

**OFFICE OF THE
INSPECTOR GENERAL****Memo**

Date: March 30, 2026

To: Audit and Review Committee, Board of Regents
Lonnie G. Bunch III, Secretary

Cc: Carol LeBlanc, Acting Deputy Secretary and Chief Operating Officer
Ron Cortez, Under Secretary for Finance and Administration and Chief Financial Officer
Jennifer McIntyre, Chief Legal Officer
Greg Bettwy, Chief of Staff, Office of the Secretary
Porter N. Wilkinson, Chief of Staff to the Board of Regents
John Lynskey, Deputy Chief Financial Officer and Controller, Office of Finance
and Accounting
Karen Otiji, Director, Office of Sponsored Projects
Lisa Kewley, Director, Smithsonian Astrophysical Observatory

From: Nicole Angarella, Inspector General

Signed by:

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Subject: *Audit of Federal Awards Performed in Accordance with Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OIG-A-26-06)*

This memorandum transmits the third report of the fiscal year 2025 financial statement audits of the Smithsonian Institution (Smithsonian) performed by the independent accounting firm of KPMG LLP (KPMG). KPMG expressed two unmodified opinions in this report. First, KPMG opined that the Smithsonian's *Schedule of Expenditures of Federal Awards* was fairly stated, in all material respects, in relation to the Smithsonian's financial statements as a whole. Second, KPMG opined that the Smithsonian complied, in all material respects, with the compliance requirements of the Smithsonian's major federal program tested during fiscal year 2025, the research and development cluster. The expenditures for this major program totaled \$128.4 million; the top two federal agency sponsors were National Aeronautics and Space Administration (\$112.7 million) and the National Science Foundation (\$9.9 million). A summary schedule of the federal awards (grants and contracts) begins on page 32 of the report.

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

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



SMITHSONIAN INSTITUTION

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

Year Ended September 30, 2025

(With Independent Auditors' Report Thereon)



KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Smithsonian Institution (the Organization) which comprise the statement of financial position as of September 30, 2025, and the related statements of financial activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2025, and the results of its changes in net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of the Organization'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 solely 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 effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

KPMG LLP

Chicago, Illinois
February 27, 2026

SMITHSONIAN INSTITUTION

Statement of Financial Position

September 30, 2025

(Dollars in millions)

	2025		
	Trust	Federal	Total Funds
Assets:			
Cash, cash equivalents, and U.S. Treasury balances (note 2(d), note 3) \$	399.4	686.2	1,085.6
Accounts receivable and other assets, net (note 4)	72.9	4.0	76.9
Pledges receivable, net (note 5)	182.6	—	182.6
Investments (note 6)	3,325.0	—	3,325.0
Property and equipment, net (note 7)	923.1	2,222.1	3,145.2
Operating lease right-of-use assets (note 8)	75.2	—	75.2
Total assets	4,978.2	2,912.3	7,890.5
Liabilities:			
Accounts payable and accrued expenses (note 9)	107.2	143.6	250.8
Operating lease liabilities (note 8)	81.0	—	81.0
Deferred revenue	40.5	1.3	41.8
Unexpended federal appropriations	—	610.1	610.1
Environmental remediation obligations (note 10)	—	70.0	70.0
Long-term debt (note 11)	327.6	—	327.6
Total liabilities	556.3	825.0	1,381.3
Net assets (notes 12 and 13):			
Without donor restriction			
Board designated	1,140.0	—	1,140.0
Undesignated	678.6	1,584.2	2,262.8
Net assets without donor restriction	1,818.6	1,584.2	3,402.8
With donor restriction			
Purpose and time restrictions	1,763.8	503.1	2,266.9
Endowments	839.5	—	839.5
Net assets with donor restriction	2,603.3	503.1	3,106.4
Total net assets	4,421.9	2,087.3	6,509.2
Total liabilities and net assets	\$ 4,978.2	2,912.3	7,890.5

See accompanying notes to financial statements.

SMITHSONIAN INSTITUTION

Statement of Financial Activities

Year ended September 30, 2025

(Dollars in millions)

	2025								
	Without Donor Restriction			With Donor Restriction			Total Funds		
	Trust	Federal	Total	Trust	Federal	Total	Trust	Federal	Total
Operating:									
Support and revenues:									
Federal salaries and expenses appropriations (note 15)	\$ —	887.0	887.0	—	—	—	—	887.0	887.0
Federal capital appropriations - administration and repairs (note 15)	—	—	—	—	26.2	26.2	—	26.2	26.2
Contributions	53.4	—	53.4	101.1	—	101.1	154.5	—	154.5
Grants and contracts	96.1	—	96.1	135.9	—	135.9	232.0	—	232.0
Business activities (note 16)	182.1	—	182.1	—	—	—	182.1	—	182.1
Endowment payout (note 6)	62.2	—	62.2	63.3	—	63.3	125.5	—	125.5
Imputed benefit revenue (note 2)	—	57.0	57.0	—	—	—	—	57.0	57.0
Working capital investments and other revenue	68.0	15.7	83.7	12.3	—	12.3	80.3	15.7	96.0
Total operating revenues	461.8	959.7	1,421.5	312.6	26.2	338.8	774.4	985.9	1,760.3
Net assets released from restrictions (note 14)	210.8	26.4	237.2	(210.8)	(26.4)	(237.2)	—	—	—
Total support and revenues	672.6	986.1	1,658.7	101.8	(0.2)	101.6	774.4	985.9	1,760.3
Expenses (note 17):									
Program activities:									
Research	178.4	186.0	364.4	—	—	—	178.4	186.0	364.4
Collections management	20.7	269.1	289.8	—	—	—	20.7	269.1	289.8
Education, public programs, and exhibitions	111.4	292.3	403.7	—	—	—	111.4	292.3	403.7
Business activities (note 16)	132.6	—	132.6	—	—	—	132.6	—	132.6
Total program activities	443.1	747.4	1,190.5	—	—	—	443.1	747.4	1,190.5
Supporting activities:									
Administration	53.6	222.6	276.2	—	—	—	53.6	222.6	276.2
Advancement	93.3	2.9	96.2	—	—	—	93.3	2.9	96.2
Total supporting activities	146.9	225.5	372.4	—	—	—	146.9	225.5	372.4
Total expenses before depreciation	590.0	972.9	1,562.9	—	—	—	590.0	972.9	1,562.9
Change in net assets from operating activities	82.6	13.2	95.8	101.8	(0.2)	101.6	184.4	13.0	197.4
Depreciation (note 7)	66.1	140.5	206.6	—	—	—	66.1	140.5	206.6
Change in net assets from operations after depreciation	16.5	(127.3)	(110.8)	101.8	(0.2)	101.6	118.3	(127.5)	(9.2)
Nonoperating activities:									
Federal capital appropriations (note 15)	—	—	—	—	178.3	178.3	—	178.3	178.3
Endowment gifts	—	—	—	20.9	—	20.9	20.9	—	20.9
Gifts for construction projects	—	—	—	9.5	—	9.5	9.5	—	9.5
Investment return, net of endowment payout (note 6)	76.1	—	76.1	112.7	—	112.7	188.8	—	188.8
Rent revenue (note 8)	2.8	—	2.8	—	—	—	2.8	—	2.8
Unrelated income tax expense	0.5	—	0.5	—	—	—	0.5	—	0.5
Losses on disposition of assets	—	(0.2)	(0.2)	—	—	—	—	(0.2)	(0.2)
Collection items not capitalized:									
Collection items purchased	(14.1)	(1.9)	(16.0)	—	—	—	(14.1)	(1.9)	(16.0)
Net assets released from restrictions (note 14)	7.9	89.7	97.6	(7.9)	(89.7)	(97.6)	—	—	—
Change in net assets from nonoperating activities	73.2	87.6	160.8	135.2	88.6	223.8	208.4	176.2	384.6
Change in net assets	89.7	(39.7)	50.0	237.0	88.4	325.4	326.7	48.7	375.4
Net assets, beginning of year (note 12)	1,728.9	1,623.9	3,352.8	2,366.3	414.7	2,781.0	4,095.2	2,038.6	6,133.8
Net assets, end of year (note 12)	\$ 1,818.6	1,584.2	3,402.8	2,603.3	503.1	3,106.4	4,421.9	2,087.3	6,509.2

See accompanying notes to financial statements.

SMITHSONIAN INSTITUTION

Statement of Cash Flows

Year ended September 30, 2025

(Dollars in millions)

	<u>Trust</u>	<u>2025 Federal</u>	<u>Total</u>
Cash flows from operating activities:			
Change in net assets	\$ 326.7	48.7	375.4
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Loss on disposition of assets and other	0.4	1.7	2.1
Collection items purchased	14.1	1.9	16.0
Depreciation (notes 7 and 17)	66.1	140.5	206.6
Amortization of operating lease right-of-use assets	10.4	—	10.4
Present value discount and accretion	—	1.7	1.7
Contributions for endowments	(20.9)	—	(20.9)
Contributions for construction of facilities	(9.5)	—	(9.5)
Appropriations for repair, restoration, and construction (note 15)	—	(178.3)	(178.3)
Net investment (gains) losses (note 6)	(297.5)	—	(297.5)
Decrease (increase) in assets:			
Accounts receivables and other assets	0.1	(0.9)	(0.8)
Pledges receivable, net	(12.7)	—	(12.7)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(3.3)	(7.1)	(10.4)
Operating lease liabilities	(11.9)	—	(11.9)
Deferred revenue	1.3	0.6	1.9
Unexpended federal appropriations	—	4.2	4.2
Environmental remediation obligation	—	(0.8)	(0.8)
Net cash provided by operating activities	<u>63.3</u>	<u>12.2</u>	<u>75.5</u>
Cash flows from investing activities:			
Purchases of property and equipment	(67.2)	(219.3)	(286.5)
Purchases of investment securities	(840.5)	—	(840.5)
Proceeds from sales/maturities of investment securities	703.7	—	703.7
Collection items purchased	(14.1)	(1.9)	(16.0)
Net cash used in investing activities	<u>(218.1)</u>	<u>(221.2)</u>	<u>(439.3)</u>
Cash flows from financing activities:			
Appropriations for repair, restoration, and construction	—	171.5	171.5
Contributions for endowments	28.2	—	28.2
Contributions for construction of facilities	52.8	—	52.8
Principal payments on long-term debt	(13.1)	—	(13.1)
Net cash provided by financing activities	<u>67.9</u>	<u>171.5</u>	<u>239.4</u>
Net change in cash, cash equivalents and U.S. Treasury balances	<u>(86.9)</u>	<u>(37.5)</u>	<u>(124.4)</u>
Cash, cash equivalents and U.S. Treasury balances:			
Beginning of year (note 2(d), note 3)	<u>486.3</u>	<u>723.7</u>	<u>1,210.0</u>
End of period (note 2(d), note 3)	\$ <u>399.4</u>	\$ <u>686.2</u>	\$ <u>1,085.6</u>
Noncash investing activities:			
Construction cost accruals	\$ 12.7	27.9	40.6
Cash paid for interest	\$ 8.3	—	8.3

See accompanying notes to financial statements.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2025

(Dollars in millions)

(1) Organization

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

The Smithsonian Institution is the world’s largest museum, education, and research complex, with 21 museums, 14 education and research centers, and the National Zoo—shaping the future by preserving heritage, discovering new knowledge, including sharing our resources with the world. Additional facilities and programs are operated in five states and Panama. Research is carried out in eight research centers, museums, and other facilities worldwide. Smithsonian Enterprises (SE) was formed in 1999 by the Board to deliver profitable products and services that further the Smithsonian’s mission.

A substantial portion of the Smithsonian’s operations is funded by annual Federal appropriations from the U.S. Congress to cover its core programs. The Smithsonian also receives Federal appropriations for constructing, repairing, and restoring of its facilities. Certain facilities have been constructed entirely by Federal appropriations, while others have been constructed with a combination of Federal and private funds. All monies, related activities, and balances from Federal appropriations are referred to herein as “Federal”.

In addition to Federal appropriations, the Smithsonian receives private support through contributions, grants, and contracts, and earns income from investments and various business activities to support current operations. Business activities include retail, media, and travel. All other monies, related activities, and balances not considered Federal are referred to herein as “trust”, including all operating right-of-use assets and operating lease liabilities, regardless of whether the rent payments are paid from Federal appropriations.

(2) Summary of Significant Accounting Policies

(a) General

The financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) under Financial Accounting Standards Board (*FASB Accounting Standards Codification (ASC) 958, Not-For-Profit Presentation of Financial Statements*).

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 and not controlled by the Smithsonian. They prepare their own financial statements and undergo separate audits.

(b) Measure of Operations

The Smithsonian includes federal and trust support and revenues and expenses in its measure of operations and services, which are integral to its core programs: research, collections management,

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2025

(Dollars in millions)

education, public programs, exhibitions, and business activities. The measure of operations excludes certain nonoperating activities, including Federal capital appropriations, gifts for capital and endowment, investment return over amounts designated for operations, collection proceeds and acquisitions, and other nonrecurring items.

The Board approves a portion of the Smithsonian's cumulative investment return for support of current operations. The remainder is retained to support operations in future years and to offset potential market declines. The amount is computed under the Smithsonian's spending policy and is allocated for use based on the underlying donor-imposed restrictions (see notes 12, 13, and 14). The annual allocation is referred to as the "endowment payout."

(c) Net Assets

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

Without donor restrictions – Net assets without donor restrictions consist of the Smithsonian's net investment in property and equipment less any unfunded liabilities, and all other sources that are not subject to donor-imposed restrictions or other legal stipulations. At the discretion of the Smithsonian's Board of Regents, trust funds which are not expended for operating activities may be set aside for designated purposes.

With donor restrictions – Net assets with donor restrictions carry specific donor-imposed stipulations on using the contributed funds, including Federal appropriations received for specific capital projects. Donor-imposed restrictions may expire by the passage of time or fulfillment of the donor's stipulations. Unconditional contributions restricted to the acquisition or construction of long-lived assets are recorded as nonoperating revenue with donor restrictions in the period received. Donor restrictions are generally considered met and the net assets released from restriction when the related long-lived asset is placed in service.

Other net assets with donor restrictions include net assets with stipulations that require the corpus of the gift to be maintained, with only the income to be used to support operations or other specified purposes.

(d) Cash, Cash Equivalents, and U.S. Treasury Balances

Cash, cash equivalents, and U.S. Treasury balances include interest-bearing demand deposits and appropriated amounts yet to be disbursed remaining on deposit with the U.S. Department of Treasury (U.S. Treasury). The Smithsonian considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents, except where such cash equivalents are part of a long-term investment strategy (see note 6). For purposes of the statement of cash flow, cash equivalents held within the investments are excluded from cash and cash equivalents.

U.S. Treasury balance of \$686.2 at September 30, 2025 consists of appropriated funds that are available to pay current liabilities and finance authorized purchase commitments of the Smithsonian. U.S. Treasury balances are carried forward until such time as goods or services are received and payments made, or until the funds are returned to the U.S. Treasury.

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(Dollars in millions)

(e) *Contracts with Customers and Accounts Receivable*

Business activities, including advertising, subscriptions, licensing, and other revenues are generally recognized as the services are provided over the period of performance. Revenues from magazines and long-term contracts are deferred and recognized proportionately over the period of the underlying agreement. Concessions and retail sales are recognized when goods or services are sold at a point in time.

Customer receivables are invoiced based on contractual terms. The Smithsonian maintains allowances for doubtful accounts to reflect management's best estimate of probable losses inherent in receivable balances. Management determines the allowances for doubtful accounts based on known troubled accounts, historical experience, and other currently available evidence.

(f) *Contributions, including Government Grants and Contracts, and Pledges Receivable*

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give are recognized initially at fair value with consideration given to anticipated future cash receipts and discounting such amounts at a risk-adjusted rate. Amortization of the discount is included in contributions revenue. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Allowance is made, if necessary, for uncollectible pledges receivable based on management's judgment and analysis of the donors' creditworthiness, past collection experience, and other relevant factors.

The Smithsonian conducts sponsored program activity with various sponsors, including federal agencies and departments, local government entities, and foundation. Grants and contracts revenue are recognized as the related qualifying expenses are incurred.

(g) *Investments and Trusts Held by Others*

Smithsonian employs an investment strategy that is designed to achieve returns that support Smithsonian's mission and fulfill its fiduciary responsibility to its donors and constituents.

Investments are generally reported at fair value. Publicly traded fixed income, global equities, natural resources, and cash and cash equivalents are reported and valued using readily determinable market prices. Nearly all the valuations reported by marketable alternative investments and public equities held in commingled funds rely upon third party administrators to objectively value positions and calculate net asset value (NAV) based on the funds' net asset value as a practical expedient. Investments in private equity structured funds (private equity, venture capital, real estate, natural resources) (collectively, nonmarketable investments) are valued at estimated fair value based on the funds' net asset value, or their equivalents, as a practical expedient, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. At September 30, 2025, the Smithsonian had no plans or intentions to sell investments at amounts different from NAV. These estimated fair values may differ from the values that would have been used had a ready market existed for these investments, and the differences could be significant.

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(Dollars in millions)

The Smithsonian may use derivative instruments to hedge risk in the portfolio, provide tactical asset class exposure and rebalance in a low cost and efficient manner. Derivatives such as futures, options, swap contracts, and forwards, if held, are recorded at fair value with the resulting gain or loss recognized in the Statement of Financial Activities.

Futures contracts are standardized contracts traded on an exchange to buy or sell a particular financial instrument at a predetermined price in the future. During the period futures contracts are open, changes in the values of the contracts are recognized as unrealized gains and losses. When the futures contracts are closed, the Smithsonian records a realized gain or loss equal to the difference between the proceeds from, or the cost of, the close-out and the original price. At September 30, 2025, the Smithsonian did not hold futures contracts.

Purchases and sales of investments are reflected on the trade-date basis using average historical cost. Dividend and interest income are recorded when earned on an accrual basis. In accordance with the policy of stating investments at fair value, the net change in unrealized appreciation or depreciation for the year is reflected in the statement of financial activities (see note 6).

The Smithsonian is also party to various split interest agreements with donors consisting primarily of irrevocable charitable remainder trusts and gift annuities.

Charitable remainder trusts held by others – Assets are reflected in pledges receivable, net with contribution revenues recognized at the date the trust is established based on the net present value of the estimated future payments to be made to the donors and/or other beneficiaries. Income distributions from these trusts are recorded as investment income and changes in the fair value of these trusts are recorded as unrealized gains or losses in the statement of financial activities.

Charitable gift annuities – Assets are included in investments and recognized at fair value at the date of the annuity agreement. An annuity liability is also recognized for the present value of future cash flows expected to be paid to the donor. Contribution revenue recognized is equal to the difference between the assets and the annuity liabilities. The annuity liabilities are adjusted during the term of the annuity for payments to donors, accretion of discounts, and changes in the life expectancies of the donors.

(h) Property and Equipment

Certain land occupied by Smithsonian buildings, located primarily in the District of Columbia, Maryland, and Virginia, was appropriated, and reserved by Congress for the Smithsonian's use. The Smithsonian serves as the trustee of the land for as long as it is used to carry out its mission. The land is titled in the name of the U.S. government and no value has been assigned in the accompanying financial statements.

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

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(Dollars in millions)

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

Buildings	30 years
Capital improvements	15 years
Equipment and software	3 – 10 years
Exhibit costs	10 years

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

(i) Collections – Stewardship Assets

The Smithsonian acquires its collections by purchase or donation. 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 the appropriate net asset class in the period of acquisition. Proceeds from deaccessions or insurance recoveries for lost or destroyed collection items are recognized as increases in net assets without donor restrictions and designated for future collection acquisitions.

Noncash deaccessions of collection items result from the exchange, donation, or destruction due to deterioration, a lack of mission relation, or duplicate other objects. During the fiscal year, noncash deaccessions included works of art, animals, historical objects, and natural specimens.

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.

(j) Federal Appropriations and Funds

The U.S. Government provides federal appropriations to support the general operations of the Smithsonian and the construction, repair, and restoration of its facilities. Appropriated funds are to be spent in accordance with applicable law, and revenue is recognized proportionately over the fiscal year as the qualifying expenses are incurred. Unexpended appropriation balances are classified as a liability in the statement of financial position.

Federal appropriations for general operations are recognized as operating revenue without donor restrictions, as qualifying expenses are incurred, and generally available for two years. The portion of these appropriations that are not obligated or expended are retained by the Smithsonian in accordance with Federal guidelines and returned to the U.S. Department of Treasury five years after the expiration of the obligation period. During fiscal year 2025, \$1.8 related to the fiscal year 2019 appropriation was returned.

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Amounts appropriated for construction or repair and restoration of facilities are recognized either as operating or nonoperating revenue with donor restrictions based on the purpose of the related expenditure. Amounts are generally available for obligation until expended. A portion of capital appropriations is used for operational support, such as administration and repairs, and thus is presented as operating revenue on the statement of financial activities. All other capital appropriations are used for long-term construction and other capital projects, and are presented as nonoperating revenue. Such revenue amounts remain purpose-restricted until the capital project is completed and placed into service, when the net assets are released from restriction.

Net assets of Federal funds without donor restrictions consist primarily of cash held at U.S. Treasury and net investment in property and equipment acquired or constructed with Federal funds less unfunded liabilities for environmental remediation obligations, annual leave, and estimated Federal Employees Compensation Act liabilities for workers compensation claims. Net assets of Federal funds with donor restrictions consist of U.S. Treasury cash balances and construction in progress.

(k) Annual Leave

Annual leave is accrued as earned by employees and is included in compensation and benefit costs. The liability for unused annual leave was \$56.0 at September 30, 2025 and is included in accounts payable and accrued expenses within the statement of financial position.

(l) Employee Benefit Plans

The Smithsonian offers its employees a comprehensive set of benefits including pension, health and life insurance, and workers' compensation for injuries sustained on the job. The Smithsonian's contributions to the retirement, health, and life insurance plans described below are recognized in the statement of financial activities.

Federal Funded Pension, Health, and Life Insurance Benefits, including Imputed Benefits

Federal employees hired after January 1, 1984, participate in the Federal Employees' Retirement System (FERS). Federal employees hired before January 1, 1984, had the option of remaining under the Civil Service Retirement System (CSRS) or electing FERS. The terms of both these plans are defined in Federal regulations. Under both systems, a specified percentage is withheld from each Federal employee's salary. The Smithsonian also contributes specified percentages of employees' salaries. The Smithsonian's expenses for these two plans were \$65.3 in fiscal year 2025.

The U.S. Government bears additional costs associated with these plans, which are recorded as imputed benefit revenue and expense in the statement of financial activities. The Smithsonian recognized \$57.0 in fiscal year 2025.

The Smithsonian's contributions to the pension plans are calculated using rates established by the Office of Personnel Management (OPM), the agency with U.S. government-wide responsibility for the oversight and administration of the plans. Consistent with reporting under multi-employer pension plans, the Smithsonian does not report CFRS and FERS assets, accumulated plan benefits, or future liabilities, if any, applicable to its covered employees. This data is reported for plan participants by OPM.

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The imputed benefits estimate is calculated using the actual FERS wage base. Management believes this to be the most appropriate method of calculation of imputed benefits.

Federal employees covered by CSRS or FERS are eligible to contribute to the Thrift Savings Plan (TSP), a defined contribution plan similar to a 401(k). The Federal Retirement Thrift Investment Board, an independent agency of the U.S. government, administers the TSP. For FERS-covered employees, the Smithsonian is required to match contributions of specified percentages of base pay. No matching contributions are made for CSRS-covered employees. The Smithsonian's expenses for the TSP were \$16.5 in fiscal year 2025.

Most Federal employees are also eligible to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain basic term life insurance, with the employee paying two-thirds of the cost and the Smithsonian paying one-third. Additional coverage is optional and to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers this program and is responsible for the reporting of liabilities. The Smithsonian's expenses recognized for the FEGLI were \$0.8 in fiscal year 2025.

Most Federal employees are eligible to enroll in the Federal Employees Health Benefit (FEHB) Program, which provides post-retirement health benefits if certain conditions are met. OPM administers this plan and Smithsonian is not obligated under it.

Trust Funded Pension, Health, and Life Insurance Benefits

Substantially all trust fund employees are eligible to participate in defined contribution retirement plan under which the Smithsonian contributes specified percentages of employees' salaries. Such contributions are used to purchase individual annuities, the rights to which are immediately vested with the employees. Employees may also make voluntary contributions, subject to certain limitations. The Smithsonian's expenses for this plan were \$26.7 in fiscal year 2025.

In addition to the retirement plans, certain health care and life insurance benefits are made available to active and retired trust fund employees. The plan is contributory for retirees and requires payment of premiums and deductibles. An insurance carrier establishes retiree contributions for premiums based on the average per capita cost of benefit coverage for all participants. The accrued benefit obligation under this plan was \$16.0 at September 30, 2025 and is included in accounts payable and accrued expenses in the statement of financial position.

Workers' Compensation

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to Smithsonian employees injured on the job, or those who have incurred work-related occupational diseases and to beneficiaries of employees whose deaths are attributable to job-related or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which pays claims and subsequently seeks reimbursement from the Smithsonian.

FECA expense is recognized based on amounts invoiced or expected to be invoiced by DOL and changes in the actuarially determined value of expected future benefits. The actuarially determined FECA liability represents the liability for expected future benefits for death, disability, medical, and

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miscellaneous costs for approved cases. The actuarial liability is calculated by DOL and evaluated by Smithsonian management annually, as of September 30, using a method utilizing historical benefit patterns related to specific incurred period, wage inflation factors, medical inflation factors and other variables. This liability constitutes an extended future estimate of cost that will not be obligated against budgetary resources until the fiscal year in which DOL bills the cost to the Smithsonian. The Smithsonian's expenses for the FECA were \$2.5 in fiscal year 2025.

(m) Contributed Services and Donated Assets

Contributed nonfinancial assets, or gift in-kind contributions, such as donated space, services, equipment, and other assets totaled \$8.2 in fiscal year 2025. These gift in-kind contributions are recorded at estimated fair value at the date of the gift. The estimated fair value of donated space is based on average square foot rental costs of comparable real estate space. All other donated assets are valued based on either receipts or appraisals provided by donors. Donated space, services, and other assets are primarily utilized in education, public program, and exhibition programmatic activities. Donated services are also utilized for advancement. In-kind contributions are not monetized.

Unless otherwise specified, gift-in-kind contributions are restricted to use by specific Smithsonian units. In the statement of financial activities, these contributions are recognized as program support revenues (within other revenue) and program activities expenses.

Each year volunteers make significant contributions of time to the Smithsonian, enhancing its programs and activities in the museums and with its collections. The services provided do not meet the criteria for recognition of contributed services, and accordingly, are not reflected in the statement of financial activities. Contributed services are reflected in the statement of financial activities at fair value if the services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services, which would be typically purchased, if not provided by donation.

(n) Functional Allocation of Expenses

The cost of providing various programs and other activities summarized on a functional and natural basis is shown in note 17.

- Research includes personnel, travel, and other costs associated with the Smithsonian's worldwide research programs.
- Collections management includes care, storage, transportation, digitization, and other costs.
- Education, public programs, and exhibitions includes costs of providing a wide array of programing and outreach to academia and the general public as well as costs to display, manage, and transport exhibits.
- Business activities include personnel, cost of sales, and related expenses.
- Administrative includes executive management, financial administration, human resources, and legal services costs.
- Advancement includes costs associated with individual and corporate gifts and grants, annual appeals, and other fund-raising efforts.

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Costs that benefit more than one program, such as security, facilities, depreciation, and amortization, are allocated across programs based on relative square feet, or direct costs as a percentage of total costs, before allocations.

Administrative costs are allocated across the programs proportionate to the program activity totals based on key departments.

(o) Related Organizations

The Smithsonian doesn't have any related organizations.

(p) Income Taxes

The Smithsonian is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code). As such, the Smithsonian is generally exempt from Federal income taxes to the extent provided under Section 501 of the Code, except for unrelated business income.

The Tax Cuts and Jobs Act (the Act) was enacted in December 2017. Among other things, the Act imposes new taxes and established new rules for calculating unrelated business taxable income. The Smithsonian has reflected an estimate in its financial statements for unrelated trade or business income tax using the current proposed regulatory guidance and will continue to evaluate the impact of the Act on current and future tax positions.

The Smithsonian accounts for uncertain tax positions, when applicable.

(q) 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.

(r) Risks and Uncertainties

The Smithsonian invests in a variety of investment securities. Investment securities are exposed to such risks as interest rate, market, and credit risks. As a result, changes in the values of investment securities may occur that could materially affect the value of the Smithsonian's investments and its financial position.

(s) Single Year Presentation

Beginning with fiscal year 2025, in accordance with OMB Circular A-136, the Smithsonian has presented single-year financial statements rather than comparative financial statements. This change is intended to align with federal reporting requirements and enhance consistency across federal agencies. Prior year financial information is not presented.

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(3) Financial Assets and Liquidity Resources

Federal appropriations provide significant funding for the Smithsonian's various programs and general operating costs, in addition to capital support for the repair, renovation and construction of its facilities. At the date of appropriation, an equal amount of cash is deposited and held by the U.S. Treasury on the Smithsonian's behalf until expended.

To meet immediate and longer-term cash needs, the Smithsonian has a working capital investment policy. The policy requires excess funds be invested in securities that are short-term or securities with maturities greater than one year that are highly liquid, easily convertible, and high-quality allowing for required liquidity and providing a maximum return within defined risk constraints. At September 30, 2025, the working capital investment fund totals \$734.7 and is comprised of cash equivalents of \$299.4 and investments of \$435.3.

Financial assets available for general expenditures (operating expenses, capital, and debt service), without donor or other restrictions limiting their use, consist of the following at September 30, 2025:

	Trust	Federal	Total
Financial assets available within one year:			
Cash, cash equivalents, and U.S.			
Treasury balances	\$ 399.4	686.2	1,085.6
Accounts receivable and other assets, net	30.0	3.7	33.7
Pledges receivable, net	98.8	—	98.8
Working capital investments	435.3	—	435.3
Total financial assets	963.5	689.9	1,653.4
Plus endowment payout approved for fiscal year 2026	120.2	—	120.2
	\$ 1,083.7	689.9	1,773.6

Quasi-endowment assets include funds without donor restrictions designated by the Board to function as endowment funds supporting the Smithsonian's programs and operations, including the directors' salaries of certain museums and centers and various operating costs. Although the Smithsonian does not intend to spend from its board designated endowment funds, other than amounts approved, these funds could be made available, if necessary (see note 13).

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(4) Accounts Receivable and Other Assets

Accounts receivable and other assets consist of the following at September 30, 2025:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Grants and contracts	\$ 15.4	3.7	19.1
Trade accounts, net of allowance for doubtful accounts of \$0.2 in 2025	14.6	—	14.6
Inventory	18.5	0.3	18.8
Deferred expenses	12.4	—	12.4
Accrued interest and dividends receivable	2.5	—	2.5
Other assets	<u>9.5</u>	<u>—</u>	<u>9.5</u>
 Total receivables and other assets	 <u>\$ 72.9</u>	 <u>4.0</u>	 <u>76.9</u>

(5) Pledges Receivable

Pledges receivable consist of the following at September 30, 2025:

Contributions receivable due within:		
Less than 1 year		\$ 98.8
1 to 5 years		61.5
5 years and beyond		<u>10.0</u>
		170.3
Less:		
Allowance for uncollectible contributions		(2.4)
Unamortized discount (at a calculated rate of 4.35%)		<u>(7.4)</u>
Contributions receivable, net		160.5
Charitable remainder trusts		<u>22.1</u>
Pledges receivable, net		<u>\$ 182.6</u>

(6) Investments and Fair Value Measurements

Investments are comprised of the following at September 30, 2025:

Endowment, including Board designated funds	\$ 2,865.3
Working capital investments	435.3
Charitable gift annuity investments	<u>24.4</u>
Total investments	<u>\$ 3,325.0</u>

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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 or published prices in active markets for identical assets or liabilities, as of the reporting date.
- Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following summarizes the Smithsonian's investments at fair value as of September 30, 2025:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV ⁽¹⁾</u>
Endowment investments:					
Global Equity ⁽²⁾	\$ 811.1	146.0	—	—	665.1
Marketable alternatives	472.5	—	—	—	472.5
Private equity:					
Private equity	291.7	—	—	—	291.7
Venture capital ⁽³⁾	807.8	2.5	—	—	805.4
Real assets:					
Energy and natural resources	80.1	—	—	—	80.1
Real estate funds	243.4	—	—	—	243.4
Fixed income	85.2	57.7	—	—	27.5
Cash and equivalents	72.5	72.5	—	—	—
	<u>2,864.3</u>	<u>278.6</u>	<u>—</u>	<u>—</u>	<u>2,585.7</u>
Pooled investments					
U.S. Treasury deposits	1.0	1.0	—	—	—
Total endowment	<u>2,865.3</u>	<u>279.6</u>	<u>—</u>	<u>—</u>	<u>2,585.7</u>
Fixed income (working capital fund)	435.3	435.3	—	—	—
Gift annuities, primarily equities	24.4	24.4	—	—	—
Total investments	<u>3,325.0</u>	<u>739.3</u>	<u>—</u>	<u>—</u>	<u>2,585.7</u>
Charitable remainder trusts	22.1	—	—	22.1	—
	<u>\$ 3,347.1</u>	<u>739.3</u>	<u>—</u>	<u>22.1</u>	<u>2,585.7</u>

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

⁽²⁾ Effective January 1, 2024 Developed Markets and Emerging Markets asset classes were combined into the Global Equity asset class.

⁽³⁾ Difference due to rounding.

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The changes in Level 3 assets, charitable remainder trusts held by others, relate to valuation changes of the underlying assets. There were no transfers between levels during fiscal year 2025.

The following table summarizes the changes in Level 3 assets, charitable remainder trusts held by others, measured at fair value on a recurring basis for the year ended September 30, 2025:

Fair value of Level 3 assets, beginning of the year	\$	19.8
Unrealized gains (losses)		2.3
Proceeds from distributions		<u>—</u>
Fair value of Level 3 assets, end of the year	\$	<u><u>22.1</u></u>

The following summarizes information relating to the investments, which are stated at NAV as practical expedient for fair value and includes information about the nature, strategies, and risks of these major classes of nonmarketable investments as of September 30, 2025:

		<u>NAV</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Notice Period (Days)</u>
Global equity	(a)	\$ 665.1	—	Weekly to annually	9 - 90
Marketable alternatives	(b)	472.5	17.9	Monthly to at maturity	3 - N/A
Private equity:	(c)				
Private equity		291.7	67.8	N/A	N/A
Venture capital		805.4	118.1	N/A	N/A
Real assets:	(d)				
Energy and natural resources		80.1	37.9	N/A	N/A
Real estate funds		243.4	172.5	N/A	N/A
Fixed income	(e)	<u>27.5</u>	<u>—</u>	Monthly	5
		\$ <u><u>2,585.7</u></u>	<u><u>414.2</u></u>		

- (a) Global equity is comprised of investments in funds and strategies invested in publicly listed equity securities in the global developed and emerging markets. Some of the funds are subject to lock-ups.
- (b) Marketable alternatives consist of investments in a broad array of securities and strategies aimed to reduce volatility and enhance returns. Smithsonian's marketable alternatives managers may follow certain investment strategies including, but not limited, to long/short equity, credit, and distressed, multi-strategy funds. Some of the funds are subject to soft and hard lock-ups and other funds are not eligible for redemption.

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- (c) Private equity consists of limited partnerships that are organized to invest primarily in shares of operating companies that are not listed on a publicly traded stock exchange. Private equity strategies include investments in leveraged buyouts, growth capital and distressed investments. Venture capital strategies invest in start-ups and businesses with perceived long-term growth potential. Distributions to limited partners are made as soon as feasible and, in accordance with the limited partnership agreement, when realizations (sales of portfolio companies) are made, or when interest payments, dividends, or recapitalizations are generated. Certain investments are commitment-based and not eligible for withdrawal through the life of the fund. Timing of liquidation of funds is unknown.
- (d) Real assets include real estate energy and natural resources investments that are made mostly in private limited partnerships as well as publicly traded securities funds. Distributions to limited partners are made as soon as feasible and, in accordance with the limited partnership agreement, when realizations (sales of portfolio companies) are made, or when interest payments, dividends, or recapitalizations are generated. Certain investments are commitment-based and are not eligible for withdrawal through the life of the fund. Timing of liquidation of funds is unknown.
- (e) Fixed income includes investments in funds that invest in U.S. government, agency and municipal bonds, and other interest-bearing products.

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

The following summarizes the investment return, net of expenses, and its classification in the statement of financial activities for the year ended September 30, 2025:

Dividend and interest income, net of expenses	\$	49.5
Net realized and unrealized gains (losses)		<u>297.5</u>
Total investment return	\$	<u><u>347.0</u></u>
Endowment payout allocated for operations	\$	125.5
Working capital investment income (loss)		32.7
Investment return, net of endowment payout		<u>188.8</u>
Total investment return	\$	<u><u>347.0</u></u>

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(7) Property and Equipment

Property and equipment consist of the following at September 30, 2025:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Land	\$ 32.8	—	32.8
Construction in progress	103.8	499.4	603.2
Buildings and capital improvements	1,270.8	3,992.2	5,263.0
Equipment and software	340.4	271.7	612.1
Leasehold improvements	100.1	26.1	126.2
	<u>1,847.9</u>	<u>4,789.4</u>	<u>6,637.3</u>
Accumulated depreciation	<u>(924.8)</u>	<u>(2,567.3)</u>	<u>(3,492.1)</u>
Total property and equipment, net	<u>\$ 923.1</u>	<u>2,222.1</u>	<u>3,145.2</u>

(8) Leases

Accounting for Leases as Lessee

The Smithsonian leases office and warehouse space as well as equipment under long-term operating leases expiring at various dates to 2032.

Operating leases as a lessee are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. Rent expense under operating leases that provide for scheduled rent increases over their terms is recognized on a straight-line basis.

Right-of-use assets represent the right to use an underlying asset for the lease term, if the expected lease term is greater than 12 months. The Smithsonian elected a policy to not recognize ROU assets and lease liabilities for short-term leases, generally comprised of leases for office and communication equipment.

Lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and related liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate (5-Year yield established by the Department of Treasury). The commencement date is when the Smithsonian takes possession of the asset, or in the case of real estate leases, when the landlord makes the building available for use. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option.

Variable lease payments for leases are generally provided for as rent escalations based on increases in property taxes, operating expenses attributable to the leased properties. Changes in variable lease payments, other than those attributed to indexed rates estimates are recognized in the period in which they occur.

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The following table presents the various components of lease expense as of September 30, 2025:

Operating lease expense	\$	22.9
Variable lease expense		8.7
Short-term lease costs		<u>3.4</u>
	\$	<u><u>35.0</u></u>

The following table presents supplemental information relating to the cash flows arising from lease transactions for the year ended September 30, 2025. Cash payments related to variable lease costs and short-term leases are not included in the measurement of ROU assets and operating lease liabilities, as such, are excluded from the amounts below.

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from operating leases	\$	24.2
Non cash right-of-use assets for lease liabilities		
Beginning balance		84.6
In exchange for new lease liabilities		0.8
Accumulated amortization, right-of-use assets		(10.2)

The weighted-average lease term and discount rate for Smithsonian leases for the year ended as of September 30, 2025 is 4 years 4 months and 3.15%.

The Smithsonian currently limits leases using Federal funds to five years under the five-year contracting authority of the Federal Acquisition Streamlining Act. The Smithsonian still has legacy leases exceeding the current five-year authority that were executed prior to the enactment of the Federal Acquisition Streamlining Act. The table below presents a maturity analysis of expected undiscounted cash flows for all leases on an annual basis for the next five years and thereafter.

2026	\$	22.4
2027		22.5
2028		19.4
2029		11.9
2030		11.8
Thereafter		<u>2.8</u>
Undiscounted cash flows for leases		90.8
Add: discount		<u>(9.8)</u>
Operating lease liabilities	\$	<u><u>81.0</u></u>

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Accounting for Leases as a Lessor

The Smithsonian leases certain office space to the existing tenants that were residing in the headquarters building when purchased in fiscal year 2020. Lease payments due to the Smithsonian are generally fixed and paid over the term of the lease. In general, the Smithsonian does not consider renewal periods to be reasonably certain of being exercised. Leases provided by the Smithsonian do not contain variable payments that are based on an index or rate. Variable payments are recognized as revenue as earned. The Smithsonian leases do not contain residual value guarantees or purchase options.

Rent income included in the statement of financial activities for the year ended September 30, 2025, was \$2.8.

Future undiscounted lease payments due to the Smithsonian on operating leases are as follows:

2026	\$	1.9
2027		2.0
2028		2.0
2029		2.0
2030		2.1
Thereafter		1.8
	\$	<u>11.8</u>

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at September 30, 2025:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Accounts payable	\$ 45.7	62.3	108.0
Accrued salaries	9.5	14.8	24.3
Accrued annual leave	20.9	35.1	56.0
Workers' compensation (FECA)	1.9	24.9	26.8
Post retirement benefits	16.0	—	16.0
Other accrued personnel benefits	1.7	6.2	7.9
Charitable gift annuity liabilities	10.3	—	10.3
Other accrued liabilities	1.2	0.3	1.5
Total accounts payable and accrued expenses	\$ <u>107.2</u>	<u>143.6</u>	<u>250.8</u>

Federal accrued annual leave, FECA, and other accrued liabilities are unfunded and cannot be met by the Smithsonian without continued annual Federal appropriations.

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(10) Environmental Remediation Obligations

The Smithsonian has unfunded environmental remediation obligations that are estimated based on third party studies, contractor bids, and internal estimates derived from recently completed remediation projects for similar facilities and other information for similar projects. The present value of the obligation is calculated using an inflation rate of 2.7% as well as a discount rate of 2.5% at September 30, 2025, respectively. Each period the obligation is accreted to its present value. Because the related properties are fully depreciated, changes in the estimated obligation are expensed. Any difference between the estimated obligation and the actual cost of remediation is also expensed.

The following summarizes activity in the unfunded environmental remediation obligation for the year ended September 30, 2025:

Balance, beginning of the year	\$	69.1
Accretion		1.7
Remediation costs		(1.6)
Change in estimate		0.8
Addition to liability		—
		<hr/>
Balance, end of year	\$	<u>70.0</u>

(11) Long-term Debt

The Smithsonian's long-term debt is unsecured and funded solely through trust funds without donor restrictions. Long-term debt is comprised of the following at September 30, 2025:

Series 2020 General Obligation Bonds, variable interest rate of 1.5% to 2.1%, principal ranging \$11.2 to \$13.0, due September 1, 2025 through 2034	\$	108.0
Series 2020 General Obligations Bonds, term, principal amounts ranging \$13.2 to \$14.8, interest rate 2.645%, due September 1, 2035 through 2039		70.0
Series 2020 General Obligation Bonds, term, principal amounts ranging \$15.1 to \$16.5, interest rate 2.695%, due September 1, 2040 through 2044		65.9
Series 2010 Revenue Bonds, term, principal amounts ranging \$2.2 to \$2.4, interest rate 5.25%, due February 1, 2026 through 2028		6.9
Series 2003 Revenue Bonds, variable interest rate of 1.85% to 4.6%, due December 1, 2033:		
Series A		52.5
Series B		25.0
		<hr/>
		328.3
Less: Unamortized bond issuance cost (2020 bond)		(0.2)
Less: Unamortized underwriter's discount (2020 bond)		(0.6)
Plus: Unamortized bond premium (2010 bond)		0.1
		<hr/>
	\$	<u>327.6</u>

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2025

(Dollars in millions)

Series 2020 Revenue Bonds

The general obligation Series 2020 Federally taxable bonds were issued on June 18, 2020, to finance the costs of acquiring the Smithsonian's consolidated administrative headquarters building located at 600 Maryland Avenue, SW, of Washington D.C. Interest is payable semiannually on March 1 and September 1. The bonds are subject to optional and mandatory redemption before to their stated maturity.

The serial bonds mature annually through September 1, 2034, with principal repayments ranging from \$11.2 to \$13.0 annually. The term bonds maturing September 1, 2035 through 2039, have a fixed interest rate of 2.645%, and the term bonds maturing September 1, 2040 through 2044, have a fixed interest rate of 2.695%.

Series 2010 Revenue Bonds

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

The term bonds maturing on February 1, 2028, are subject to mandatory redemption by sinking fund installments ranging from \$2.2 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 to finance a portion of the Steven F. Udvar-Hazy Center, an extension of the National Air and Space Museum. The bonds are subject to early redemption at the Smithsonian's option. Interest is payable monthly at a variable interest rate determined in accordance with the Indenture. Interest rates for Series A and Series B were 2.72% as of September 30, 2025.

The bonds are supported by a standby bond purchase agreement for both the Series A and Series B (collectively, the 2003 Liquidity Facility) with Wells Fargo (Trustee) and Northern Trust Company (Liquidity Facility provider). The 2003 Liquidity Facility provides liquidity support when the bonds are bearing interest at a daily or weekly rate and expires December 4, 2026.

Interest expense was \$8.2 in the fiscal year 2025.

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

2026	\$	13.3
2027		13.6
2028		13.9
2029		11.7
2030		12.0
Thereafter		263.8
	\$	<u>328.3</u>

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September 30, 2025

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The Smithsonian has a \$50.0 line of credit available to provide additional resources if needed. There were no outstanding borrowings at September 30, 2025. The amounts available to be borrowed on the line of credit are subject to the limitations of the Smithsonian's debt covenants.

(12) Net Assets

Net assets consist of the following as of September 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment investment fund	\$ —	1,725.3	1,725.3
Board designated quasi endowment funds	1,140.0	—	1,140.0
Total net assets subject to payout spending policy	1,140.0	1,725.3	2,865.3
Net assets with donor restrictions available for:			
Programs and operations	—	511.3	511.3
Capital repairs, renovation, and construction	—	326.2	326.2
Endowment contributions receivable and other	—	14.9	14.9
Net investment in property and equipment	2,294.6	523.0	2,817.6
Unfunded federal liabilities	(130.3)	—	(130.3)
Undesignated, including time restrictions	98.5	5.7	104.2
	<u>\$ 3,402.8</u>	<u>3,106.4</u>	<u>6,509.2</u>

Donor-restricted endowment funds include accumulated appreciation of \$863.5 as of September 30, 2025. Future-funded Federal liabilities include environmental remediation obligations, accrued annual leave, workers' compensation, and litigation liabilities.

Net assets with donor restrictions were available for the following purposes as of September 30, 2025:

	<u>Endowments at Historical Cost</u>	<u>Subject to Purpose Restriction and Time</u>	<u>Total</u>
Museums and general support	\$ 221.0	373.7	594.7
Education, public programs, exhibitions	410.1	615.3	1,025.4
Research	117.9	232.6	350.5
Acquisitions and collections	77.3	176.1	253.4
Facilities and capital	13.2	869.2	882.4
	<u>\$ 839.5</u>	<u>2,266.9</u>	<u>3,106.4</u>

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Notes to Financial Statements

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Endowments at historical costs above includes charitable remainder trusts and endowment pledge receivables.

(13) Endowment Funds

The Smithsonian endowment consists of approximately 812 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 supporting the Smithsonian's programs and operations. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Management has resolved to be guided by the standards of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in the management, investment, and expenditure of endowment funds although it is not required to do so as a matter of law. Management has interpreted UPMIFA, as allowing the Smithsonian to allocate for expenditure or accumulate so much of an endowment fund as it determines to be prudent for the uses, purposes, and durations for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless otherwise stated in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until allocated for expenditure. The corpus of the Smithsonian's endowment funds consists of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the donor gift instrument. Earnings and accumulated appreciation of the endowment fund remain restricted until expenditure is allocated for in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the following factors are considered when making a determination to allocate or accumulate donor-restricted funds: duration and preservation of the fund; the purpose of board-designated or donor-restricted fund; general economic conditions; the possible impact of inflation and deflation; expected return from income and appreciation of investments; other available resources; and the Smithsonian's investment guidelines.

The Smithsonian has adopted investment and spending policies for endowment assets that are intended to provide a predictable stream of funding for programs and operations while maintaining the purchasing power of the endowment. Under the investment policy, as approved by the Board, endowment assets are invested in a manner that reduces risk through diversification while obtaining a competitive rate of return. To satisfy its long-term rate-of-return, 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 portfolio that utilizes fixed income and equity-based investments to achieve its long-term objectives within prudent risk constraints. The Board's Investment Committee reviews the long-term asset strategy of the investment pool.

Substantially all the assets of individual endowment funds are pooled and invested. Individual funds buying or disposing of units based on the per unit market value at the beginning of the month in which the transaction takes place. Each fund participating in the investment pool receives an annual payout based on the number of units owned. The Smithsonian's spending policy is based on an annual endowment spending rate of 5% of the prior 20 quarters' average endowment value. This spending rate constitutes the Board's annual allocation for spending endowment earnings to support programs and operations. The

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Board authorized an additional allocation of up to 0.5% for fiscal year 2025 for eligible funds to support the advancement priorities.

The following summarizes certain per-endowment unit information, in whole dollars.

	2025
Market value of fund per unit:	
Beginning of the year	\$ 1,307.28
End of the year	1,399.59
Payout per unit:	
Program and operations support	\$ 59.57
Advancement	5.75

The following table summarizes the change in endowment funds during fiscal year 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of the year	\$ 1,071.3	1,579.7	2,651.0
Additional designation of quasi endowments and reinvestments	(1.4)	7.5	6.1
Uninvested cash	(2.6)	—	(2.6)
Contributions received	—	18.7	18.7
Investment return	134.9	182.7	317.6
Allocation of endowment assets for expenditure	(62.2)	(63.3)	(125.5)
Endowment net assets at end of year	\$ 1,140.0	1,725.3	2,865.3

Endowment Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level required to be maintained in perpetuity or the applicable donor gift document, creating an “underwater” endowment fund. Such deficiencies are generally the result of unfavorable market fluctuations and continuing the allocations for various programs is generally deemed prudent by the Board. Significant underwater endowment funds were \$0.2 at September 30, 2025.

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Notes to Financial Statements

September 30, 2025

(Dollars in millions)

(14) Net Assets Released from Restriction

Net assets are released from donor restrictions due to the passage of time, assets placed in service, or by incurring expenses satisfying the restricted purpose specified by the donors, and was as follows for fiscal year 2025:

	<u>Trust</u>	<u>Federal</u>	<u>Total</u>
Operating releases:			
Purpose restricted gifts released for:			
Museums and general support	\$ 33.7	—	33.7
Education, public programs and exhibitions	94.8	—	94.8
Research	69.8	—	69.8
Acquisitions and collections	12.0	—	12.0
Facilities	0.5	26.4	26.9
Total operating releases	<u>210.8</u>	<u>26.4</u>	<u>237.2</u>
Nonoperating releases:			
Assets placed in service and released from:			
Capital appropriation	—	89.7	89.7
Capital contributions	7.9	—	7.9
Total nonoperating releases	<u>7.9</u>	<u>89.7</u>	<u>97.6</u>
Total releases	<u>\$ 218.7</u>	<u>116.1</u>	<u>334.8</u>

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Notes to Financial Statements

September 30, 2025

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(15) Federal Appropriations

The Federal appropriation received in fiscal year 2025 is reconciled to Federal appropriation revenue recognized as follows:

	Salaries and Expenses	Repair, Restoration, and Construction	Total
Federal appropriations received	\$ 892.9	197.6	1,090.5
Unexpended appropriations	(165.4)	(180.0)	(345.4)
Amounts expended from prior years' appropriations	<u>159.5</u>	<u>186.9</u>	<u>346.4</u>
Federal appropriation revenue	<u>\$ 887.0</u>	<u>204.5</u>	<u>1,091.5</u>
Without donor restrictions (operating)	\$ 887.0	—	887.0
With donor restrictions (operating)	—	26.2	26.2
With donor restrictions (nonoperating)	<u>—</u>	<u>178.3</u>	<u>178.3</u>
Federal appropriation revenue	<u>\$ 887.0</u>	<u>204.5</u>	<u>1,091.5</u>

(16) Business Activities

The following summarizes business activities for the year ended September 30, 2025:

	Business Activities Revenue	Operating Expenses	Net Operating Gain
Smithsonian Enterprises	\$ 162.3	114.8	47.5
All other business activities	<u>19.8</u>	<u>19.6</u>	<u>0.2</u>
	<u>\$ 182.1</u>	<u>134.4</u>	<u>47.7</u>

Business activities revenue is further detailed as follows for the year ended September 30, 2025:

Retail/E-Commerce	\$ 99.4
Media	39.3
Consumer Products and Services	24.0
Corporate	2.5
Other	<u>16.9</u>
	<u>\$ 182.1</u>

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Notes to Financial Statements

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(Dollars in millions)

(17) Functional Classification of Expenses

Operating expenses by functional and natural classification are presented for the year ended September 30, 2025 as follows:

	Program Activities				Supporting Activities		Total
	Research	Collections Management	Education, Programs and Exhibitions	Business Activities	Administrative	Advancement	
Trust:							
Compensation and benefits	\$ 93.0	15.8	58.0	66.1	34.8	56.4	324.1
Rent, utilities and services	77.7	2.9	48.2	25.0	13.1	32.5	199.4
Cost of sales	—	—	0.2	54.2	0.2	2.6	57.2
Travel and transportation	6.1	1.4	3.5	0.4	0.6	1.3	13.3
Other	1.6	0.6	1.5	(13.1)	4.9	0.5	(4.0)
Total before depreciation	178.4	20.7	111.4	132.6	53.6	93.3	590.0
Depreciation	5.0	24.2	21.9	1.8	13.1	0.1	66.1
Total operating expenses	\$ 183.4	44.9	133.3	134.4	66.7	93.4	656.1
Federal:							
Compensation and benefits	\$ 126.9	170.0	180.6	—	139.5	0.4	617.4
Rent, utilities and services	53.3	93.5	105.3	—	77.7	2.4	332.2
Cost of sales	—	—	—	—	0.2	—	0.2
Travel and transportation	2.4	1.5	2.0	—	0.5	0.1	6.5
Other	3.4	4.1	4.4	—	4.7	—	16.6
Total before depreciation	186.0	269.1	292.3	—	222.6	2.9	972.9
Depreciation	10.6	51.4	50.3	—	28.0	0.2	140.5
Total operating expenses	\$ 196.6	320.5	342.6	—	250.6	3.1	1,113.4
Total operating expenses:							
Compensation and benefits	\$ 219.9	185.8	238.6	66.1	174.3	56.8	941.5
Rent, utilities and services	131.0	96.4	153.5	25.0	90.8	34.9	531.6
Cost of sales	—	—	0.2	54.2	0.4	2.6	57.4
Travel and transportation	8.5	2.9	5.5	0.4	1.1	1.4	19.8
Other	5.0	4.7	5.9	(13.1)	9.6	0.5	12.6
Total before depreciation	364.4	289.8	403.7	132.6	276.2	96.2	1,562.9
Depreciation	15.6	75.6	72.2	1.8	41.1	0.3	206.6
Total operating expenses	\$ 380.0	365.4	475.9	134.4	317.3	96.5	1,769.5

Purchases of collection items are included in collections management activities.

SMITHSONIAN INSTITUTION

Notes to Financial Statements

September 30, 2025

(Dollars in millions)

(18) Commitments and Contingencies

(a) Government Awards

The Smithsonian receives significant amounts of Federal funding in the form of 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.

(b) Construction

As of September 30, 2025, the Smithsonian has commitments of approximately \$282.6 related to construction in progress at several of its locations, the largest related to projects at the National Air and Space Museum of \$31.7 and Historic Core Revitalization of \$29.6.

(c) Litigation

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

(d) Subsequent Events

On November 19, 2025, subsequent to the statement of financial position date of September 30, 2025, a motion was approved by the Finance Committee and Executive Committee, on behalf of the Board of Regents pursuant to Board Bylaw 3.01, that authorized the early redemption of the Smithsonian's Series 2003A/B tax-exempt revenue bonds. The bonds have an aggregate principal balance of \$77.5 million and were scheduled to mature in December 2033. The redemption of the bonds will reduce future interest expense related to these bonds. This event did not exist as of the statement of financial position date and, therefore, is not reflected in the accompanying financial statements.

Subsequent to September 30, 2025, the Smithsonian committed capital of \$106.0 million to five funds and redeemed \$58.8 million from its existing funds managers. Management has evaluated subsequent events from September 30, 2025 through February 27, 2026, which is the date that the financial statements are available to be issued and determined that there are no adjustments to or other items to disclose.

SMITHSONIAN INSTITUTION
Schedule of Expenditures of Federal Awards
Year ended September 30, 2025

Federal Grantors/pass-through grantors/agencies or cluster title	Direct award or pass through entity	Pass-through entity award number	Federal Assistance Listing Number (ALN)	Federal expenditures	Amounts provided to subrecipients
Research and Development Cluster					
United States Department of Agriculture (USDA)					
Agriculture and Food Research Initiative (AFRI)	Direct		10.310	\$ 54,408	1,670
Forestry Research	Arkansas State University	23-CA-11132762-353	10.652	148	—
Total United States Department of Agriculture				54,556	1,670
United States Department of Commerce (DOC) / NOAA					
Ocean Exploration	University Corporation for Atmospheric Research	SUBAWD004512	11.011	41,900	—
Integrated Ocean Observing System (IOOS)	University of Delaware	UDR0000664	11.012	52,391	—
Integrated Ocean Observing System (IOOS)	University of Delaware	UDR0000490	11.012	96,522	—
Integrated Ocean Observing System (IOOS)	University of Delaware	UDR0000106	11.012	69,100	—
Integrated Ocean Observing System (IOOS)	Shark Research Foundation Inc	Agreement signed 10/22/2023	11.012	6,387	—
Subtotal Integrated Ocean Observing System (IOOS) (ALN 11.012)				224,400	—
Climate and Atmospheric Research	Direct		11.431	(4,274)	—
Chesapeake Bay Studies	Direct		11.457	171,639	44,640
Habitat Conservation	University of Miami	SPC-003804/OS00001670	11.463	74,516	—
Habitat Conservation	National Marine Sanctuary Foundation	22-02-J-436	11.463	3,417	—
Habitat Conservation	American Climate Partners	FDP Cost Reimbursement Subaward	11.463	43,099	—
Subtotal Habitat Conservation (ALN 11.463)				121,032	—
Chesapeake Bay Program	University of Maryland	SA074351250/PO136085	11.474	21,506	—
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	Lehigh University	543829-78001	11.478	30,478	—
Total United States Department of Commerce				606,681	44,640
United States Department of Defense (DOD)					
Department of Defense	Henry M. Jackson Foundation	CON000751.2	12.000	(5,224)	—
Basic and Applied Scientific Research	Direct		12.300	40,135	35,359
Basic and Applied Scientific Research	University of Auckland	3720925-S006	12.300	15,965	—
Subtotal Basic and Applied Scientific Research (ALN 12.300)				56,100	35,359
Basic Scientific Research - Combating Weapons of Mass Destruction	Direct		12.351	1,315,494	716,321
Military Medical Research and Development	Henry M. Jackson Foundation	CON000751	12.420	136,985	—
Research and Technology Development	University of Miami	OS00000978	12.910	31,217	—
Total United States Department of Defense				1,534,572	751,680
United States Department of the Interior (DOI) / U.S. Fish and Wildlife Service					
Native Hawaiian Community Guest Stewardship	Chesapeake Bay Foundation	#F22AP02570 SI Sub	15.068	(269)	—
Wildlife Resource Management	National Wildlife Federation	2501-003	15.247	46,455	—
Fish and Wildlife Management Assistance	Direct		15.608	67,080	—
Cooperative Endangered Species Conservation Fund	Commonwealth of Virginia	#301-23-104	15.615	26,084	—
Cooperative Endangered Species Conservation Fund	Rhode Island Department of Environmental Management	DEMFV-0002	15.615	1,497	—
Subtotal Cooperative Endangered Species Conservation Fund (ALN 15.615)				27,581	—
Wildlife Conservation and Restoration	National Fish and Wildlife Foundation	0603.23.081109	15.625	69,922	—
State Wildlife Grants	Georgia Department of Natural Resources	n/a	15.634	(9,980)	—
State Wildlife Grants	North Dakota Game and Fish Department	T-57-R	15.634	64,875	32,825
State Wildlife Grants	Virginia Department of Wildlife Resources	DWR-403-2024-0028	15.634	128,487	—
State Wildlife Grants	Virginia Department of Wildlife Resources	DWR-403-2024-0058	15.634	22,706	—
State Wildlife Grants	West Virginia Division of Natural Resources	DNR-WRS-25-0003	15.634	37,741	—
Subtotal State Wildlife Grants (ALN 15.634)				243,829	32,825
Migratory Bird Conservation	Direct		15.647	33,522	—
Endangered Species Conservation Recovery Implementation Funds	World Wildlife Fund	WL21282	15.657	3,660	—
U.S. Fish and Wildlife Service (FA.A057)	National Fish and Wildlife Foundation	2501.21.070932	15.663	(154)	—
Cooperative Landscape Conservation-Landscape Conservation Cooperatives LCCs	Fort Belknap Indian Community	771041023	15.669	187,369	—

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Schedule of Expenditures of Federal Awards
Year ended September 30, 2025

Federal Grantors/pass-through grantors/agencies or cluster title	Direct award or pass through entity	Pass-through entity award number	Federal Assistance Listing Number (ALN)	Federal expenditures	Amounts provided to subrecipients
U.S. Geological Survey_ Research and Data Collection	Direct		15.808	\$ 11,772	—
Rivers, Trails and Conservation Assistance	Rappahannock Tribe	Letter dated 10/11/2024	15.921	44,672	—
Save Americas Treasures	Direct		15.929	488,869	—
Cooperative Research and Training Programs - Resources of the National Park System - CESU	Direct		15.945	32,832	—
Total United States Department of the Interior				1,257,140	32,825
United States Department of State (DOS)					
Smith Mundt	Direct		19.021	230,894	—
Public Diplomacy Programs	Direct		19.040	87,509	—
Professional and Cultural Exchange Programs - Citizen Exchanges	The Aspen Institute	SI_SMI1_SubR_2022	19.415	137,878	—
Total United States Department of State				456,281	—
United States Department of Transportation (DOT)					
U.S. Department of Transportation	West Virginia DOT	X142-H/38.99 07	20.000	33,170	—
Total United States Department of Transportation				33,170	—
National Aeronautics and Space Administration (NASA)					
National Aeronautics and Space Administration	Direct		43.RD	133,315	49,165
National Aeronautics and Space Administration	Arizona State University	12-875	43.RD	54,879	—
National Aeronautics and Space Administration	Arizona State University	17-255	43.RD	251	—
National Aeronautics and Space Administration	Jet Propulsion Laboratory	1711252	43.RD	9,101	—
National Aeronautics and Space Administration	Jet Propulsion Laboratory	1718113	43.RD	120,383	—
National Aeronautics and Space Administration	Johns Hopkins Applied Physics Labor	182351	43.RD	857	—
National Aeronautics and Space Administration	Johns Hopkins Applied Physics Labor	174762	43.RD	5,500	—
National Aeronautics and Space Administration	Planetary Science Institute	1874-SMITH	43.RD	5,638	—
National Aeronautics and Space Administration	Planetary Science Institute	1949-SMITH	43.RD	2,819	—
National Aeronautics and Space Administration	Planetary Science Institute	2002-SMITH	43.RD	6,790	—
National Aeronautics and Space Administration	Southwest Research Institute	S99038LJ	43.RD	7,540	—
National Aeronautics and Space Administration	The Regents Of The University Color	1560750	43.RD	95,873	—
National Aeronautics and Space Administration	University Of Arizona	688255	43.RD	19,014	—
National Aeronautics and Space Administration	University Of Arizona	Y432801	43.RD	767	—
National Aeronautics and Space Administration	University Of Arizona	Y603259	43.RD	3,816	—
National Aeronautics and Space Administration	University Of Arizona	741627	43.RD	7,986	—
National Aeronautics and Space Administration	University Of Texas At Austin	UTA16-001086	43.RD	(2,512)	—
Subtotal National Aeronautics and Space Administration (ALN 43.RD)				472,017	49,165
Science	Direct		43.001	82,844,500	16,690,996
Science	Bay Area Environmental Research Ins	BAERI 07-21-2020	43.001	(957)	—
Science	Bay Area Environmental Research Ins	BAERI 09-27-2021	43.001	88,956	—
Science	Boston University	BU Subaward BU 4500005025	43.001	15,910	—
Science	California Institute Of Technology	Caltech S446472	43.001	654,266	—
Science	Nasa	80NSSC21K1831	43.001	241,655	141,151
Science	Harvard University	131581-5116910	43.001	106,890	—
Science	Jet Propulsion Laboratory	1718097	43.001	84,439	—
Science	Johns Hopkins Applied Physics Labor	JHU/APL-SAO 172457	43.001	52,315	—
Science	Johns Hopkins Applied Physics Labor	JHU/APL-SAO 193078 PIMS Phases E-F	43.001	6,703	—
Science	Johns Hopkins Applied Physics Labor	JHU/APL 141773	43.001	19,145	—
Science	Johns Hopkins University	975569	43.001	3,938,331	1,926,100
Science	Lockheed Martin Shared Services	SP02H1701R	43.001	232,428	—
Science	Lockheed Martin Shared Services	8100002705	43.001	623,934	—
Science	Lockheed Martin Shared Services	4105785828	43.001	6,643,515	1,223,059
Science	Massachusetts Institute Of Technolo	s3449	43.001	(19,349)	—
Science	Morgan State University	MSUSAO3K1250	43.001	98,235	—
Science	Nasa- Goddard Space Flight Center	80NSSC20K0647	43.001	24,937	—
Science	Nasa- Goddard Space Flight Center	80NSSC22K0838	43.001	66,477	—
Science	Nasa Headquarters	80NSSC24K0903	43.001	23,254	—
Science	Ohio State University	SPC-1000013498 / GR134745	43.001	11,104	—
Science	Oregon State University	NS366B-B	43.001	54,894	—
Science	Smithsonian Astrophysical Observatory	GO9-20068X	43.001	16,602	—
Science	Smithsonian Astrophysical Observatory	GO0-21121X	43.001	21,541	—
Science	Smithsonian Astrophysical Observatory	GO0-21113X	43.001	3,468	—

SMITHSONIAN INSTITUTION
Schedule of Expenditures of Federal Awards
Year ended September 30, 2025

Federal Grantors/pass-through grantors/agencies or cluster title	Direct award or pass through entity	Pass-through entity award number	Federal Assistance Listing Number (ALN)	Federal expenditures	Amounts provided to subrecipients
Science	Smithsonian Astrophysical Observatory	GO0-21101X	43.001	\$ 4,473	—
Science	Smithsonian Astrophysical Observatory	AR0-21015X	43.001	12,723	—
Science	Smithsonian Astrophysical Observatory	GO0-21022X	43.001	8,485	—
Science	Smithsonian Astrophysical Observatory	GO0-21122X	43.001	21,354	—
Science	Smithsonian Astrophysical Observatory	GO0-21070X	43.001	1,118	—
Science	Smithsonian Astrophysical Observatory	GO1-22125X	43.001	5,760	—
Science	Smithsonian Astrophysical Observatory	GO1-22064X	43.001	26,788	—
Science	Smithsonian Astrophysical Observatory	GO1-22103X	43.001	59,270	—
Science	Smithsonian Astrophysical Observatory	AR1-22012X	43.001	13,819	—
Science	Smithsonian Astrophysical Observatory	GO1-22015X	43.001	18,225	—
Science	Smithsonian Astrophysical Observatory	GO1-22074X	43.001	4,760	—
Science	Smithsonian Astrophysical Observatory	GO1-22132X	43.001	26,701	—
Science	Smithsonian Astrophysical Observatory	GO1-22090X	43.001	2,215	—
Science	Smithsonian Astrophysical Observatory	GO1-22088X	43.001	1,193	—
Science	Smithsonian Astrophysical Observatory	GO1-22112A	43.001	653	—
Science	Smithsonian Astrophysical Observatory	GO1-22107X	43.001	12,226	—
Science	Smithsonian Astrophysical Observatory	GO1-22118X	43.001	57,512	—
Science	Smithsonian Astrophysical Observatory	GO1-22012X	43.001	(311)	—
Science	Smithsonian Astrophysical Observatory	GO2-23006X	43.001	10,930	—
Science	Smithsonian Astrophysical Observatory	GO2-23118X	43.001	19,561	—
Science	Smithsonian Astrophysical Observatory	GO2-23112X	43.001	28,461	—
Science	Smithsonian Astrophysical Observatory	GO1-22136X	43.001	21,723	—
Science	Smithsonian Astrophysical Observatory	GO2-23097X	43.001	27,014	—
Science	Smithsonian Astrophysical Observatory	GO2-23077X	43.001	109,843	—
Science	Smithsonian Astrophysical Observatory	GO2-23075X	43.001	3,181	—
Science	Smithsonian Astrophysical Observatory	AR2-23008X	43.001	46,100	—
Science	Smithsonian Astrophysical Observatory	GO1-22057X	43.001	3,765	—
Science	Smithsonian Astrophysical Observatory	GO2-23110X	43.001	4,488	—
Science	Smithsonian Astrophysical Observatory	GO2-23095X	43.001	13,931	—
Science	Smithsonian Astrophysical Observatory	GO2-23071X	43.001	36,360	—
Science	Smithsonian Astrophysical Observatory	DD2-23135A	43.001	1,467	—
Science	Smithsonian Astrophysical Observatory	GO3-24093X	43.001	50,977	—
Science	Smithsonian Astrophysical Observatory	GO3-24069X	43.001	38,889	—
Science	Smithsonian Astrophysical Observatory	GO3-24002D	43.001	680	—
Science	Smithsonian Astrophysical Observatory	GO3-24065X	43.001	43,967	—
Science	Smithsonian Astrophysical Observatory	GO3-24033B	43.001	(2,471)	—
Science	Smithsonian Astrophysical Observatory	AR3-24002X	43.001	53,769	—
Science	Smithsonian Astrophysical Observatory	AR3-24007X	43.001	59,439	—
Science	Smithsonian Astrophysical Observatory	GO3-24124X	43.001	6,965	—
Science	Smithsonian Astrophysical Observatory	GO3-24094X	43.001	47,044	—
Science	Smithsonian Astrophysical Observatory	GO3-24004D	43.001	1,450	—
Science	Smithsonian Astrophysical Observatory	GO1-22095X	43.001	11,586	—
Science	Smithsonian Astrophysical Observatory	GO3-24104X	43.001	4,695	—
Science	Smithsonian Astrophysical Observatory	GO2-23058A	43.001	32,752	—
Science	Smithsonian Astrophysical Observatory	GO2-23059X	43.001	35,961	—
Science	Smithsonian Astrophysical Observatory	GO3-24101B	43.001	30,043	—
Science	Smithsonian Astrophysical Observatory	GO3-24128X	43.001	6,357	—
Science	Smithsonian Astrophysical Observatory	GO3-24001X	43.001	136	—
Science	Smithsonian Astrophysical Observatory	TM3-24004X	43.001	28,204	—
Science	Smithsonian Astrophysical Observatory	GO3-24087A	43.001	6,519	—
Science	Smithsonian Astrophysical Observatory	GO3-24024X	43.001	46,847	—
Science	Smithsonian Astrophysical Observatory	GO3-24073X	43.001	46,967	—
Science	Smithsonian Astrophysical Observatory	GO4-25071X	43.001	28,890	—
Science	Smithsonian Astrophysical Observatory	GO4-25094X	43.001	51,165	—
Science	Smithsonian Astrophysical Observatory	GO4-25059X	43.001	61,039	—
Science	Smithsonian Astrophysical Observatory	GO4-25063X	43.001	89,642	—
Science	Smithsonian Astrophysical Observatory	GO4-25057X	43.001	89,984	—
Science	Smithsonian Astrophysical Observatory	GO3-24072X	43.001	32,902	—
Science	Smithsonian Astrophysical Observatory	TM4-25007X	43.001	27,646	—
Science	Smithsonian Astrophysical Observatory	TM4-25002X	43.001	39,722	—
Science	Smithsonian Astrophysical Observatory	AR4-25006X	43.001	39,369	—
Science	Smithsonian Astrophysical Observatory	AR4-25011X	43.001	23,818	—
Science	Smithsonian Astrophysical Observatory	AR4-25014X	43.001	57,094	—

SMITHSONIAN INSTITUTION
Schedule of Expenditures of Federal Awards
Year ended September 30, 2025

Federal Grantors/pass-through grantors/agencies or cluster title	Direct award or pass through entity	Pass-through entity award number	Federal Assistance Listing Number (ALN)	Federal expenditures	Amounts provided to subrecipients
Science	Smithsonian Astrophysical Observatory	GO4-25077A	43.001	\$ 32,076	—
Science	Smithsonian Astrophysical Observatory	GO2-23115A	43.001	11,863	—
Science	Smithsonian Astrophysical Observatory	GO2-23089A	43.001	51,048	—
Science	Smithsonian Astrophysical Observatory	GO3-24127X	43.001	10,030	—
Science	Smithsonian Astrophysical Observatory	DD4-25147X	43.001	1,948	—
Science	Smithsonian Astrophysical Observatory	GO4-25007X	43.001	59,679	—
Science	Smithsonian Astrophysical Observatory	GO4-25053X	43.001	25,845	—
Science	Smithsonian Astrophysical Observatory	GO4-25058X	43.001	9,141	—
Science	Space Telescope Science Institute	HST-GO-15641.001-A	43.001	21,499	—
Science	Space Telescope Science Institute	HST-GO-16484.001-A	43.001	(6,009)	—
Science	Space Telescope Science Institute	HST-GO-16655.001-A	43.001	6,001	—
Science	Space Telescope Science Institute	HST-GO-16837.001-A	43.001	18,724	—
Science	Space Telescope Science Institute	JWST-GO-01568.004-A	43.001	7,557	—
Science	Space Telescope Science Institute	JWST-GO-02420.004-A	43.001	(600)	—
Science	Space Telescope Science Institute	JWST-GO-01905.002-A	43.001	101,458	—
Science	Space Telescope Science Institute	JWST-GO-02512.005-A	43.001	99,301	—
Science	Space Telescope Science Institute	HST-16841.002-A	43.001	8,225	—
Science	Space Telescope Science Institute	HST-GO-17183.004-A	43.001	73,403	—
Science	Space Telescope Science Institute	HST-GO-16919-081522	43.001	4,490	—
Science	Space Telescope Science Institute	HST-GO-17177.001-A	43.001	29,379	—
Science	Space Telescope Science Institute	HF2-51538.001-A	43.001	137,568	—
Science	Space Telescope Science Institute	HST-GO-17312.001-A	43.001	13,475	—
Science	Space Telescope Science Institute	HST-HF2-51534.001-A	43.001	104,372	—
Science	Space Telescope Science Institute	JWST-GO-04094.001-A	43.001	4,484	—
Science	Space Telescope Science Institute	JWST-GO-03436.007-A	43.001	34,581	—
Science	Space Telescope Science Institute	HST-GO-17499.001-A	43.001	(1,224)	—
Science	Space Telescope Science Institute	HST-GO-17580.001-A	43.001	18,747	—
Science	Space Telescope Science Institute	JWST-GO-03523.013-A	43.001	197,295	—
Science	Space Telescope Science Institute	HST-GO-17437.002-A	43.001	9,173	—
Science	Space Telescope Science Institute	HST-AR-17558.001-A	43.001	28,648	—
Science	Space Telescope Science Institute	HST-GO-17511.001-A	43.001	27,653	—
Science	Space Telescope Science Institute	JWST-GO-04339.001-A	43.001	14,839	—
Science	Space Telescope Science Institute	JWST-GO-04572.004-A	43.001	47,601	—
Science	Space Telescope Science Institute	JWST-GO-03838.002-A	43.001	83,007	—
Science	Space Telescope Science Institute	HST-HF2-51550.001-A	43.001	109,155	—
Science	Space Telescope Science Institute	JWST-GO-04087.001-A	43.001	3,273	—
Science	Space Telescope Science Institute	JWST-GO-03507.010-A	43.001	14,524	—
Science	Space Telescope Science Institute	JWST-GO-03084.002-A	43.001	7,476	—
Science	Space Telescope Science Institute	HST-HF2-51570.001-A	43.001	108,833	—
Science	Space Telescope Science Institute	JWST-GO-04901.001-A	43.001	7,044	—
Science	Space Telescope Science Institute	HST-GO-17751.011-A	43.001	5,220	—
Science	Space Telescope Science Institute	JWST-AR-05369.001-A	43.001	36,154	—
Science	Space Telescope Science Institute	HST-GO-16208.001-A	43.001	11,579	—
Science	Space Telescope Science Institute	HST-GO-15299.003-A	43.001	32,301	—
Science	Space Telescope Science Institute	HST-GO-15326.003-A	43.001	(190)	—
Science	Space Telescope Science Institute	HST-GO-16173.001-A	43.001	24,253	—
Science	Space Telescope Science Institute	HST-GO-16312.001-A	43.001	15,877	—
Science	Space Telescope Science Institute	JWST-GO-01678.001-A	43.001	37,488	—
Science	Space Telescope Science Institute	HST-GO-16739.001-A	43.001	1,202	—
Science	Space Telescope Science Institute	HST-GO-17222.001-A	43.001	10,544	—
Science	Space Telescope Science Institute	HST-GO-17239.001-A	43.001	7,641	—
Science	Space Telescope Science Institute	JWST-GO-05105.010-A	43.001	46,956	—
Science	Space Telescope Science Institute	HST-GO-17724.007-A	43.001	10,293	—
Science	Space Telescope Science Institute	STScI 53570	43.001	69,554	—
Science	Stanford University	62364172-145590	43.001	(207)	—
Science	Stanford University	62963720-244464	43.001	99,748	—
Science	The Pennsylvania State University	PSU S001535-NASA	43.001	151,092	—
Science	The University Of Colorado	Subaward 1563985 / PO 1001942770	43.001	37,254	—
Science	University Of Arizona	438111	43.001	49,555	—
Science	University Of Arizona	600691	43.001	31,171	—
Science	University Of Arizona	UAZ-SAO Sub Award 748114	43.001	55,689	—
Science	University Of Arizona	783941	43.001	86,394	—
Science	University Of Arizona	786320	43.001	41,772	—

SMITHSONIAN INSTITUTION
Schedule of Expenditures of Federal Awards
Year ended September 30, 2025

Federal Grantors/pass-through grantors/agencies or cluster title	Direct award or pass through entity	Pass-through entity award number	Federal Assistance Listing Number (ALN)	Federal expenditures	Amounts provided to subrecipients
Science	University Of Iowa	S03939-01	43.001	\$ 26,725	—
Science	University Of Maryland	Maryland-SAO 106075-Z6415201	43.001	3,836,222	—
Science	University Of Maryland	Maryland subaward 121329-Z6487202	43.001	58,153	—
Science	University Of Michigan	Michigan 00022738	43.001	11,663	—
Science	University Of Minnesota	U Minnesota A010182501	43.001	60,240	—
Science	University Of New Hampshire	L0400	43.001	1,927,986	328,277
Science	University Of Washington	UWSC14644 (BPO74772)	43.001	45,391	—
Subtotal Science (ALN 43.001)				105,912,330	20,309,583
Office of Stem Education (OSTEM)	Space Telescope Science Institute	STScI-509913	43.008	1,428,971	447,201
Office of Stem Education (OSTEM)	UCAR	SUBAWD004999 PO#P2030995	43.008	30,924	—
Office of Stem Education (OSTEM)	Space Telescope Science Institute	STScI-509913	43.008	60,079	—
Subtotal Office of Stem Education (ALN 43.008)				1,519,974	447,201
Mission Support	Direct		43.009	4,764,212	—
Total National Aeronautics and Space Administration				112,668,533	20,805,949
National Science Foundation (NSF)					
National Science Foundation	Columbia University	79C-GG009393-04	47.000	6,917	—
Mathematical and Physical Sciences	Direct		47.049	3,652,891	370,744
Mathematical and Physical Sciences	University of Arizona	436724	47.049	(26,065)	—
Mathematical and Physical Sciences	Giant Magellan Telescope Organization	GMT-CON-03145-FEDERAL SUPPLEMENT	47.049	7,295	—
Mathematical and Physical Sciences	Massachusetts Institute Of Technology	S5386 - PO Number 594243	47.049	379,044	—
Mathematical and Physical Sciences	Harvard University	131604- 5119412	47.049	376,248	—
Mathematical and Physical Sciences	University Of Utah	10060332-S2	47.049	47,770	—
Mathematical and Physical Sciences	University of Arizona	378719	47.049	656	—
Mathematical and Physical Sciences	University of Arizona	PO 379770	47.049	(223)	—
Mathematical and Physical Sciences	University Of California, Santa Cruz	UCSC A24-0232-S001	47.049	65,289	—
Mathematical and Physical Sciences	The University Of Chicago	U Chicago AWD105588-SUB00001357	47.049	6,110	—
Subtotal Mathematical and Physical Sciences (ALN 47.049)				4,509,015	370,744
Geosciences	Direct		47.050	955,282	—
Computer and Information Science and Engineering	University of California-Santa Barbara	KK2530	47.070	40,263	—
Biological Sciences	Direct		47.074	2,093,729	30,043
Biological Sciences	Utah State University	203051-710	47.074	31,394	—
Biological Sciences	University Of California-Berkeley	00010447	47.074	33,455	—
Biological Sciences	Bryn Mawr College	46535A	47.074	35,746	—
Biological Sciences	Friends Of The N Carolina Museum Of Natural Sciences	2022-086783	47.074	82,935	—
Biological Sciences	University Of Colorado Boulder	Sub#1562994/PO#1001720456	47.074	581,570	—
Biological Sciences	Cary Institute Of Ecosystem Studies	3547/200202159	47.074	58,709	—
Biological Sciences	Cary Institute Of Ecosystem Studies	3558/200202176	47.074	55,044	—
Biological Sciences	Cary Institute Of Ecosystem Studies	3510/200202198	47.074	15,232	—
Biological Sciences	University Of California, Santa Cruz	A25-0372-S001	47.074	17,297	—
Biological Sciences	Colorado State University	2332006	47.074	29,610	—
Subtotal Biological Sciences (ALN 47.074)				3,034,721	30,043
Social, Behavioral, and Economic Sciences	Direct		47.075	147,473	—
STEM Education	Direct		47.076	420,740	53,626
STEM Education	Harvard University	131579-5115540	47.076	99,918	—
STEM Education	Harvard University	131588-5118352	47.076	120,087	—
STEM Education	Harvard University	131621-5122828	47.076	50,304	—
STEM Education	California State University, East B	W1301- 481	47.076	12,122	—
STEM Education	Aaniih Nakoda College	SI-2054877	47.076	14,582	—
Subtotal STEM Education (ALN 47.076)				717,753	53,626
Polar Programs	The University of Chicago	AWD100518-SUB00000312	47.078	(4,505)	—
Office of International Science and Engineering	Direct		47.079	458,265	145,311
Total National Science Foundation				9,865,184	599,724

SMITHSONIAN INSTITUTION
Schedule of Expenditures of Federal Awards
Year ended September 30, 2025

Federal Grantors/pass-through grantors/agencies or cluster title	Direct award or pass through entity	Pass-through entity award number	Federal Assistance Listing Number (ALN)	Federal expenditures	Amounts provided to subrecipients
United States Environmental Protection Agency (EPA)					
National Estuary Program	IRL Council	IRL2023-07/GL05-1739	66.456	\$ (589)	—
National Estuary Program	IRL Council	IRL2024-18 GL06-1739 Holly Sweat	66.456	10,665	—
Subtotal National Estuary Program (ALN 66.456)				10,076	—
Chesapeake Bay Program	Friends of the Rappahannock	CB-96397501	66.466	1,711	—
Chesapeake Bay Program	National Fish and Wildlife Foundation	75193	66.466	133,720	18,268
Subtotal Chesapeake Bay Program (ALN 66.466)				135,431	18,268
Geographic Programs - South Florida Geographic Initiatives Program	Direct		66.484	143,617	—
Total United States Environmental Protection Agency				289,124	18,268
United States Department of Energy (DOE)					
United States Department of Energy	Lawrence Berkeley National Laboratory	7602190	81.000	107,712	—
United States Department of Energy	Lawrence Livermore National Laboratory	B651845	81.000	64,939	—
United States Department of Energy	Lawrence Berkeley National Laboratory	7542093	81.000	376,897	—
United States Department of Energy	Lawrence Berkeley National Laboratory	7827692	81.000	10,762	—
Subtotal United States Department of Energy (ALN 81.000)				560,310	—
Office of Science Financial Assistance Program	Direct		81.049	665,911	49,488
Office of Science Financial Assistance Program	University of Delaware	UDR0000308	81.049	19,000	—
Subtotal Office of Science Financial Assistance Program (ALN 81.049)				684,911	49,488
Total United States Department of Energy				1,245,221	49,488
United States Department of Education (ED)					
Education Innovation and Research	Direct		84.411	2,220	—
Total United States Department of Education				2,220	—
United States Department of Health and Human Services (HHS)					
Maternal and Child Health Federal Consolidated Programs	University of Washington	UWSC12185	93.110	78,446	—
Environmental Health	Direct		93.113	41,028	—
Cancer Treatment Research	University of Florida	SUB00002004	93.395	(957)	—
Cancer Treatment Research	University of Florida	SUB00004829	93.395	7,119	—
Subtotal Cancer Treatment Research (ALN 93.395)				6,162	—
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	Gallaudet University	01126-SI-RERC / GU CON-001259	93.433	9,261	—
Biomedical Research and Research Training	University of Florida	SUB00003421	93.859	138,246	—
National Institute of Justice W.E.B. DuBois Fellowship Program	Direct		93.865	111,933	15,519
Aging Research	Texas Biomedical Research Institute	21-04848-201	93.866	7,775	—
Total United States Department of Health and Human Services				392,851	15,519
Total Research and Development Cluster				128,405,533	22,319,763
United States Postal Service					
USPS Operating Funding	Direct		99.002	4,445,393	—
Total Expenditures of Federal Awards				\$ 132,850,926	22,319,763

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

SMITHSONIAN INSTITUTION

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2025

(1) Basis of Presentation and Description of Major Program

The accompanying schedule of expenditures of federal awards (the schedule) is prepared in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The purpose of the schedule is to present information relating to expenditures of the Smithsonian Institution (Smithsonian) under programs of the federal government for the year ended September 30, 2025. The schedule presents only a selected portion of the operations of Smithsonian, and is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Smithsonian.

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

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is prepared using the accrual method of accounting. Such expenditures are recognized as incurred using the cost accounting principles contained in the Uniform Guidance. Under the guidance, certain types of expenditures 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). Negative amounts on the schedule of expenditures of federal awards, if any, represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost

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 year ended September 30, 2025 were negotiated with the cognizant agency, the National Aeronautics and Space Administration. Because the Smithsonian has received a negotiated indirect cost rate, it is not eligible for and has not elected to use the de minimus indirect cost rate under the Uniform Guidance.



KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Smithsonian Institution, which comprise the Smithsonian Institution's statement of financial position as of September 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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



Purpose of This Report

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

KPMG LLP

Chicago, Illinois
February 27, 2026



KPMG LLP
Suite 900
8350 Broad Street
McLean, VA 22102

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

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

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Smithsonian Institution's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended September 30, 2025. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not



absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



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

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

We have audited the financial statements of the Organization as of and for the year ended September 30, 2025, and have issued our report thereon dated February 27, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

McLean, Virginia
March 30, 2026

SMITHSONIAN INSTITUTION
Schedule of Findings and Questioned Costs
Year ended September 30, 2025

(1) Summary of Auditors' Results

- a. Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- c. Noncompliance material to the financial statements: **No**
- d. Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- e. Type of report issued on compliance for major programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- g. Major program:
 - Research and Development Cluster – Various ALN numbers
- h. Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- i. Auditee qualified as a low-risk auditee: **Yes**

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

None

(3) Findings and Questioned Costs Relating to Federal Awards

None



KPMG LLP
Suite 900
8350 Broad Street
McLean, VA 22102

March 30, 2026

The Office of the Inspector General
Audit and Review Committee of the Board of Regents,
and the Secretary of the Smithsonian Institution
Washington, District of Columbia

Ladies and Gentlemen:

We have audited Smithsonian Institution's (Smithsonian) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement (the Supplement) that could have a direct and material effect on each of Smithsonian's major federal program for the year ended September 30, 2025, and have issued our report thereon under date of March 30, 2026. A single audit encompasses an audit of the financial statements and a compliance audit of federal awards. Under our professional standards, we are providing you with the accompanying information related to the conduct of our compliance audit. We have previously provided you with the information related to the audit of the financial statements in a presentation dated February 27, 2026.

Our Responsibility under Professional Standards

We are responsible for forming and expressing an opinion on compliance for Smithsonian's major federal program based on our audit of the types of compliance requirements referred to above. Smithsonian's major federal program is identified in the schedule of findings and questioned costs. We have a responsibility to perform our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that instances of material noncompliance are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that noncompliance, whether caused by error or fraud, that is not direct and material to a major federal program are detected. Our audit does not relieve management or the Audit and Review Committee of the Board of Regents of their responsibilities.

In addition, in planning and performing our audit of compliance, we considered internal control over compliance with the types of compliance requirements that could have a direct and material effect on Smithsonian's major federal program as a basis for designing audit procedures that appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.



The Office of the Inspector General
Audit and Review Committee of the Board of Regents,
and the Secretary of the Smithsonian Institution
March 30, 2026
Page 2 of 2

We also have a responsibility to communicate significant matters related to the audit of compliance that are, in our professional judgment, relevant to the responsibilities of the Audit and Review Committee of the Board of Regents in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Disagreements with Management

There were no disagreements with management on compliance matters that individually or in the aggregate could be significant to our report.

Significant Issues Discussed, or Subject to Correspondence, with Management

We generally discuss a variety of matters, including auditing standards and federal regulations, with you and management each year prior to our retention by you as Smithsonian's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Written Communications

Attached to this letter please find a copy of management's representation letter as the only material written communication between management and us in performance of the single audit.

Confirmation of Audit Independence

We hereby confirm that as of March 30, 2026, we are independent accountants with respect to Smithsonian under relevant professional and regulatory standards.

This letter to the Office of the Inspector General, the Audit and Review Committee of the Board of Regents and Secretary Bunch is intended solely for the information and use of the Office of the Inspector General, the Audit and Review Committee of the Board of Regents, Secretary Bunch and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



Smithsonian Institution

March 30, 2026

KPMG LLP
8350 Broad Street #900
McLean, Virginia 22102

We are providing this letter to confirm our understanding that the purpose of your testing of transactions and records relating to Smithsonian Institution's (the Institution) federal programs, in accordance with Title 2 US Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), was to obtain reasonable assurance that the Institution had complied, in all material respects, with the requirements of federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

In connection with your audit of the statement of financial position of the Institution as of September 30, 2025, the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether these financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of the Institution in conformity with US generally accepted accounting principles, you were previously provided with a letter of representations under date of February 27, 2026. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

We confirm having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of the date of this letter, the following representations made to you during your single audit:

1. We are responsible for the design, implementation, and maintenance of effective internal control over compliance for federal programs that provides reasonable assurance that the Institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award.
2. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of the Institution's federal programs.
3. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
4. We are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the entity's federal programs involving:
 - a. Management, including management involved in the administration of federal programs.
 - b. Employees who have significant roles in internal control over the administration of federal programs.

Smithsonian Institution Building
600 Maryland Avenue, SW
Washington DC 20024-2520
202.633.1846 Telephone
202.786.2515 Fax

- c. Others where the fraud could have a material effect on compliance with federal statutes, regulations, and the terms and conditions of federal awards related to its federal programs.
5. We are responsible for the presentation of the schedule of expenditures of federal awards (SEFA) in accordance with the Uniform Guidance and:
 - a. The SEFA, including its form and content, is fairly presented in accordance with the requirements of the Uniform Guidance.
 - b. The SEFA includes all expenditures made during the year ended September 30, 2025 for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, cooperative agreements, interest subsidies, insurance, noncash assistance (such as free rent, food commodities, donated property or donated surplus property), direct appropriations, and other assistance.
 - c. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period.
 - d. The significant assumptions or interpretations underlying the measurement or presentation of the SEFA are reasonable and appropriate in the circumstances.
 - e. We will make the audited financial statements readily available to the intended users of the SEFA no later than the date of issuance by the entity of the SEFA and the auditors' report thereon.

Additionally, we confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of the date of this letter, the following representations made to you during your single audit:

6. The Institution is responsible for complying, and has complied, with the requirements of the Uniform Guidance.
7. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
8. The Institution has designed, implemented, and maintained effective internal control over compliance for federal programs that provides reasonable assurance that the Institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
9. We have communicated to you all significant deficiencies and material weaknesses in the design or operation of internal control over compliance that we have identified, which could adversely affect the Institution's ability to administer a major federal program in accordance with the applicable requirements of federal statutes, regulations, and the terms and conditions of federal awards. Under standards established by the American Institute of Certified Public Accountants, a deficiency in 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 and correct on a timely basis, noncompliance with a type of compliance requirement of a federal program. 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. A 'significant deficiency' is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that is less severe

- than a material weakness, yet important enough to merit attention by those charged with governance.
10. The Institution has complied with requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of its major federal programs.
 11. The Institution has charged costs to federal awards in accordance with the applicable cost principles.
 12. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the financial statements have been prepared.
 13. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
 14. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
 15. We have issued management decisions on a timely basis (within six months of acceptance of the audit report by the Federal Audit Clearinghouse) for audit findings that relate to federal awards made to subrecipients. Additionally, we have followed up ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient by the Institution.
 16. We have considered the results of subrecipient audits and have made any necessary adjustments to the Institution's accounting records.
 17. We have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
 18. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
 19. We have made available all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements, for major federal programs.
 20. We have made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities related to major federal programs.
 21. We have identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards.
 22. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the compliance requirements over federal programs, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
 23. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the

objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.


24. We have advised you of all contracts or other agreements with service organizations.
25. We have disclosed to you all communications from the Institution's service organizations relating to noncompliance at the service organizations.
26. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control over major federal programs, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
27. We have disclosed to you all known noncompliance relating to major federal programs occurring subsequent to the period covered by the auditors' report.
28. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance over major federal programs during the reporting period.
29. KPMG assisted management in completing the following SF-SAC workbooks that are uploaded and submitted to the Federal Audit Clearinghouse:
 - a. SF-SAC Section 1: Federal awards
 - b. SF-SAC Section 2: Notes to SEFA
 - c. SF-SAC Section 5: Corrective action plan

In accordance with *Government Auditing Standards*, we confirm that we have reviewed, approved, and accept responsibility for the information included in the SF-SAC workbooks uploaded and submitted to the Federal Audit Clearinghouse of the data collection form.

30. We have accurately completed the appropriate sections of the data collection form.
31. The reporting package does not contain protected personally identifiable information.
32. We have communicated to you that our indirect cost rates have been negotiated and approved with our cognizant federal agency, The National Aeronautics and Space Administration.
33. We have communicated to you that the Smithsonian Astrophysical Observatory has not changed, in all material respects, cost accounting practices since the disclosure statement dated September 10, 2012; therefore, such disclosure statement is the most current and is applicable for fiscal year ended September 30, 2025.

Very truly yours,

Smithsonian Institution

Signed by:

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Ron Cortez

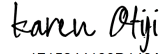
Under Secretary for Finance and Administration/CFO

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John Lynskey

Deputy Chief Financial Officer and Controller

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Karen Otiji

Director, Sponsored Projects

DocuSigned by:

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Lisa Kewley

Director, Harvard-Smithsonian Center for Astrophysics