF CHICAGO	33907	717387	43.001	63,714.80		63,714.80
JPL (RSA)	1416454	717389	43.001	16,120.39		16,120.39
JPL (RSA)	1416581	717390	43.001	3,349.83		3,349.83
JPL (RSA)	1416508	717392	43.001	401.37		401.37
JPL (RSA)	1416924	717394	43.001	2,160.92		2,160.92
NASA/GODDARD	975569	717395	43.001	3,260,453.50		3,260,453.50
JPL (RSA)	1422036	717397	43.001	9,164.67		9,164.67
PREDICTIVE SCIENCES	NARL01-01-11	717400	43.001	26,114.66		26,114.66
HARVARD UNIVERSITY	123661	717402	43.001	40,168.24		40,168.24
NASA/MSFC	NNM11AB33P	717404	43.001	27,978.04		27,978.04
JPL (RSA)	1427107	717406	43.001	5,297.39		5,297.39
JPL (RSA)	1427018	717407	43.001	48,632.44		48,632.44
UCAR	Z11-83527	717408	43.001	277.33		277.33
N. C. STATE UNIV.	2010-2495-01	717409	43.001	9,332.30		9,332.30
UNIV. OF NEBRASKA	25-0514-0116-003	717411	43.001	10,480.52		10,480.52
JPL (RSA)	1433371	717414	43.001	1,732.50		1,732.50
JPL (RSA)	1433475	717415	43.001	886.68		886.68
JPL (RSA)	1433108	717416	43.001	22,136.96		22,136.96
UNIV. OF MICHIGAN	3001762433	717417	43.001	18,806.09		18,806.09
LOCKHEED	4500157837	717418	43.001	6,873.10		6,873.10
JPL	1436232	717419	43.001	4,127.90		4,127.90
UNIVERSITY OF NH	11-129	717422	43.001	47,182.92		47,182.92
UNIVERSITY OF NH	11-108	717424	43.001	66,796.34		66,796.34
JPL	1439357	717425	43.001	57,514.11		57,514.11
JPL	1439337	717426	43.001	86,106.49		86,106.49
JPL	1439801	717427	43.001	150,620.22		150,620.22
JPL	1439120	717429	43.001	242.73		242.73
JPL	1439694	717430	43.001	5,070.73		5,070.73
NASA/Goddard	NNG12PQ27C	717432	43.001	157,700.97		157,700.97
BALL AEROSPACE TECH.	11DHK060	717433	43.001	34,244.86		34,244.86
NASA/MARSHALL	NNM12AA70P	717435	43.000	62,442.39		62,442.39
JPL	1455432	717437	43.001	16,064.53		16,064.53
JPL	1455319	717438	43.001	5,037.12		5,037.12
JPL	1455422	717439	43.001	16,100.00		16,100.00
JPL	1455411	717442	43.001	19,392.81		19,392.81
JPL	1457441	717443	43.001	1,748.27		1,748.27
JPL	1457458	717444		912.47		912.47
JPL	1457102	717445	43.001	36,253.47		36,253.47
JPL	1457512	717446	43.001	1,757.47		1,757.47
JPL	1457493	717447		827.91		827.91
BOS. CHILD. MUSEUM	NNX12AB91G	717448	43.001	5,110.32		5,110.32
JPL	1464398	717499		366.99		366.99
JPL	1464437	717450	43.001	732.33		732.33
NASA/JPL/CALTECH	2-1092869	792031		5,458.33		5,458.33
Subtotal NASA Awards				<u>\$ 82,499,961.53</u>	<u>\$ -</u>	<u>\$ 82,499,961.53</u>

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12		Difference
				Federal Expenditures	Questioned Expenditures	
NASA CHANDRA Subgrant Awards						
SAO (CHANDRA)	GO8-9120X	617583	43.001	\$ 48,567.57		\$ 48,567.57
SAO (CHANDRA)	GO9-0055X	617646	43.001	10,321.88		10,321.88
SAO (CHANDRA)	GO9-0129X	617650	43.001	46,689.99		46,689.99
SAO (CHANDRA)	GO9-0059X	617653	43.001	21,090.24		21,090.24
SAO (CHANDRA)	GO9-0105X	617654	43.001	(1,991.82)		(1,991.82)
SAO (CHANDRA)	GO9-0094C	617658	43.001	1,078.87		1,078.87
SAO (CHANDRA)	GO9-0133X	617660	43.001	(3.94)		(3.94)
SAO (CHANDRA)	ARO-11006X	617670	43.001	3,332.67		3,332.67
SAO (CHANDRA)	GO0-11003X	617672	43.001	4,121.22		4,121.22
SAO (CHANDRA)	GO0-11009X	617673	43.001	23,131.57		23,131.57
SAO (CHANDRA)	GO0-11016X	617675	43.001	24,583.96		24,583.96
SAO (CHANDRA)	GO0-11017X	617676	43.001	17,963.08		17,963.08
SAO (CHANDRA)	GO0-11143B	617677	43.001	25,981.74		25,981.74
SAO (CHANDRA)	GO0-11108A	617678	43.001	50,536.97		50,536.97
SAO (CHANDRA)	GO0-11098B	617679	43.001	92.40		92.40
SAO (CHANDRA)	GO0-11123A	617683	43.001	20,434.46		20,434.46
SAO (CHANDRA)	TM0-11001X	617684	43.001	57,807.14		57,807.14
SAO (CHANDRA)	TM0-11007X	617685	43.001	55,316.29		55,316.29
SAO (CHANDRA)	TM0-11006A	617686	43.001	1,010.63		1,010.63
SAO (CHANDRA)	ARO-11011A	617687	43.001	5,863.07		5,863.07
SAO (CHANDRA)	ARO-11018A	617690	43.001	29,554.65		29,554.65
SAO (CHANDRA)	GO0-11094X	617691	43.001	5,767.71		5,767.71
SAO (CHANDRA)	GO0-11106X	617692	43.001	693.00		693.00
SAO (CHANDRA)	ARO-11017X	617693	43.001	(405.91)		(405.91)
SAO (CHANDRA)	GO0-11136X	617695	43.001	20,007.78		20,007.78
SAO (CHANDRA)	ARO-11001X	617696	43.001	5,072.01		5,072.01
SAO (CHANDRA)	GO0-11040X	617697	43.001	55,335.02		55,335.02
SAO (CHANDRA)	GO0-11133X	617699	43.001	51,346.98		51,346.98
SAO (CHANDRA)	GO0-11114X	617704	43.001	23,684.18		23,684.18
SAO (CHANDRA)	GO0-11120X	617705	43.001	18,094.40		18,094.40
SAO (CHANDRA)	GO0-11102X	617706	43.001	3,608.77		3,608.77
SAO (CHANDRA)	GO0-11141X	617707	43.001	21,094.80		21,094.80
SAO (CHANDRA)	GO0-11104X	617708	43.001	42,224.64		42,224.64
SAO (CHANDRA)	GO0-11128X	617709	43.001	15,311.35		15,311.35
SAO (CHANDRA)	GO0-11037X	617710	43.001	4,599.75		4,599.75
SAO (CHANDRA)	GO0-11043x	617714	43.001	28,256.22		28,256.22
SAO (CHANDRA)	SP1-12002X	617715	43.001	56,436.43		56,436.43
SAO (CHANDRA)	SP1-12001X	617716	43.001	9,213.69		9,213.69
SAO (CHANDRA)	GO0-11142X	617717	43.001	24,853.04		24,853.04
SAO (CHANDRA)	GO0-11117B	617719	43.001	1,108.09		1,108.09
SAO (CHANDRA)	GO1-12009X	617723	43.001	71,943.88		71,943.88
SAO (CHANDRA)	GO1-12010X	617724	43.001	16,509.35		16,509.35
SAO (CHANDRA)	DD0-11049X	617725	43.001	(96.57)		(96.57)
SAO (CHANDRA)	DD1-12051X	617729	43.001	6,442.42		6,442.42
SAO (CHANDRA)	GO1-12120X	617730	43.001	37,015.13		37,015.13
SAO (CHANDRA)	GO1-12082X	617731	43.001	6,042.96		6,042.96
SAO (CHANDRA)	GO1-12100X	617732	43.001	7,340.23		7,340.23
SAO (CHANDRA)	GO1-12168X	617733	43.001	23,533.39		23,533.39
SAO (CHANDRA)	GO1-12125A	617734	43.001	34,852.02		34,852.02
SAO (CHANDRA)	GO1-12133A	617750	43.001	18,132.06		18,132.06
SAO (CHANDRA)	GO1-12124X	617751	43.001	5,985.36		5,985.36

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12 Federal Expenditures	Questioned Expenditures	Difference
SAO (CHANDRA)	AR1-12011X	617752	43.001	4,328.22		4,328.22
SAO (CHANDRA)	TM1-12004X	617753	43.001	38,413.76		38,413.76
SAO (CHANDRA)	AR1-12005X	617754	43.001	8,028.82		8,028.82
SAO (CHANDRA)	AR1-12007X	617755	43.001	13,665.67		13,665.67
SAO (CHANDRA)	AR1-12008X	617756	43.001	48,427.88		48,427.88
SAO (CHANDRA)	AR1-12012X	617757	43.001	40,912.23		40,912.23
SAO (CHANDRA)	AR1-12014X	617758	43.001	42,603.93		42,603.93
SAO (CHANDRA)	GO1-12160X	617762	43.001	5,421.53		5,421.53
SAO (CHANDRA)	GO1-12030X	617763	43.001	21,687.35		21,687.35
SAO (CHANDRA)	GO1-12163X	617764	43.001	28.88		28.88
SAO (CHANDRA)	GO1-12138X	617765	43.001	35,100.03		35,100.03
SAO (CHANDRA)	GO1-12036X	617766	43.001	12,206.65		12,206.65
SAO (CHANDRA)	GO1-12032X	617767	43.001	26,334.15		26,334.15
SAO (CHANDRA)	GO1-12152X	617768	43.001	6,714.51		6,714.51
SAO (CHANDRA)	GO1-12127X	617769	43.001	4,822.86		4,822.86
SAO (CHANDRA)	GO1-12023X	617770	43.001	26,862.60		26,862.60
SAO (CHANDRA)	GO1-12167X	617771	43.001	17,956.08		17,956.08
SAO (CHANDRA)	GO1-12094A	617772	43.001	1,387.21		1,387.21
SAO (CHANDRA)	GO1-12155A	617775	43.001	19,989.92		19,989.92
SAO (CHANDRA)	GO9-0119A	617776	43.001	23,369.32		23,369.32
SAO (CHANDRA)	GO1-12110X	617777	43.001	8,385.61		8,385.61
SAO (CHANDRA)	GO1-12105X	617779	43.001	10,082.71		10,082.71
SAO (CHANDRA)	DD1-12054X	617782	43.001	6,353.20		6,353.20
SAO (CHANDRA)	GO1-12104X	617784	43.001	3,977.24		3,977.24
SAO (CHANDRA)	GO1-12049A	617785	43.001	3,733.39		3,733.39
SAO (CHANDRA)	GO1-12149B	617786	43.001	48,917.69		48,917.69
SAO (CHANDRA)	GO1-12174X	617787	43.001	26,949.81		26,949.81
SAO (CHANDRA)	GO1-12021X	617788	43.001	5,170.60		5,170.60
SAO (CHANDRA)	GO0-11044X	617700	43.001	15,624.68		15,624.68
SAO(CHANDRA)	GO9-0140X	617655	43.001	57,282.43		57,282.43
SAO(CHANDRA)	GO1-12162X	617741	43.001	27,033.24		27,033.24
SAO(CHANDRA)	GO1-12116X	617742	43.001	(16,918.80)		(16,918.80)
SAO(CHANDRA)	GO1-12145X	617743	43.001	13,587.72		13,587.72
SAO(CHANDRA)	GO1-12161X	617744	43.001	54,277.29		54,277.29
SAO(CHANDRA)	GO1-12034X	617745	43.001	24,885.70		24,885.70
SAO(CHANDRA)	GO1-12150X	617746	43.001	2,271.12		2,271.12
SAO(CHANDRA)	GO1-12081B	617747	43.001	2,417.24		2,417.24
SAO(CHANDRA)	GO1-12067X	617748	43.001	5,985.36		5,985.36
SAO(CHANDRA)	GO1-12020X	617749	43.001	11,165.09		11,165.09
SAO(CHANDRA)	GO6-7073A	617486	43.001	(104.81)		(104.81)
SAO(CHANDRA)	GO6-7031X	617492	43.001	(27.59)		(27.59)
SAO(CHANDRA)	GO6-7080X	617529	43.001	(0.04)		(0.04)
SAO(CHANDRA)	GO7-8026X-R	617532	43.001	(191.17)		(191.17)
SAO(CHANDRA)	AR7-8015A	617534	43.001	(40.25)		(40.25)
SAO(CHANDRA)	AR7-8013X	617535	43.001	27,877.50		27,877.50
SAO(CHANDRA)	GO7-8107X	617548	43.001	14,183.98		14,183.98
SAO(CHANDRA)	GO7-8105X	617550	43.001	2,779.97		2,779.97
SAO(CHANDRA)	AR8-9002X	617587	43.001	(21.93)		(21.93)
SAO(CHANDRA)	AR8-9017X	617590	43.001	956.68		956.68
SAO(CHANDRA)	GO8-9101X	617603	43.001	776.16		776.16
SAO(CHANDRA)	GO8-9017X	617605	43.001	3,459.01		3,459.01
SAO(CHANDRA)	GO8-9025A	617606	43.001	(405.09)		(405.09)

Smithsonian Astrophysical Observatory
 FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12 Federal Expenditures	Questioned Expenditures	Difference
SAO(CHANDRA)	GO8-9088A	617609	43.001	7,868.79		7,868.79
SAO(CHANDRA)	GO8-9082X	617616	43.001	12,709.80		12,709.80
SAO(CHANDRA)	GO8-9064X	617618	43.001	(756.87)		(756.87)
SAO(CHANDRA)	GO7-8016C	617622	43.001	(641.85)		(641.85)
SAO(CHANDRA)	GO9-0121B	617632	43.001	15,714.36		15,714.36
SAO(CHANDRA)	GO9-0114A	617633	43.001	14,326.09		14,326.09
SAO(CHANDRA)	GO9-0155X	617635	43.001	24,319.22		24,319.22
SAO(CHANDRA)	GO9-0115X	617636	43.001	25,462.91		25,462.91
SAO(CHANDRA)	AR9-0020X	617638	43.001	49,568.07		49,568.07
SAO(CHANDRA)	AR9-0014X	617639	43.001	(14,935.26)		(14,935.26)
SAO(CHANDRA)	AR9-0003X	617641	43.001	5,437.62		5,437.62
SAO(CHANDRA)	GO9-0107X	617644	43.001	45,988.13		45,988.13
SAO(CHANDRA)	GO1-12109X	617790	43.001	24,192.72		24,192.72
SAO(CHANDRA)	GO1-12123X	617791	43.001	38,617.63		38,617.63
SAO(CHANDRA)	PF1-120081	617792	43.001	89,717.45		89,717.45
SAO(CHANDRA)	GO1-12026X	617793	43.001	21,888.59		21,888.59
SAO(CHANDRA)	GO2-13004A	617797	43.000	4,537.48		4,537.48
SAO(CHANDRA)	GO2-13001X	617798	43.000	13,219.17		13,219.17
SAO(CHANDRA)	GO2-13115X	617802	43.000	6,069.35		6,069.35
SAO(CHANDRA)	GO2-13109X	617804	43.001	28,738.54		28,738.54
SAO(CHANDRA)	GO2-13044A	617805	43.000	1,711.07		1,711.07
SAO(CHANDRA)	GO2-13015X	617806	43.000	19,171.69		19,171.69
SAO(CHANDRA)	GO2-13124X	617808	43.000	38,562.00		38,562.00
SAO(CHANDRA)	GO2-13133X	617809	43.000	2,869.14		2,869.14
SAO(CHANDRA)	GO2-13118X	617810	43.000	1,980.63		1,980.63
SAO(CHANDRA)	AR2-13012X	617812	43.000	67,103.07		67,103.07
SAO(CHANDRA)	GO2-13021X	617814	43.000	20,383.20		20,383.20
SAO(CHANDRA)	GO2-13098X	617815	43.000	9,460.98		9,460.98
SAO(CHANDRA)	TM2-13001X	617816	43.000	56,567.80		56,567.80
SAO(CHANDRA)	AR2-13010X	617817	43.000	92.40		92.40
SAO(CHANDRA)	AR2-13004X	617818	43.000	92.40		92.40
SAO(CHANDRA)	TM2-13003X	617820	43.001	29,720.71		29,720.71
SAO(CHANDRA)	TM2-13000X	617821	43.001	42,237.28		42,237.28
SAO(CHANDRA)	GO2-13092A	617823	43.000	1,462.25		1,462.25
SAO(CHANDRA)	GO2-13166X	617824	43.000	12,754.57		12,754.57
SAO(CHANDRA)	GO2-13127X	617826	43.000	15,094.14		15,094.14
SAO(CHANDRA)	GO1-12114X	617829	20.762	17,506.60		17,506.60
SAO(CHANDRA)	GO2-13148X	617835	43.000	264.03		264.03
SAO(CHANDRA)	GO2-13031X	617836	43.000	30,118.29		30,118.29
SAO(CHANDRA)	PF2-13010A	617844	43.001	28,395.42		28,395.42
SAO(CHANDRA)	GO2-13106X	617846	43.001	12,506.90		12,506.90
SAO(CHANDRA)	GO8-9092X	617582	43.001	(44.93)		(44.93)
Subtotal NASA CHANDRA Subgrant Awards				\$ 2,638,221.74	\$ -	\$ 2,638,221.74

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12 Federal Expenditures	Questioned Expenditures	Difference
Space Telescope Science Institute Awards						
STScI	AR-10661.01-A	617461	43.001	\$ (588.98)	\$	(588.98)
STScI	GO-10891.01-A-R	617524	43.001	2,097.35		2,097.35
STScI	GO-11184.01-A	617598	43.001	1,855.70		1,855.70
STScI	GO-11123.01-A	617612	43.001	37,592.37		37,592.37
STScI	HF-01220.01-A	617619	43.001	(47.42)		(47.42)
STScI	AR-11778.02	617626	43.001	382.36		382.36
STScI	HF-51243.01-A	617661	43.001	2,627.63		2,627.63
STScI	HF-51260.01-A	617664	43.001	84,644.41		84,644.41
STScI	GO-11838.04-A	617667	43.001	4,408.02		4,408.02
STScI	GO-11735.01-A	617669	43.001	(236.81)		(236.81)
STScI	GO-11726.02-A	617681	43.001	875.84		875.84
STScI	GO-11836.01-A	617698	43.001	92.40		92.40
STScI	GO-11837.01	617703	43.001	(23.81)		(23.81)
STScI	HF-51267.01-A	617713	43.001	83,575.51		83,575.51
STScI	HF-51271.01-A	617718	43.001	91,418.13		91,418.13
STScI	GO-12215.01-A	617721	43.001	3,093.09		3,093.09
STScI	GO-11135.09-A	617722	43.001	2,534.58		2,534.58
STScI	GO-12060.05-A	617728	43.001	35,340.31		35,340.31
STScI	GO-12055.19-A	617736	43.001	(58.54)		(58.54)
STScI	GO-11617.01-A	617738	43.001	28,522.91		28,522.91
STScI	GO-12174.01-A	617739	43.001	7,739.58		7,739.58
STScI	GO-12014.01-A	617740	43.001	3,221.19		3,221.19
STScI	GO-12376.01-A	617760	43.001	11,925.29		11,925.29
STScI	GO-12199.01-A	617761	43.001	24,487.00		24,487.00
STScI	GO-12365.01-A	617774	43.001	3,855.56		3,855.56
STScI	GO-12363.01	617780	43.001	4,889.96		4,889.96
STScI	GO-12366.01-A	617781	43.001	13,941.92		13,941.92
STScI	GO-12315.01-A	617783	43.001	24,050.01		24,050.01
STScI	GO-12186.01-A	617795	43.001	6,580.19		6,580.19
STScI	AR-11758.06-A	617799	43.001	25,705.30		25,705.30
STScI	AR-12621.01-A	617811	43.001	51,267.44		51,267.44
STScI	GO-12757.01-A	617822	43.000	60,602.65		60,602.65
STScI	GO-12592.01-A	617830	43.001	14,108.61		14,108.61
STScI	GO-12753.01-A	617833	43.000	8,365.33		8,365.33
STScI	GO-12761.01-A	617834	43.000	10,307.88		10,307.88
STScI	GO-12367.01-A	617837	43.001	16,447.28		16,447.28
STScI	GO-12545.01-A	617843	43.001	525.54		525.54
STScI	HF-51301.01-A	617848	43.001	5,458.33		5,458.33
STScI	45048	717309	43.001	10,646.34		10,646.34
STScI	46858	717420	43.001	(3,613.31)		(3,613.31)
Subtotal Space Telescope Science Institute Awards				\$ 678,617.14	\$ -	\$ 678,617.14
National Science Foundation Awards						
NSF	AST-0234268	640136	47.049	\$ 23,678.43	\$	23,678.43
NSF	DRL-0638963	640174	47.076	256,817.91		256,817.91
NSF	PHY-0653021	640175	47.049	546,500.05		546,500.05
NSF	CHE-0701204	640186	47.049	(5,863.07)		(5,863.07)
NSF	AST-0723073	640187	47.049	107,675.49		107,675.49
NSF	DRL-0733252	640194	47.076	229,513.29		229,513.29
NSF	AGS-0752257 (former ATM-0752257)	640197	47.05	21,283.21		21,283.21
NSF	AST-0754568	640199	47.049	127,332.45		127,332.45

Smithsonian Astrophysical Observatory
FY 2012 SAO Schedule of Allowable Cost by Federal Award

Sponsor	Contract #	Desg	CFDA#	Claimed FY 12 Federal Expenditures	Questioned Expenditures	Difference
NSF	AST-0804441	640211	47.049	148,851.24		148,851.24
NSF	PHY-0915563	640218	47.049	19,172.05		19,172.05
NSF (ARRA Award)	ATM-0851866	640221	47.082	76,201.55		76,201.55
NSF (ARRA Award)	CBET-0932985	640223	47.082	69,017.84		69,017.84
NSF (ARRA Award)	AST-0908878	640226	47.082	160,305.50		160,305.50
NSF (ARRA Award)	AST-1018998	640231	47.082	50,655.96		50,655.96
NSF	AGS-0956525	640234	47.050	6,980.24		6,980.24
NSF (ARRA Award)	AST-0958738	640236	47.082	86,025.99		86,025.99
NSF	AST-1009649	640242	47.049	195,906.12		195,906.12
NSF	AST-1007992	640243	47.049	221,511.64		221,511.64
NSF	AGS-1037834	640246	47.050	74,014.28		74,014.28
NSF	CHE-1058063	640247	47.049	233,879.48		233,879.48
NSF	PHY-1068876	640254	47.049	142,715.55		142,715.55
NSF	HRD-1131039	640255	47.076	130,275.47		130,275.47
NSF	PHY-1210523	640258	47.049	3,550.00		3,550.00
NSF	PHY-1205923	640269	47.049	41,584.91		41,584.91
NSF	AGS-1156076	642096	47.049	27,736.70		27,736.70
MIT	5710002041	742044	47.049	1.92		1.92
MIT	5710002093	742045	47.076	1,504.00		1,504.00
UNIV. OF CHICAGO	34252-F	742051	47.078	125,121.82		125,121.82
OREGON STATE UNIV.	S1131A-A	742056	47.076	65,492.51		65,492.51
U OF VIRGINIA	GA10750-131845	742057	47.049	19,569.48		19,569.48
HARVARD UNIVERSITY	131246-02	742058	47.082	30,899.46		30,899.46
VIRT. ASTRON. OBSERV.	VAO_2010_3_1	742059	47.082	412,250.73		412,250.73
GIANT MAG. TEL. PRO.	GMTO-100507A	742060	47.049	(27,953.00)		(27,953.00)
GIANT MAG. TEL. PRO.	GMTO-100507E	742061	47.049	(6,030.29)		(6,030.29)
MIT	5710002813	742062	47.049	110,864.94		110,864.94
HARVARD UNIVERSITY	131278	742063	47.049	30,250.29		30,250.29
NOAO	N02005C-A	742066	47.090	371,321.89		371,321.89
AURA/NOAO	N01310C-N	742067	47.049	25,870.47		25,870.47
HARVARD UNIVERSITY	123564-5045551	742071	47.049	14,274.01		14,274.01
MIT	5710002935	742072	47.049	3,047.63		3,047.63
NSF/NAT'L RADIO	337420	792028		3,954.25		3,954.25
NSF/NAT'L RADIO	337424	792029		6,805.00		6,805.00
Subtotal National Science Foundation Awards				\$ 4,182,567.39	\$ -	\$ 4,182,567.39
National Institute of Health Awards						
NIH (ARRA Award)	1RC1CA146695-01	650038	93.701	\$ 191,523.40		\$ 191,523.40
Subtotal National Institute of Health Awards				\$ 191,523.40	\$ -	\$ 191,523.40
U.S. Department of Energy Awards						
US DOE	DE-FG02-91ER40635	682006	81.049	\$ 613,422.01		\$ 613,422.01
US DOE	DE-SC0001131	682018	81.049	40,730.95		40,730.95
US DOE	DE-NA0001802	682020		6,223.75		6,223.75
Subtotal U.S. Department of Energy Awards				\$ 660,376.71	\$ -	\$ 660,376.71
U.S. Department of Defense Awards						
HARVARD	70000099876	725008	unknown	\$ (606.26)		\$ (606.26)
Subtotal U.S. Department of Defense Awards				\$ (606.26)	\$ -	\$ (606.26)
USAID						
USAID/EDUC. DEV.	13463	792030	98.001	\$ 36,321.10		\$ 36,321.10
Subtotal USAID				\$ 36,321.10	\$ -	\$ 36,321.10
Total U.S. Government Federal Awards				\$ 90,886,982.75	\$ -	\$ 90,886,982.75