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SMITHSONIAN YEAR • 1984

*Statement by the Secretary*

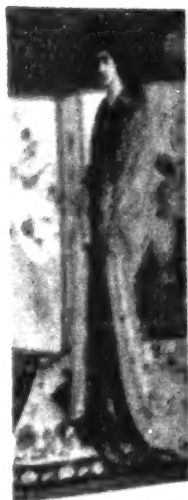


*Smithsonian Year • 1984*

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THE SMITHSONIAN INSTITUTION

WE BRING YOU  
AN AMERICAN MASTER



SMITHSONIAN YEAR • 1984

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STATEMENT BY THE SECRETARY

*The Smithsonian Institution • 1985*



Frontispiece: During the past twenty years under Secretary Ripley's guidance, the Smithsonian has been dedicated to reaching out to the public at large. At the same time, the boundaries of museum activities have been extended beyond the monumental buildings to the Mall and other spaces outside. Exemplifying this spirit, the photos on the preceding pages show (*left*) one of the posters at Washington bus stops that promoted a major exhibition at the Freer Gallery celebrating the 150th anniversary of the birth of James McNeill Whistler and (*right*) a nineteenth-century bandstand, a gift from the State of Illinois, which was installed in the outdoor amphitheater near the west end of the National Museum of American History during the early summer of 1984.

## *The Smithsonian Institution*

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The Smithsonian Institution was created by act of Congress in 1846 in accordance with the terms of the will of James Smithson of England, who in 1826 bequeathed his 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." After receiving the property and accepting the trust, Congress incorporated the Institution in an "establishment," whose statutory members are the President, the Vice-President, the Chief Justice, and the heads of the executive departments, and vested responsibility for administering the trust in the Smithsonian Board of Regents.

### THE ESTABLISHMENT

Ronald Reagan, *President of the United States*  
George H. W. Bush, *Vice-President of the United States*  
Warren E. Burger, *Chief Justice of the United States*  
George P. Shultz, *Secretary of State*  
Donald Regan, *Secretary of the Treasury*  
Caspar W. Weinberger, *Secretary of Defense*  
William French Smith, *Attorney General*  
William P. Clark, *Secretary of the Interior*  
John R. Block, *Secretary of Agriculture*  
Malcolm Baldrige, *Secretary of Commerce*  
Raymond J. Donovan, *Secretary of Labor*  
Margaret M. Heckler, *Secretary of Health and Human Services*  
Terrel H. Bell, *Secretary of Education*  
Samuel R. Pierce, Jr., *Secretary of Housing and Urban Development*  
Elizabeth H. Dole, *Secretary of Transportation*  
Donald P. Hodel, *Secretary of Energy*

## Board of Regents and Secretary • September 30, 1984

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EXECUTIVE COMMITTEE	Warren E. Burger, <i>Chancellor</i> David C. Acheson William A. M. Burden Carlisle H. Humelsine ( <i>Chairman</i> )
THE SECRETARY	Robert McCormick Adams  Phillip S. Hughes, <i>Under Secretary</i> David Challinor, <i>Assistant Secretary for Science</i> John E. Reinhardt, <i>Assistant Secretary for History and Art</i> Joseph Coudon, <i>Special Assistant to the Secretary</i> James M. Hobbins, <i>Executive Assistant to the Secretary</i> Ann R. Leven, <i>Treasurer</i> John F. Jameson, <i>Assistant Secretary for Administration</i> William N. Richards, <i>Acting Assistant Secretary for Museum Programs</i> Peter G. Powers, <i>General Counsel</i> Ralph Rinzler, <i>Assistant Secretary for Public Service</i> James McK. Symington, <i>Director, Office of Membership and Development</i>

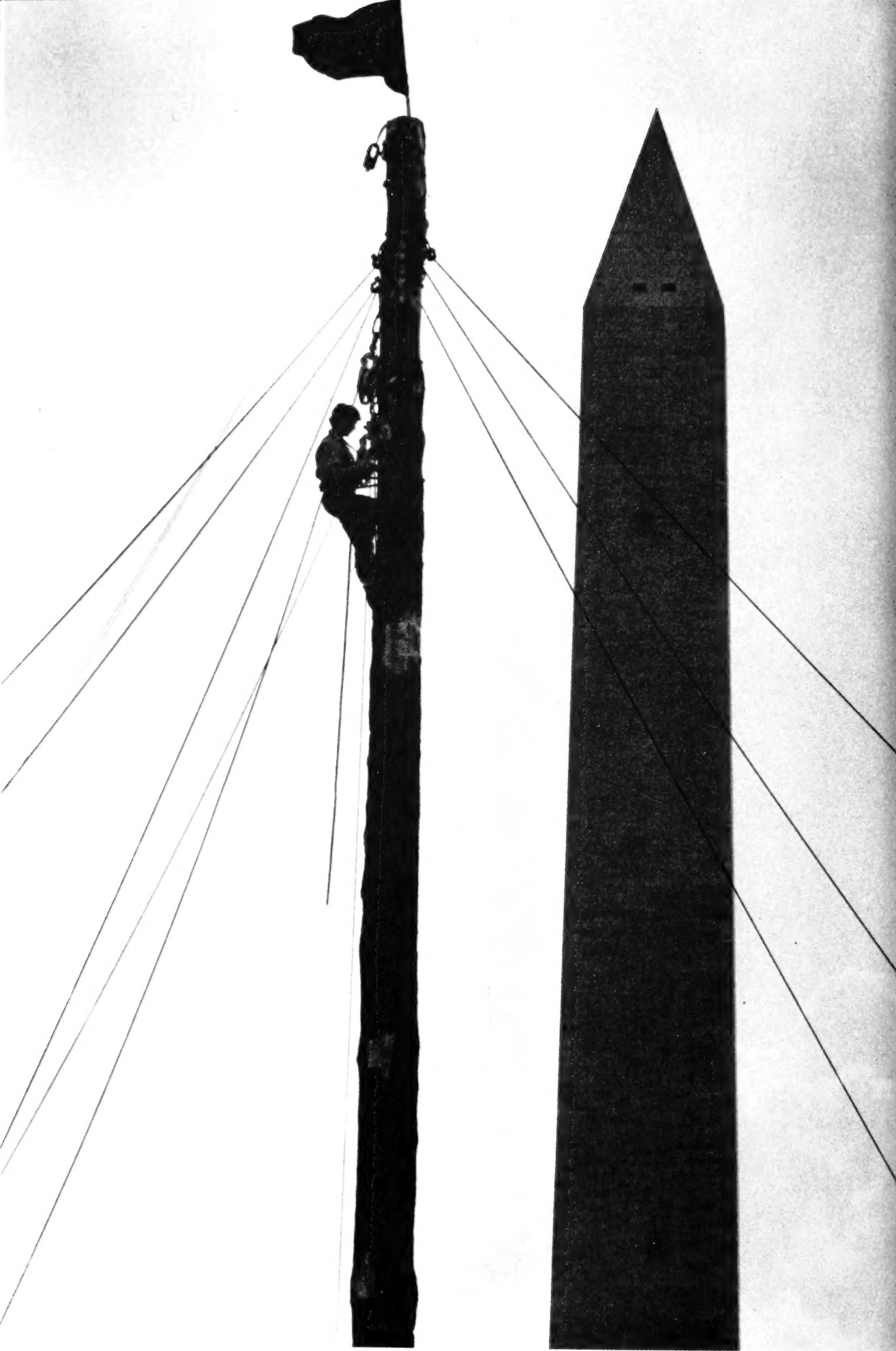


SMITHSONIAN YEAR • 1984

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STATEMENT BY THE SECRETARY

*The Smithsonian Institution • 1985*



Gary Winnop of Sitka, Alaska, checks rigging at the 1984 Festival of American Folklife. Native Alaskan basketry, doll making, wood and ivory carving, gold-mining, logging, music, and dance were among the traditions presented to mark Alaska's twenty-fifth anniversary of statehood.

## *Preface*

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ROBERT McC. ADAMS

Institutionally, the Smithsonian is unique. Its stockholders, to stretch the term but slightly, are the people of the United States. This *Smithsonian Year* is a report to the people on the achievements and problems of fiscal year 1984.

I had the great honor of becoming the Smithsonian's ninth Secretary a mere thirteen days before the end of that year. This, then, can only be a letter of transmittal. Appropriately, the traditional Statement of the Secretary introducing this report is penned by the distinguished scientist, educator, and administrator who led the Smithsonian not only through all but a few days of fiscal year 1984 but also through two momentous decades before that.

It was a period of rich development and meaningful growth. Under Dillon Ripley's guidance, the Institution was able to open doors and windows, both literally and figuratively. The doors of a string of new museums were thrown open; windows to the minds of millions were opened through a range of imaginative exhibitions, programs, and publications. Research blossomed, and results in scholarship were impressive.

The years ahead will be years of challenge in a changing world, a changing economy, changing educational and cultural priorities. I am confident that the Institution, building upon the Ripley heritage, will continue to be faithful to its mandate to increase and diffuse knowledge for the benefit of humankind.



## *Time Present and Time Past Are Wrapped in Time Future*

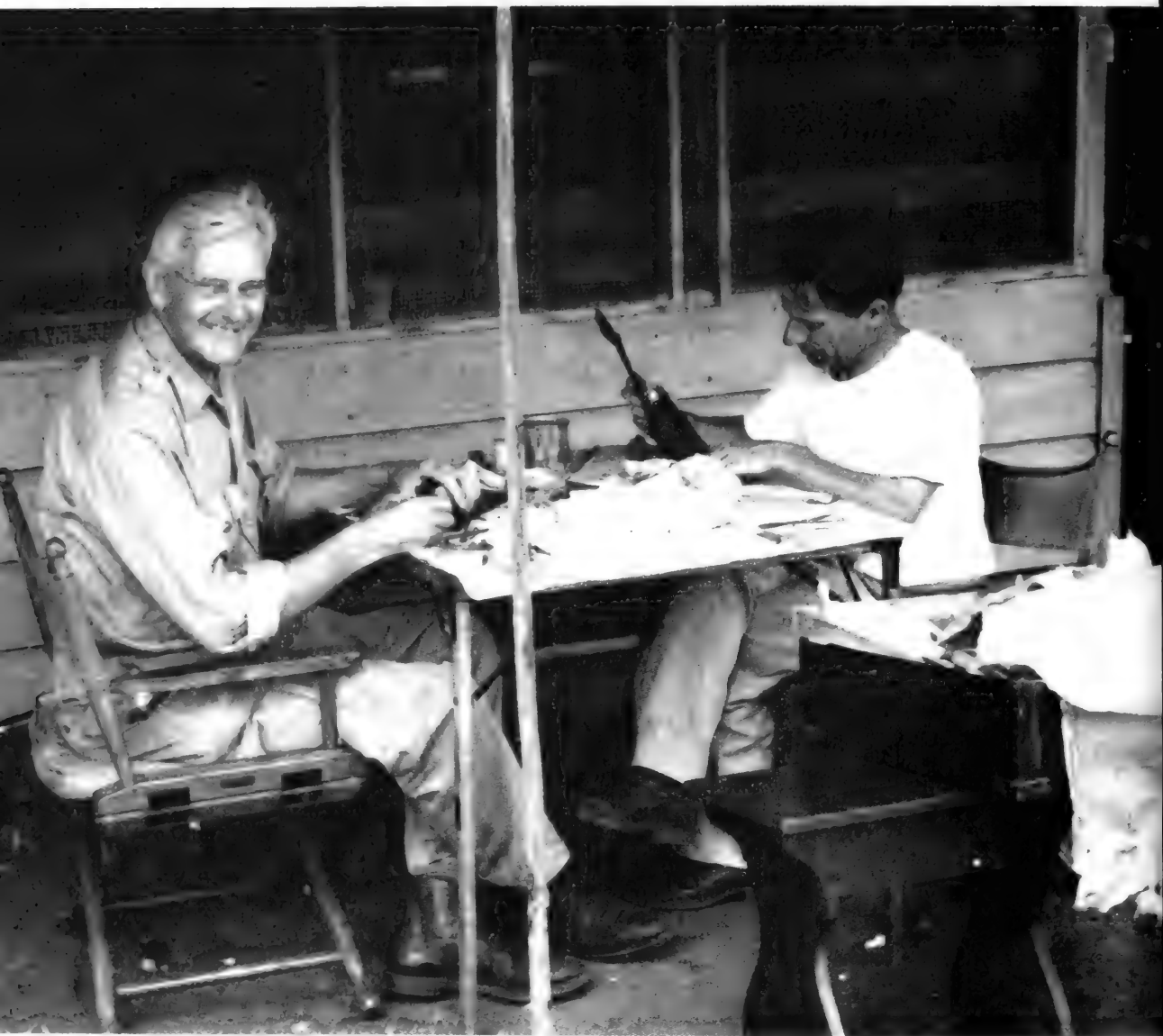
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S. DILLON RIPLEY

"Gentlemen [and Ladies]: I have the honor to submit a report showing the activities and condition of the Smithsonian Institution and its branches. . . ." Thus, in the manner of the first seven Secretaries, I greeted the Regents in 1964. Having served rhetorical formality, I am honored to begin my final report. There is certain comfort in tradition, after all, an accustomed fit like an old tweed coat against the drafts of new circumstance. Tugging precedent around my shoulders, I recall that my immediate predecessor, Leonard Carmichael, reported on his first ten years *en bloc*. So I am pleased to follow his worthy example and review the past score years, as long a term as anyone save our paradigm, Joseph Henry, was privileged to serve. It is a pleasure here to hand on the Smithsonian torch to the excellent successor to us all, Robert McCormick Adams.

Looking backward—a proven way to take one's bearings in the woods or when putting out to sea—I am astonished to observe how far we have come since 1964, a landmark year on many fronts. In January, Dr. Carmichael had paved the way for the opening of the Museum of History and Technology, ably assisted by Frank Taylor, that museum's first director; a national cultural center proposed by President Eisenhower was renamed for John F. Kennedy and placed under the Smithsonian aegis; some 10 million visitors entered our buildings on the Mall; three cubs were born to Mohini, the white tiger at the National Zoo; 1.2 million specimens were acquired, some six hundred of them donated by the still-active sixth Secretary, Alexander Wetmore. Also in that year, no doubt emboldened by my relative youth, I expounded the following thought: "*Museums and their related laboratories are just entering a new era, and museum resources are being drawn upon as never before for general education.*" [Emphasis belated.]

Twenty years later, I relish the memory of what was in the air—an electric and electrifying energy like a summer storm over



Alexander Wetmore (*left*), the sixth Secretary of the Smithsonian Institution, and Watson M. Perrygo prepare bird skins at La Jagua Hunting Club near Chico, Panama, in this 1949 Smithsonian Institution Archives photo.

the great plain of the then empty Mall. It boded so well in many respects: the promise of enriching activity, like warm rain to nourish the crop of human potential. President Kennedy's clarion call to a New Frontier still echoed noble challenges as the Peace Corps reached its stride, and the Great Society agenda was gathering force. The new National Council on the Arts was conceiving the Arts and Humanities Endowments that would grow mightily during President Nixon's administration. America was "busting out all over" in 1964, not only at the Smithsonian but everywhere. It is fitting to remember that all the energy was not wisely spent; that a well-intentioned nation blundered into the Vietnam misadventure. The nation and its leaders were not faultless in that highly charged decade (or any other), but the common failings then were neither timidity nor conformity. Even around the Smithsonian—especially here, I believe—one sensed a kind of estival energy.

Perhaps one had to have been here in the dead of institutional winter to appreciate it. Again "look backward lest we fail to mark the path ahead." Early in the Second World War, I had passed through the Museum of Natural History and found it as stifling as my wartime destination in the Southeast Asian forest. The administrator of the museum was unaffectionately known as the "Abominable No-man" for his unwavering diligence in barring the door against innovation, while the curatorial staff was preoccupied with housekeeping and the conduct of bureaucracy. Yet by 1964, a new generation of curators was emerging. Perhaps they represented a phylogenetic leap or, more likely, were boosted by the winds of productive adventure blowing across the land.

Raising our sights two decades ago, we surveyed the world of science, history, and art from the Castle and realized our discovered goals were not so much new ambitions as renewed intentions to realize the Institution's ancient promise. We found one challenge in Secretary Henry's aim to make the Smithsonian a center for "enlarging the bounds of human thought"; another in his boast that "we have from the first kept a keen eye on every discovery of science and every invention in art"; a third in his vision for a "College of Discoverers." Nor could we forget the mighty mandate of the legator himself "to found in Washington an Institution for the increase and diffusion of knowledge."

First among my aims was the basically democratic one to make the Smithsonian known to its owners, the American people and by extension all humankind. The public had come to view the Smith-

sonian as a dusty vitrine containing insects impaled on little pins, their names penned in a language as dead as the halls' appeal. We wanted to invite people in, to make them welcome, to accomplish the museum's principal work of attracting men, women, and children to exhibits and activities that stimulate the soul and the intellect.

Second, if the Smithsonian were to claim its rightful place among learned societies, the deprivations of its own staff must end. It behooved us to appreciate the men and women who in some instances labored in Dickensian gloom, and behooved us specifically to create both an atmosphere in which they might thrive and an outlook that would attract gifted successors.

Third, a fair reading of the founder's will and a quick study of the Institution's history showed substantial gaps in the curriculum. Both the original mandate and the precedents of practice encouraged us to find or create ways to fill those gaps, as for example in art, environmental science, and aeronautica.

Finally, it was incumbent on America's preeminently national museum complex to take its place as a leader both in this country and abroad.

Not surprisingly, these interrelated goals answered problems that were connected. Over time an original premise of the place had turned topsy turvy: privately supported by a single bequest, the Institution had received from Congress a tiny sum in 1855 to pay for tending some miscellaneous collections, but now that stipend had mushroomed until the government provided 90 percent of the budget. No wonder the public didn't see the Smithsonian as their own; it belonged to the Feds. If people came to know the Smithsonian better, we reasoned, not only would they profit personally and intellectually but they might come to support it more. In time, then, we might restore an organization supported equally by private persons and the government.

There is a footnote to history, perhaps, in a memo written to me in 1981 by our then treasurer, Chris Hohenlohe: "In reviewing some historical material on Smithsonian budgets, I discovered the interesting fact that the operating budget for the current fiscal year, 1980—just under \$200 million—is equivalent to the total of all operating expenditures of the Smithsonian for the years 1847 through 1963. Put another way, you will be overseeing a budget in this year alone which equals all of the moneys spent by your seven predecessors. Since your incumbency, you have already been responsible for overseeing 87 percent of all of the Smithsonian's





*Above:* Ralph Chapman, researcher in the Paleobiology Department of the National Museum of Natural History, leads a Resident Associate parent-child class about dinosaurs while the participants make plaster casts of a dinosaur-like animal. (Photograph by Lillian O'Connell) *Below:* Roger Morigi, a retired master stone carver at the Washington Cathedral, lets young visitors try their hand at carving as part of "The Grand Generation: Folklore and Aging" program at this year's Folklife Festival on the Mall.

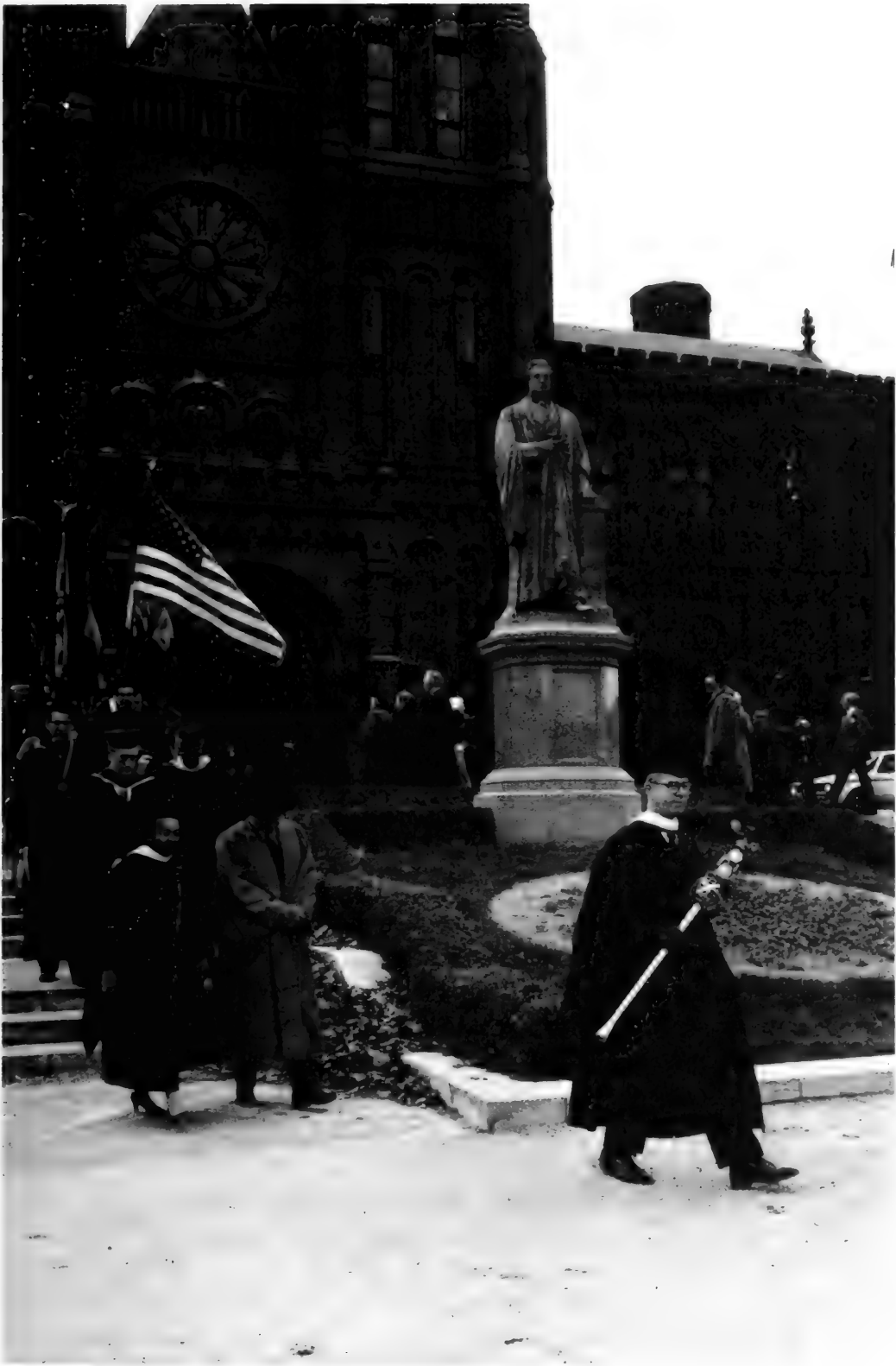


operating expenses since 1847. . . ."

Personnel problems were also linked to the dependency on federal appropriations. For reasons lost in the ossuaries of history, every Smithsonian employee was a federal worker first and a scholar, scientist, or technician second. The terms of employment did not necessarily address the career concerns of scholar or scientist. It was clear that we had to find ways to compete with universities and other research institutions, to offer not only laboratory space, but staff assistance, publishing opportunity, and higher salaries which perforce must be funded from new private endowments. As a virtual ward of the government, the Institution might eschew individual enterprise and intellectual initiative. It behooved us to encourage our people in the unfettered pursuit of professional interests.

Looking back over these twenty years is like studying a great tapestry in the Textiles Collection, a complex of many threads. In that first fiscal year the Smithsonian bravely opened several new offices to embark on overdue work in various directions. We established an Office of Education and Training, then an Office of International Activities which William W. Warner directed with peripatetic éclat. It organized the first archaeological dig abroad with State Department cooperation. It helped UNESCO rescue Abu Simbel and the monuments of Nubia from the rising waters of Lake Nasser. It facilitated American scientists of all disciplines and affiliations to work abroad by making local currencies available to them as "counterpart funds." If it appeared that the Institution was embarked on an "outreach" campaign that year, the stage was being set for other drama through such activities as the first conversations with Joseph H. Hirshhorn.

Studying what had come before offered a splendid springboard, for a review of Smithson's legacy revealed that 1965 was the bicentennial of the founder's birth. What better occasion to win academe and public alike to our renascent cause and, *mirabile dictu*, rededicate his namesake Institution. The convocation celebrating James Smithson's 200th birthday brought the pomp and panoply of a full-dress academic procession to the Mall as we conferred the first Smithson Medal on the Royal Society (of which our founder had been a member at age twenty-four). Some five hundred learned societies around the globe sent their representatives in recognition of the Smithsonian's contributions to learning since 1846. These harkened back to the free exchange of scientific information and research under the first Secretary.



The academic procession from the Smithsonian Castle to the National Museum of Natural History for the formal opening of the Institution's eighth international symposium, "The Road after 1984: High Technology and Human Freedom," on December 8, 1983.

Fiscal year 1965 also saw the creation of the Resident Associate Program, which proved the Biblical lesson of manifold returns: "Give, and it shall be given unto you." Some subscribers thought the program an act of overt generosity on our part, yet it has earned more than it cost many times over. For one thing, it provided a new way for the Institution to do its important work by offering a new vehicle to diffuse knowledge. For another, it brought into the Smithsonian fold a whole new constituency of friends who would be both self-motivated seekers and our ambassadors. This and subsequent Associates programs brought us close to people and them to us. Resembling programs suggested by Secretary Walcott in 1926, they provided educational and recreation opportunities for people who soon supported the Institution with their gifts and good offices.

On the several scientific fronts: Donald Davis proved through the intriguing agency of moths that yucca and agave plants belong to one genus; through faunal evidence J. F. Gates Clarke demonstrated the then surprising hypothesis of continental drift: that Australia, New Zealand, Rapa Island, and South Africa were once joined. Pioneering volunteer observers joined the Prairie Network to track satellites and meteorites across the night skies; the new publications series *Contributions to Anthropology* was launched; we were given an estuarine tract, the Chesapeake Bay Center for Environmental Studies, now a 2500-acre natural workshop and laboratory; the Flight Cage at the National Zoo opened to the delight of visitors and avian occupants alike.

On strategic fronts, the Regents authorized the start of substantive conversations both with Mr. Hirshhorn and with the trustees of New York's beleaguered art museum at the Cooper Union Institute. SITES, the traveling exhibition service, was reactivated. Mary Livingston Ripley helped organize the soon highly effective Women's Committee, while her husband contemplated the sorry tradition that the Secretary was the only Smithsonian figure listed in the social directory, the Green Book. This was a fact that had nothing to do with any scholarly issue or museum policy; but it had everything to do with Washington's infrastructure, with money and access to eleemosynary support anywhere. As surely as an expedition in Nepal needs caches of food, success in any Washington venture requires access to the seats of influence, a fact of life that may have been neglected by previous Secretaries who did not believe their duties included fundraising. Meanwhile, mindful of Joseph Henry's belief that the Mall might

be made one of the most delightful places in the United States, we began turning this greensward into a park for people, a lawn of living celebrations, as trumpeters mounted the Castle's North Portico and the National Symphony performed on the terrace of the new Museum of History and Technology.

In the banner year of 1966, beetles arrived from the tomb of Tutankhamen; the Arts and Industries Building was renovated; Nathan Reingold began editing *The Papers of Joseph Henry*, a project jointly sponsored by the Smithsonian, the American Philosophical Society, and the National Academy of Sciences; the Division of Performing Arts made its debut; the Smithsonian Institution Press began publishing, with some trade books in addition to a scholarly and scientific list.

Above all, President Johnson proved himself a friend of art and of the Smithsonian. First, he was instrumental in saving the original Corcoran art gallery building from demolition. This architectural gem next to Blair House was transferred to the Smithsonian for restoration as the Renwick Gallery. Next, the President and Mrs. Johnson personally interceded in the cause of the Joseph H. Hirshhorn Museum and Sculpture Garden. I had solicited the Johnsons' help in this matter, believing that they appreciated the ineffable value of great art to the American people in general and Washington in particular. It seemed unfortunate that Washington might lose this opportunity because of the presumption that nothing more on the Mall could have a donor's name on it. A truly passionate collector of modern art, Hirshhorn owned nearly seven thousand objects then valued at over \$24 million, and he wanted to give the lot—within an edifice he would help build—to America. There was stiff competition between cities, nay among nations, to possess this collection, but the President's personal interest and intervention won it for us. The gift of this treasury was one of three signal art events in Washington's history, in the grand tradition of Charles Lang Freer's contribution of his unrivaled orientalia and Andrew W. Mellon's donation of the National Gallery of Art.

Finally, 1966 marked the first of an annual miniconvocation of scholars, academic specialists, artists, musicians, critics, and scientists in cognate fields assembled as the Smithsonian Council. The purpose of the three-day meetings of this council is mutual exchange: the Council familiarizes itself with the scholarly diversity of our Institution, while our colleagues are exposed to kindred souls in all fields. Each group comes to understand the other and in the telling we are able to disseminate our wares to the intellec-



Above: Abram Lerner (left), then director of the Hirshhorn Museum and Sculpture Garden, with Helmut Schmidt, former Chancellor of West Germany, studying a work in the exhibition *German Expressionist Sculpture*, April 2, 1984. Below: Shown at the twentieth anniversary celebration of the Organization of African Unity at the National Museum of African Art, December 20, 1983, are (left to right) Edward J. Perkins, Director, Office of West African Affairs, U.S. State Department; Henri A. Turpin, Counselor, Senegal; Secretary Ripley; Chester A. Crocker, Assistant Secretary of State, Bureau of African Affairs; and Sylvia Williams, Director, National Museum of African Art. Photograph by Jeff Ploskonka



tual world about. The experience has not always "worked," but the annual meetings serve as a fascinating inward look and outward exposure for both sides.

The following year marked the bestowal upon the Smithsonian of the Lilly Collection of rare coins. Work began on the revised multivolume *Handbook of North American Indians* and the Urgent Anthropology Program. The year 1967 also brought new vitality to "people programs." Alarmed by the consensus among authorities at an Aspen conference that museums belonged to gentry, Charles Blitzer and I countered with a novel proposal: If less elegant people tacitly proved the brahmins correct by staying away from marble halls on the Mall, the Loop, and Fifth Avenue, then let us build smaller museums in lesser neighborhoods. In Washington's inner city we found an abandoned movie theater, a willing community, and an administrator who was a local resident and knew the area and its people well. Then John R. Kinard opened the Anacostia Neighborhood Museum, and its doors are still open, on the avenue later named for the Rev. Dr. Martin Luther King, Jr.

The Department of Transportation was also born in 1967, and the Smithsonian took due notice. A vehicular extravaganza on the Mall (which already boasted the roundabout jitney of the carousel) featured a rally of antique cars, an exhibit of vehicles of the future, and even a demonstration of real levitation as a "test pilot" bounded around wearing a rocket belt. But in the most splendid event on our lawns that year, the first Festival of American Folklife, under the far-seeing direction of Ralph Rinzler, our expert in ethnicity and folkcrafts, celebrated the manifold creativity of the American people.

In 1968, the Office of Museum Programs opened and, reflecting the spirit of the National Museum Act of 1966, provided an array of advisory and assistance programs to kindred institutions throughout the land. It also would serve as our conduit of news about goings on elsewhere in America and abroad. New York's Cooper Union Museum was reborn as a Smithsonian bureau, the Cooper-Hewitt Museum of Decorative Arts and Design, significantly our only museum outside Washington, D.C.

In Washington the fabled Patent Office Building became another of the Smithsonian's many mansions, this one to house both the National Portrait Gallery and the National Collection of Fine Arts. Here nomenclature presented conundrums fit for a taxonomist. Since 1910 the Smithsonian had a "National Gallery of Art" of sorts, but Andrew Mellon had appropriated the generic name with

his famous gift in 1938. The Smithsonian's art holdings then acquired the title of National Collection of Fine Arts, a rather grandiose handle for the eclectic, interesting, yet fragmentary group of *objets* that dustily reposed in Hall 10 of the Natural History Museum. It was this material that became the nucleus of the Patent Office's north side, which was later renamed most descriptively the National Museum of American Art.

As for the National Portrait Gallery, this was no mere copy of a British model, but thanks to its first two directors, Charles Nagel and Marvin Sadik, a uniquely original museum: a source of visual information about famous Americans.

In 1968, the Woodrow Wilson International Center for Scholars was chartered by Congress as a Smithsonian bureau (under an independent board of trustees, like the Kennedy Center and the National Gallery of Art). In the same year the Smithsonian Astrophysical Observatory, a joint venture with Harvard University, opened its largest field facility, later named the Fred Lawrence Whipple Observatory, atop Mount Hopkins in Arizona. As the decade drew to a close, we looked farther and farther ahead. Ground was broken for the Hirshhorn Museum, and plans were laid for a national magazine to report on everything that interested the Smithsonian "or should interest it," as founding editor Edward K. Thompson put it.

As the new decade began, we received approval to build the National Air and Space Museum by a stroke of fiduciary genius that might stand every government agency in good stead today. Congress had authorized the expenditure of some \$40 million for the new museum, and we had commissioned a fine design. But with costs skyrocketing, the construction bids were coming in at \$65 million and up. Representative Michael Kirwan, a former Regent and faithful friend on Capitol Hill, warned of disaster if we requested more money. Instead, we informed our architect, Gyo Obata, of our dilemma, told him that there was no alternative to a streamlined, stripped-down design. At the same time, we persuaded a new President, Mr. Nixon, the Budget Office, and Congress that if there was to be a National Air and Space Museum in Washington on July 4, 1976, we must act quickly and push our design and budget through. For this we summoned a blue ribbon team: two Regents, William Burden and James Webb, and the charismatic figure of Michael Collins fresh from the first moon voyage. This astronaut pleaded our cause as the Director-elect of the world's most popular museum of the future. Meanwhile, the





An aerial view of the Smithsonian Astrophysical Observatory's primary site for ground-based astronomy, the Fred Lawrence Whipple Observatory on Mt. Hopkins, Arizona, looking north toward Tucson. Several instruments, including a 10-meter-diameter gamma-ray collector and 1.5-meter and 61-centimeter optical reflectors (at lower left), and support and maintenance facilities are located on a mile-long ridge at the 7,600-foot level. The Multiple Mirror Telescope, a joint facility with the University of Arizona, is located on the 8,500-foot summit.

Natural History Museum purchased a device of then novel design and priceless worth for its investigations of previously unperceivable minutiae, our first scanning electron microscope. The Institution also abetted the exploration of ephemera by supporting a new branch in Cambridge, Massachusetts, the Center for Short-Lived Phenomena.

The troubled 1970s saw new and diverse activity on and around the Mall. For one thing, the Kennedy Center opened. For another, citizens returned en masse to Washington to protest the tragic war in Vietnam. Here we were able to serve in a manner unexpected for repositories of fossils and art. When tear gas lacrimated the city, more than 80,000 people found fresh air in the environmentally contained Museum of History and Technology.

In another sort of departure from inhumane policies, we annulled the rule requiring our researchers to present their papers for pre-publication review. And under the aegis of Charles Blitzer and David Challinor, the tasks of heading scholarly and scientific departments were put on a rotating basis—no more permanent chairmen—in hope of precluding the investiture of a bureaucratic satrapy.

In 1970, the Archives of American Art, an invaluable repository of the personal history and maturation of America's artists, became a Smithsonian bureau. Also, hospitality services for the Institution were expanded through the Visitors Information and Associates' Reception Center, which now directs a corps of volunteers approximately as large as the Smithsonian's staff. VIARC opened in conjunction with the premiere issue of *Smithsonian* magazine, whose subscribers were automatically National Associates. The magazine won Regents' approval just after Earl Warren stepped down as Chief Justice and ex officio Chancellor of the Institution. Although many members of the Smithsonian community opposed our entering the hue-and-cry world of popular journalism (as a few diehards still do), and grumblings about media grants were growing louder in many quarters, our newly appointed Chancellor, Chief Justice Warren Burger, led the Regents in approving the magazine. Within two years, the magazine began showing a profit and has added handsomely to trust fund accounts over the years. It has also won kudos from both media experts and the public, who now subscribe as Associates in numbers exceeding two million.

In July 1970, the Smithsonian was privileged to enter the lime-light on Capitol Hill when Representative Frank Thompson chaired

a committee that reviewed our operations, policies, and finances. While some bureau directors anticipated the hearings with dread, I welcomed this expression of congressional interest in the Smithsonian, the first since 1855. We were fortunate that these overseers corrected an ill-advised plan: the Hirshhorn Museum and Sculpture Garden would not transect the Mall. Beyond that, the committee concluded that "the Smithsonian's value is basic and should be continued. Its work and research in science, education, history and the arts and, of course, its many museums far overshadow whatever criticisms . . . have been made." Further afield, the Fort Pierce Bureau in Link Port, Florida, began operations as a Smithsonian marine station.

In 1972, President Nixon returned from his historic visit to the world's most populous nation with a gift of two giant pandas from the people of China. They were ensconced at the National Zoo, which also prepared to embark on director Theodore H. Reed's masterful master plan. The Renwick Gallery opened at last, and at Treasury Secretary John B. Connally's invitation, the Group of Ten international finance ministers convened in the Castle. (It is alleged that during that meeting the dollar floated as a result of two of the finance ministers' getting stuck together in a balky elevator.)

The following year, the Regents approved the introduction in Congress of legislation authorizing planning for a Museum Support Center on federally owned land in Silver Hill, Maryland. Having outgrown our buildings on the Mall and elsewhere, the several museums could now responsibly plan for the curation, preservation, and storage of priceless collections in what would be a state-of-the-art facility. But as we focused on new beginnings, two of the three former Secretaries died in 1973, and thus ended an actuarial miracle: until the demise of Leonard Carmichael and of Charles Greely Abbot, half of the eight men who had chaired this Institution since 1846 were still alive. (The first four died in office.)

In the Mall's landmark event for 1974, the Hirshhorn Museum and Sculpture Garden opened at last, and to lasting acclaim as a repository of modern art. The following year the General Services Administration conferred on us an erstwhile experimental farm and army remount station in Front Royal, Virginia, which the Zoo put to use as a center for breeding, research, and conservation of rare animals. But 1975 was almost as notable for what did not occur. In three signal instances the Smithsonian proved that it no



President Reagan meets Jayathu, an eighteen-month-old Asiatic elephant, a gift from J. R. Jayewardene of Sri Lanka, at the White House, June 18, 1984. Jayathu was accompanied by keeper Jim Jones of the National Zoological Park and her Sri Lanka keeper, S. S. M. Seelaratna.

longer accepts everything that's offered; the old image of "the nation's attic," repository of things wanted nowhere else, may be shelved, perhaps in someone else's garage. We declined acquisition of the San Francisco Mint, of the Saint Louis Post Office, and of the liner SS *United States*. We have also raised a few eyebrows by turning down Howard Hughes's plane, the *Spruce Goose*.

The nation's Bicentennial witnessed celebrations almost everywhere, but the year 1976 was an especial one on the Mall where our museums mounted twenty-three special exhibitions, a grand pastiche collectively called "The American Experience." At the suggestion of Frank Taylor, director general of the U.S. National Museum, this included the reopening of the Arts and Industries Building with a recreation of the 1876 Centennial Exposition at Philadelphia. In the Natural History Building the West Court had been developed to house a cafeteria, gift shop, and Naturalist Center. In New York, the refurbished and reorganized Cooper-Hewitt Museum under the consummate direction of Lisa Taylor opened in Andrew Carnegie's mansion on Fifth Avenue. But the signal premiere was on the Mall's south side: the July first opening of the National Air and Space Museum, which set some kind of record by welcoming two million visitors in the first forty-nine days.

In the following years, the Smithsonian Institution Press added a new imprint, now known as Smithsonian Books, another publishing venture of merit for the public and revenue for the Institution. The Regents opened a special fund for Institution acquisitions, special research, and education. The Office of Biological Conservation became our coordinator and watchdog in the crucial realm of conservation activities. The Assistant Secretary for Public Service, Julian Euell, established the Office of Telecommunications under the able direction of Chic Cherkezian, thereby adding to the Institution's outreach efforts the powerful aid of electronic media.

The decade's last year saw several major new projects. For one, the fifteen-year-old independent Museum of African Art, so far as we know the only American museum of its ken, became a new Smithsonian bureau. In the Southwest, the Multiple Mirror Telescope, a joint venture with the University of Arizona at Mount Hopkins, began scanning the skies with uniquely new acuity. In the Canal Zone, the Smithsonian Tropical Research Institute established a 13,000-acre biological preserve, the Barro Colorado Nature Monument. At home, the Regents established a new fellowship program for attracting eminent scholars and scientists in

residence.

In 1980, Walter Adey's living coral reef—the first ever maintained apart from the sea—was put on public display at the National Museum of Natural History. The National Portrait Gallery acquired Gilbert Stuart's most famous portraits, perhaps the truest likenesses of George and Martha Washington, in a special partnership with the Museum of Fine Arts, Boston. The following year, the specially designed Thomas M. Evans Gallery opened at Natural History as a showcase for traveling exhibitions. This was soon followed by the establishment of the James E. Webb Fellowships to promote excellence in the management of cultural and scientific nonprofit institutions, and by two projects of first-magnitude importance to museology. First, in 1983 the Museum Support Center was finally opened at Silver Hill, the world's model facility, we hope, for the maintenance of museum collections. Second, the first stage of an institution-wide inventory was completed: the painstaking task of identifying and counting all of the Smithsonian's 100,000,000 artifacts and specimens. The results of this "great counting" will include cybernetic access to data describing every single one of our possessions.

The last years of my administration have seen the National Air and Space Museum begin the project of placing its collection of over one million photographs onto laser videodisc. Also during this period, several Smithsonian museums jointly compiled a polymath exhibition, *Treasures of the Smithsonian Institution*, for display at the celebrated Edinburgh Arts Festival. It was August 1984, two hundred years to the month from James Smithson's introduction to the Highlands and the Age of Enlightenment.

Finally in 1983, there was the planning, authorization, and early-stage construction of the Smithsonian Center for African, Near Eastern, and Asian Cultures. This largely underground facility, initially endowed by Arthur M. Sackler to contain his priceless collection of Asian masterworks, will connect with the Freer, and will comprise also the fabled collections of the Museum of African Art. Like the youngest child of a parent, this new museum complex—the Quadrangle—must always have a special place in my heart.

The money for it has been raised and committed; funds for the structure's programs have already been pledged by a goodly number of the governments and individuals across the vast arc of mostly new nations of that half of the world represented in the Center's title. My chief regret at relinquishing the torch now is leaving before the Quadrangle's completion. But like the Smith-



Brian Fisher, a thirteen-year-old junior high school student from Chicago, became the 75 millionth visitor to the National Air and Space Museum on May 24, 1984. He is greeted by museum director Walter Boyne. In the background, three medieval-costumed trumpeters herald the occasion.

sonian itself, this building may never be finished save in a physical sense. Its purpose, its inner life as manifested in scholarly programs and public appreciation of exhibits, will depend on those who follow me and my generation of curators, scientists, historians, and delineators of knowledge.

The new Center for African, Near Eastern, and Asian Cultures rises steadily (as I write) in its vast pit, looking in embryo like the beginnings of a coral reef in a tropical lagoon. The shelflike ledges appear in place and will superimpose themselves layer by layer. A delicate miniature forest of lacy pillars spreads up from the base like the skeletal frame of sea fans or the bare branches of gorgonians thrusting toward the light.

Soon this solid foundation will all be filled in and a verdant green carpet will spread out like the top of the reef at low tide. Look for water splashing here and there, with two projecting galleries above, beautiful stranded granite boulders rich in color, set amongst the vegetation, a dream come true.

Perhaps in years to come a similar Center for the New World can arise in the quadrilateral space east of the Air and Space Museum which was deeded to us some time ago by the Congress. The statute specified that plans for any structure on that last Mall building site must be approved in advance by Congress. (No one need be taken unawares by some vast teeth of Cadmus springing up overnight to obstruct the western vista from the Capitol towards the panorama of Mall and monuments.) This was a wise decision, one in which the Smithsonian concurred, testifying that we had no wish to encumber space with sheer manmade mass to obliterate openness, an increasingly precious commodity in our city.

If the Quadrangle becomes the success we anticipate—novel in theme as well as structure—what a fine example it can serve for the future in our world. It will serve as a model for still another vast cultural history to be told and pondered: the sweep of two continents from the Bering Sea to Cape Horn trodden by the streams of emerging civilizations over the course of some 30,000 years. Cultures have emerged in the flowing over these new worlds, from north to south, from west to east. No similar event can quite so clearly be defined on the rest of the planet; no effort has so far been attempted to describe in time and sequence this all-encompassing tidal flow which continues even today in a way whose history is only becoming known and whose future like the winds of time cannot be discerned.

For the present our new Center for African, Middle Eastern, and



Asian Cultures is an experiment for the Institution, delving into cultural history in a new mode. I am intrigued to speculate on the pedestrian traffic this Center will bring, whether it will attract new thoughts, new ways of understanding half of the world's population. As the winds change so may our perceptions also of our fellow humans. Across the Mall, even on calm days, gusts and eddies of breeze remind one that this is a vast, still, quite open space. The wind, when it comes unpredictably, blows hither and yon. Sometimes the flags round the Washington Monument stand straight out, their whipping sound rising to a continuous muted roar like rapids in a stream in spate.

Pandit Nehru once said, unforgettably, "Strange winds are blowing across the face of Asia. We know not whence they come nor where they go." His prescient words evoked a thrilling current within me like some music. Walking across the Mall one senses such electricity in the air, and visions of a kind, whether past or future, we cannot tell.

Beneath the ambient noises of everyday, the ephemera of today's news or tomorrow's politics, there is a steady mass of public opinions and notions, indeed convictions, which like the breezes are independent of the noisemakers. In the turmoil and drama of communication most people do not listen, and do not hear or sense the presence of these notions. No opinion poll seems to be effective, either. What then could we hear if we cared enough?

It seems that Eisenhower's farewell words were prescient also, often quoted but, like Cassandra's, unheeded. "Beware the military-industrial complex." It is not so much the question of the triumphs of technology. One cannot feel really alarmed by our nation's hegemony of military-industrial development. It moves anyway, ponderously, imperceptibly even, irrespective of the overt shouting and tumult.

What the past years have wrought is a state of mind that seems more pervasive and indeed alarming than the surface evidence. Faith is at a nadir today. Religion has succumbed to niggling complaints about other faiths, and to a fratricidal theocracy, unknown since the Middle Ages. We may decry the rise of militant Islamic sectarianism, but it is being mirrored all across the world in varieties of fanaticism unparalleled in recent time. In the name of religion, pseudo-religion, or neo-religion, technology aids us today in constant acts of terror, blasphemy, and horror, enough to tip the balance so as to defeat faith itself. We have turned inward, towards inner self and thus selfishness with no restraint. Ambition



Among the major works of art received by the Smithsonian this fiscal year were (*above*) Edgar Degas' portrait of Mary Cassatt, purchased as a gift to the National Portrait Gallery from the Morris and Gwendolyn Cafritz Foundation and the Regents' Major Acquisition Fund, and (*below*) Edward Hopper's 1950 oil on canvas, *Cape Cod Morning*, one of the 169 paintings, sculptures, and drawings given to the National Museum of American Art by the Sara Roby Foundation.





A record-breaking 105,000 visitors viewed the Smithsonian Institution Traveling Exhibition Service's *The Precious Legacy: Judaic Treasures from the Czechoslovak State Collections* during its seven-week showing at the National Museum of Natural History. Among the many dignitaries who saw the exhibition was Chaim Herzog, president of Israel.

as of now is for oneself alone in every sense or sensibility. Mammon is worshiped, a companion to envy and greed in the denial of faith.

In this paroxysm of shock, there is a parallel settling down as of an outward buffer towards a numbing new conservatism, a search for conformity, the building of an overweening consensus. If there is in truth only a consensus, then bureaucracy administered by computer will be the answer to everything. There will be a mood of pseudocomplacency covering an essential malaise of the spirit in what may be observed. If possible, let it be routed out if we are to succeed in the restoration of our real faith. The current state is a presentiment of a failure in our culture. We must assume that the ideals embodied in our history are capable of a just and noble restoration, and perhaps this Institution is the one to be the bellwether. Let us then summon those strange winds to our cause and make the view of the Mall one of hope, of keening winds blowing our flags straight and whipping shrill.

#### STAFF CHANGES

The Secretary's Executive Committee was diminished by the loss of three members in the last year. Paul Perrot, Assistant Secretary for Museum Programs since 1972, became director of the Virginia Museum of Fine Arts. Chris Hohenlohe, my erstwhile executive assistant and, since 1979, the Institution's valued Treasurer, left in November to pursue private financial enterprises. (Ann Leven, formerly of the Metropolitan Museum of Art and the Chase Manhattan Bank, now serves as Chris's successor.) Regrettably, Larry Taylor, Coordinator of Public Information, retired.

Al Lerner has retired as founding director of the Hirshhorn Museum and Sculpture Garden. He has been succeeded by James Demetrian, who came from the Des Moines Art Center. Other new Smithsonian executives include Conservation Analytical Laboratory director Lambertus van Zelst; Milo C. Beach, formerly of Williams College, who will head the Sackler Gallery; and William Moss, who left the John F. Kennedy Library to direct the Smithsonian Archives.

Within the Institution, Michael Robinson moved from the Smithsonian Tropical Research Institute to succeed Ted Reed as director of the National Zoological Park. Bill Klein, former director of the Radiation Biology Laboratory, became director of the Environ-

mental Research Center, and senior folklorist Peter Seitel was promoted to director of the Office of Folklife Programs.

To these and many other members of our dedicated staff, we owe a great debt of gratitude. As I have said before, the Smithsonian is a community of talented and interested people on whom rests the Institution's vitality and greatness. I take pride in having been associated with them all.

## *The Board of Regents*

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The first meeting of the Board of Regents was held on January 23, 1984. After the Chancellor welcomed the new Regent, Mr. Samuel Johnson, the Executive Committee reported on its January 4 meeting at which the Acting Treasurer, Mr. Jameson, described the size, purposes, and procedures of the Institution's current fund investments. The Audit and Review Committee also reported on its meeting of October 18, 1983, in which the members discussed the status of the General Post Office building and collections management policies, and conducted overviews of Smithsonian radio programs and the Smithsonian Institution Traveling Exhibition Service. The Personnel Committee reported that it had found no conflict of interest whatsoever in the financial interests statements of the executive staff.

Mr. Jameson gave a final report on the fiscal year 1983 trust and appropriated funds, discussed the status of fiscal year 1984 funds, and noted the allowance from the Office of Management and Budget for fiscal year 1985 appropriated funds. The Investment Policy Committee had met on November 17, 1983, to review investment performance and strategies of the three investment managers and reported that the annualized returns continued to exceed market averages. To diversify and participate in an additional sector of the market, the committee recommended and the Regents agreed to invest \$5 million of trust funds in a mutual fund specializing in science and technology issues. The committee also proposed and the Regents approved establishing a more liberal total return income payout rate to be applied to new endowment funds which the Secretary will determine to have high current income needs. Mr. Jameson presented a revised and updated *Five-Year Prospectus, Fiscal Years 1985-89*, which was approved by the Regents.

Secretary Ripley reported on the construction of the Quadrangle, on the status of fundraising, and, with the Assistant Secretary for Public Service, Mr. Rinzler, on the preliminary planning for the International Center. In other proposed actions, the Regents recognized Abram Lerner's accomplishments as founding director of the Hirshhorn Museum and Sculpture Garden and named the balcony

room in his honor, approved in principle the expansion plans for the Cooper-Hewitt Museum, endorsed the preliminary planning for a Smithsonian presence at the 1984 Edinburgh Festival, authorized the Secretary to enter into agreements with the State of Maryland to designate the Smithsonian Environmental Research Center as a National Estuarine Sanctuary, and requested that the congressional members of the Board of Regents introduce and support legislation authorizing the nonreimbursable transfer of the General Post Office building (along with appropriations for its repair and renovation) and other legislation to authorize planning and construction of science facilities for the National Air and Space Museum, the Smithsonian Environmental Research Center, the Smithsonian Tropical Research Institute, and the Whipple Observatory. They also voted to appoint Messrs. Michael Sonnenreich, John Al Friede, and Gustave Schindler and Mrs. Milton F. Rosenthal to terms on the Commission of the National Museum of African Art.

After Secretary Ripley discussed a variety of status reports, the chairman of the Regents Search Committee, Dr. Bowen, described the process of searching for Mr. Ripley's successor, adding that in all of this committee's discussions and voluminous correspondence a recurring theme was an appreciation of the Secretary for his exceptional leadership of the Smithsonian over two decades. In executive session Dr. Bowen presented the Search Committee's recommendation and the Regents elected Robert McCormick Adams, Provost of the University of Chicago, as the ninth Secretary. Following the meeting, Messrs. Bowen, Ripley, and Adams met briefly with the heads of Smithsonian bureaus and offices in the Great Hall and then, along with Mr. Humelsine, held a press conference in the Under Secretary's office.

The Regents' Dinner was held on the preceding evening, January 22, in the National Museum of American History. After dinner Mr. Ripley greeted the guests and awarded to Paul N. Perrot, Assistant Secretary for Museum Programs, the Secretary's Gold Medal for Exceptional Service.

The Chancellor called to order the second meeting of the year in the Regents' Room at 9:30 A.M., May 7, 1984. The Executive Committee reported on its meeting of April 11 in which this committee, acting on behalf of the Regents, requested the congressional Regents to promote legislation effecting the reappointment of Regents Armstrong and Higginbotham for the statutory terms of six years. The Audit and Review Committee discussed its meet-

ing of March 8 in which they had an overview of the Archives of American Art, discussed Coopers & Lybrand's consolidated audit of trust and federal funds for fiscal year 1983 and Report to Management, considered factors in the Institution's construction priorities, and received reports on the Office of Audits' most significant recommendations in 1983 and on improvements in Smithsonian security programs. The Investment Policy Committee reported on its review of the investment managers' performance and the Regents, acting on this committee's recommendations, approved fiscal year 1985 total return payout rates for the endowment funds.

Mr. Jameson presented a detailed report on the status of current year funds and the processes of budgeting for fiscal years 1985 and 1986. After considerable discussion, the Regents voted to authorize the Secretary to negotiate contracts for the financing, construction, and operation of a new restaurant facility in the National Air and Space Museum and for the financing, appropriate renovations, and operation of food services in other Smithsonian museums; to create a Special Exhibition Fund for underwriting carefully selected, major, temporary exhibitions; to receive the Annual Report, *Smithsonian Year 1983*; to appoint Barbara Tuchman, Frank Stanton, and Robert McNeil to terms on the Commission of the National Portrait Gallery, to appoint Helen Neufeld and Colbert King to terms on the Commission of the National Museum of African Art, and to appoint Donald Anderson, Walter Hancock, Bartlett H. Hayes, Jr., Eloise Spaeth, Charles Parkhurst, Gene B. Davis, and Margaret Dodge Garrett to terms on the Commission of the National Museum of American Art; and to endorse the Smithsonian's participation in the 1984 Edinburgh Festival and authorize the Secretary to draw upon unrestricted trust funds for that purpose with the approval of the Executive Committee.

Mr. Ripley reported on progress in the construction of the Quadrangle, noted that prospects were excellent for meeting or exceeding the original goal of raising \$37.5 million in nonappropriated funds, and described the closing stages of the fundraising campaign. He also presented a number of status reports on Smithsonian programs and activities.

On September 24, 1983, the National Board of Smithsonian Associates unanimously recommended that two distinguished benefactors of the Institution, Dr. Arthur M. Sackler and Mrs. Enid A. Haupt, be the first inductees into the Order of James Smithson. In recognition of their extraordinary contributions to the Smith-



sonian, the Board of Regents heartily endorsed their induction into the Order at a suitable occasion to be arranged by the Secretary.

On Sunday evening, May 6, President and Mrs. Reagan were hosts to the Regents, members of the Smithsonian Establishment, and Secretary and Mrs. Ripley at a dinner in the Blue Room of the White House. During the proceedings the President raised a toast to Secretary and Mrs. Ripley and Mr. Ripley returned the honor.

The Regents' third meeting of the year was called to order by the Chancellor on September 17, 1984. The Executive Committee reported on its meeting of August 22 in which it reviewed and approved the Regents' agenda. Mr. Humelsine announced that in a poll through the mail, the Regents voted unanimously to induct Secretary Ripley into the Order of James Smithson and to present to Mrs. Ripley the Joseph Henry Medal. The Audit and Review Committee reported that on May 24, it conducted an overview of the National Zoological Park and of the Institution's product licensing program. In addition the Audit and Review Committee discussed Coopers & Lybrand's plan for their consolidated audit of fiscal year 1984 funds and the Smithsonian's measures toward improved food service operations and facilities. The Investment Policy Committee also reported on the performance of the investment managers as of June 30.

In presenting the Financial Report, Mr. Jameson described the status of current year federal and trust funds as well as the pending action of the Congress on the fiscal year 1985 appropriations. After discussion the Regents approved the fiscal year 1985 budget for nonappropriated funds and the submission of the fiscal year 1986 budget request to the Office of Management and Budget. The Regents also gave preliminary thought to a draft of the *Five-Year Prospectus, Fiscal Years 1986-1990*, which they will consider for approval at their next meeting.

Among other actions the Regents endorsed the Smithsonian's participation in the Festival of India and authorized some contingent expenses; approved discussions leading to a donation of collections from the U.S. Patent Model Foundation; authorized negotiations with the Tupper family for their support of construction of a laboratory and conference facility, to be named for Earl S. Tupper, at the Smithsonian Tropical Research Institute; voted to induct Mrs. Sara Roby into the Order of James Smithson in recognition of her generous contribution of her fine collection of twen-

tieth-century realist masters to the National Museum of American Art; and discussed the George Eastman House Board of Trustees' suggestion that their photography collections be transferred to the Smithsonian. Secretary Ripley presented a detailed report on the construction, fundraising, and preliminary programming for the Quadrangle and introduced a variety of other status reports.

In their final act in Secretary Ripley's administration, the Regents adopted the following resolution and ordered it to be laid upon the record:

#### RESOLUTION

Whereas S. Dillon Ripley has served as Secretary of the Smithsonian Institution with great distinction for more than two decades and has overseen its extraordinary development to the benefit of the American people and the citizens of the world;

Whereas Secretary Ripley has opened the halls of the Smithsonian for record-setting numbers of citizens to enjoy through a vast array of stimulating exhibitions in the National Museums, through a greatly expanded traveling exhibition service, and through both the printed and electronic media;

Whereas Secretary Ripley has added immeasurably to the Institution's international stature in museum techniques for exhibition and conservation, in studies of the physical and natural sciences, history and art, and therefore in fostering increased intercultural and international understanding; and

Whereas Secretary Ripley has continued to pursue significant ornithological and ecological research enhancing the Smithsonian's leadership in the conservation of nature:

Now, therefore, be it

*Resolved by the Board of Regents of the Smithsonian Institution,* That S. Dillon Ripley is named *Secretary Emeritus* so that he may continue to be of service to the Board from time to time and *Research Associate* so that he may continue his scholarly investigations to the credit of the Institution, and to that end it is agreed that he shall be provided appropriate staff support and a grant for his research.

Having adjourned their formal meeting, the Regents joined the Regents Emeriti, invited guests, and the staff and volunteers of the Institution for a noontime ceremony on the Mall marking the in-

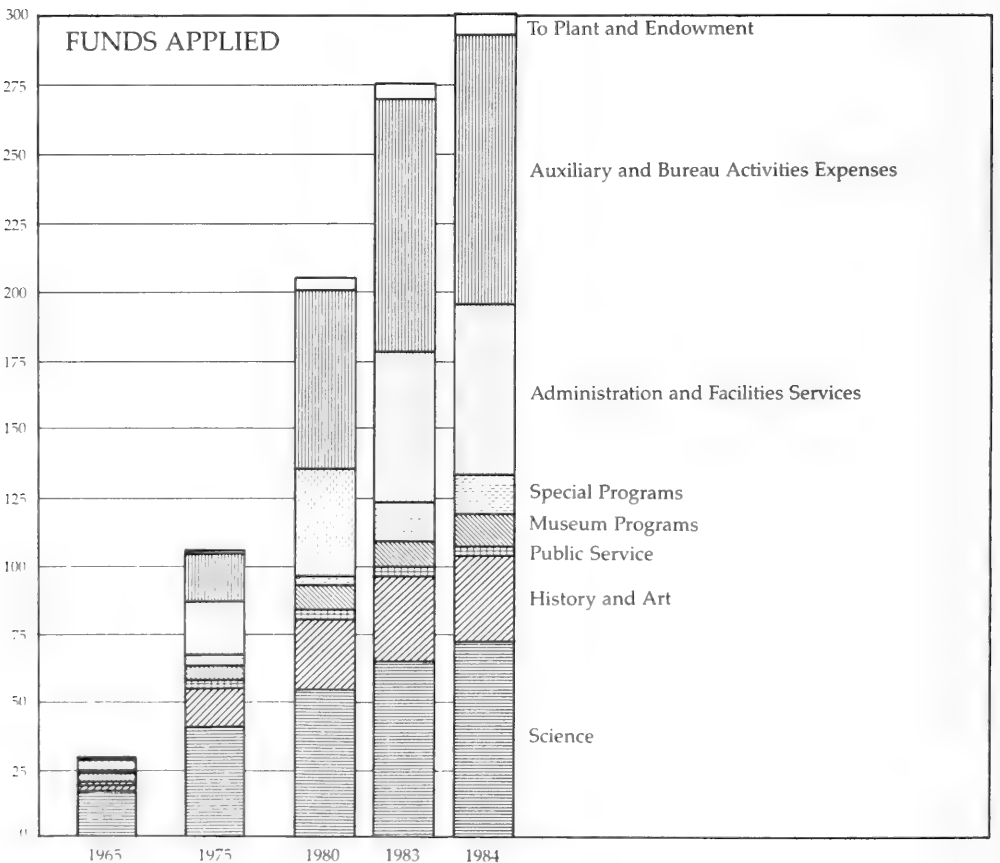
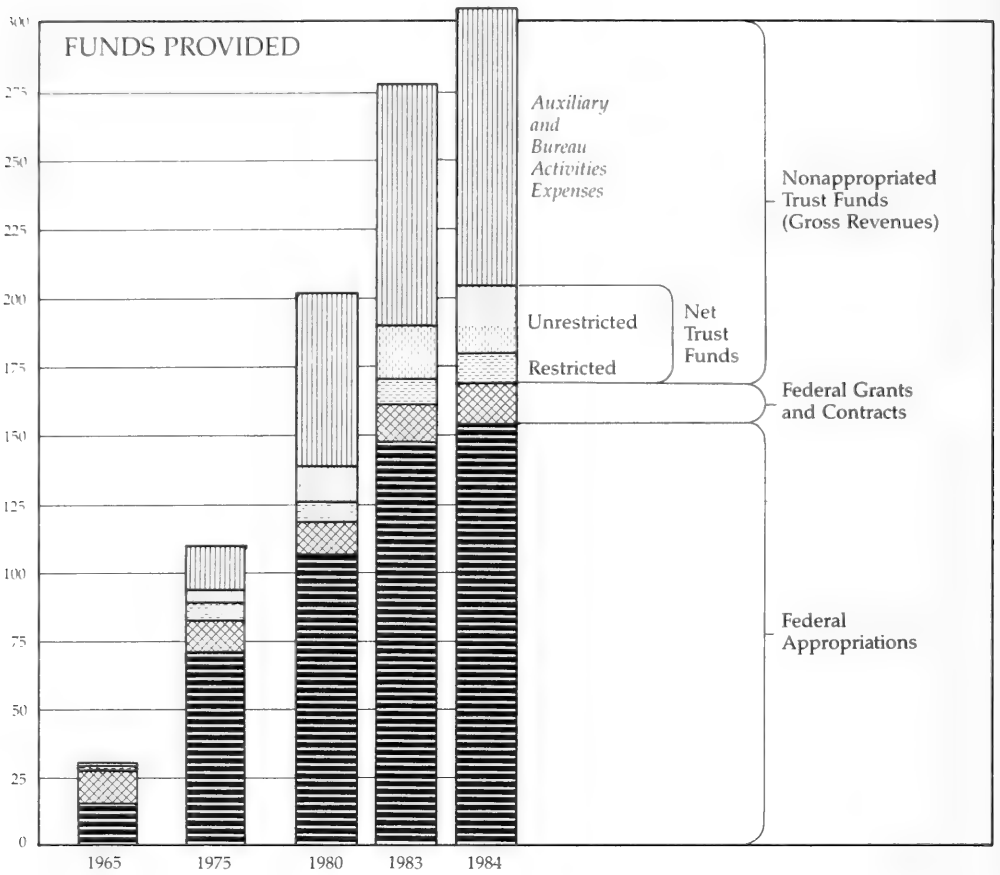
stallation of Mr. Adams as the ninth Secretary. Following a prelude of traditional and patriotic music from the U.S. Navy Ceremonial Band, the Chancellor introduced Mr. Ripley who expressed his gratitude for the support and pleasure he received from the Regents, the National Board of the Smithsonian Associates, the staff and volunteers, and countless others. The Chancellor then presented a traditional brass key to Mr. Adams who delivered a brief address on his view of Smithsonian purposes. There followed a reception and luncheon in the Great Hall and Commons for the Regents, Regents Emeriti, and invited guests.

On Sunday evening, September 16, the Chancellor and the Regents held a formal dinner in the National Air and Space Museum in honor of Secretary and Mrs. Ripley. As voted by the Board of Regents and on their behalf, Mr. Humelsine inducted Mr. Ripley into the Order of James Smithson and Mrs. Armstrong presented the Joseph Henry Medal to Mrs. Ripley. The Vice-President gave a toast to the Ripleys and announced that the Secretary will be receiving the President's Medal of Freedom. Concluding the ceremonies pianist Bruce Steeg and two vocalists presented a selection of musical favorites.

# SMITHSONIAN INSTITUTION OPERATING FUNDS

## Fiscal Years 1965, 1975, 1980, 1983, 1984

(In \$1,000,000's)



## FINANCIAL REPORT

ANN R. LEVEN, TREASURER

**SUMMARY:** Fiscal year 1984 marked a year of change at the Smithsonian, most notably the appointment of Robert McC. Adams as the ninth Secretary of the Institution and the retirement of S. Dillon Ripley as the eighth Secretary. Mr. Ripley's extraordinary legacy is nowhere more visible than in the Institution's fiscal report. In fiscal year 1965, Mr. Ripley's first full year as Secretary, the Institution's operating budget was \$30 million. For the year just ended, Mr. Ripley presided over a greatly expanded Institution with a budget tenfold that of fiscal year 1965.

Mr. Ripley's twenty-year tenure, as referenced elsewhere in *Smithsonian Year*, brought new vitality to the Institution, vitality that cannot be measured in dollars. Mr. Ripley acted to shape the form and focus of the Institution. New museums were added, particularly in the arts. Under Dillon Ripley's aegis, the Cooper-Hewitt Museum, the Hirshhorn Museum and Sculpture Garden, the Renwick Gallery, the Anacostia Neighborhood Museum, and the National Museum of African Art joined the Smithsonian family. The National Museum of American Art and the Portrait Gallery found new homes in the Old Patent Office Building, lovingly restored under Mr. Ripley's guidance. The National Air and Space Museum opened its new building in July 1976. In 1983 construction began on the Quadrangle, Mr. Ripley's last and most expansive project on the Mall.

Public accessibility to American culture and diversity was further enhanced by a variety of outreach activities, most notably *Smithsonian* magazine, which stands as the preeminent publica-

tion of its kind in the world today. Other programmatic triumphs include the annual Folklife Festival, the Archives of American Art, and the extraordinarily active Associate programs. Were all this not sufficient, research efforts, assistance to other museums, and innovative exhibits enhanced the lay public's and the scholars' perspectives during Mr. Ripley's tenure.

The accomplishments of the Ripley years have been supported in substantial proportions by federal appropriations. In recent years, nonappropriated trust funds have also contributed an increasing share. In 1964 there were some 40 private donors to the Institution; in fiscal year 1984 there were more than 30,000. The unprecedented sum of \$37.5 million in private funds was raised, principally by Mr. Ripley, for the Quadrangle to match monies pledged by Congress for the project.

Fiscal year 1984 marks the culmination of the growth, excitement, and achievement of the Ripley years. The following pages detail the Institution's finances. It is clearly apparent that the Smithsonian is a far more complex organization than it was in 1964. Four Treasurers served Mr. Ripley: Edgar L. Roy and Otis O. Martin in the early years; T. Ames Wheeler from 1968 to 1979, and Christian C. Hohenlohe from 1979 to 1983. John F. Jameson, Assistant Secretary for Administration, served as Acting Treasurer from November 1983 through July 1984. Ann R. Leven, former Treasurer of the Metropolitan Museum of Art, joined the Institution in August 1984.

As the Smithsonian begins the Adams years, the Institution looks forward to a continuation of the broad-based support of both the Administration and the Congress and of the public at large for further enhancement of its research, exhibition, education, and collection management endeavors.

### *Operating Funds—Sources and Application*

As may be seen from Table 1, the gross amount available for operations in fiscal year 1984 was \$304,350,000, an increase of 9 percent when compared to the previous year's total of \$277,974,000. Federal appropriations contributed 51 percent of the fiscal year 1984 revenues, nonappropriated sources accounted for 44 percent, and 5 percent were from federal agency grants and contracts.

After deducting expenses of the nonappropriated auxiliary and bureau activities, net operating income increased by \$18 million over the prior year to \$206,452,000. Federal funds accounted for 76 percent of net revenue, nonappropriated funds contributed 17 percent, a slight increase over fiscal year 1983, with the 7 percent balance from federal grants and contracts. The application of funds by all Smithsonian bureaus is outlined in Table 2, with further supporting detail in other tables.

#### *FEDERAL APPROPRIATION*

Federal appropriations provide the core support for the Institution's continuing programs in research, exhibitions, education, publishing, and collections management, including related administrative and support services. They provide, as well, for the maintenance and protection of the collections and physical plant.

Federal support for the Institution's operating programs totaled \$156,683,000 in fiscal year 1984, an increase of \$9.4 million over fiscal year 1983. Although the majority of this increase—some \$5.4 million—was required to cover inflationary increases in salaries and other expenses, significant new funding of \$4 million was provided for a variety of program activities. Of this increase, \$1.2 million was received for operations and program requirements at the Museum Support Center, which in fiscal year 1984 completed its first full year of operation, and for strengthening the conservation activity at the center. Complementing the growth in construction support for major renovations and repairs (discussed below), funding was received in the operating account for professional architectural and engineering services and for facilities maintenance at two off-mall facilities—the Cooper-Hewitt Museum and the National Zoological Park. Other significant increases were provided for expansion of the Institution's computing capabilities, for enhancing the security of buildings and collections, and for replacing and upgrading scientific research equipment at the Astrophysical Observatory and the Tropical Research Institute.

#### *FEDERAL AGENCY GRANTS AND CONTRACTS*

Support from federal agencies in the form of grants and contracts totaled \$14,878,000 in fiscal year 1984, an increase of 13 percent over the previous year. These funds constitute an important source of research support for the Institution while also benefiting the granting agencies by providing access to Smithsonian expertise and

resources. As in prior years, the Smithsonian worked closely with the National Aeronautics and Space Administration (NASA). As reflected in Table 3, expenditures under NASA grants and contracts totaled approximately \$11.3 million in fiscal year 1984, primarily for research programs at the Astrophysical Observatory. Sponsored research included balloon-borne telescope observations, the study of meteorite samples from the Antarctic, X-ray telescope studies, and the design of hydrogen masers.

Support from other agencies provided an additional \$3.6 million for such varied programs as an ecological study of the Chesapeake Bay Watershed, the 1984 Festival of American Folklife, and a mariculture project to study and develop food sources from the sea.

#### NONAPPROPRIATED TRUST FUNDS

Income from nonappropriated trust fund sources including gifts, grants, endowment and current fund investments, and revenue-producing activities totaled \$132,789,000 in fiscal year 1984. After exclusion of expenses necessary to generate auxiliary and bureau activity revenues, net income available for Institutional programs equaled \$34,891,000, an increase of \$6.7 million or 24 percent, over fiscal year 1983. Of the total net income, \$24.7 million, or 71 percent, was available for unrestricted program use and was distributed as approved by the Board of Regents. The balance of approximately \$10.2 million was restricted, that is, available only for purposes specified by the benefactor.

*Restricted* fund revenues of \$10.2 million were up \$1 million from the previous year. They consisted of \$5.9 million from gifts and grants, \$3.2 million from endowment investment income and interest earned on restricted current fund balances, and \$1.1 million from other sources, primarily fundraising activities at the Archives of American Art and sales desk activities at the Freer Gallery of Art. Restricted endowment investment income served as the major funding source for oceanographic research administered by the National Museum of Natural History; for operations of the Freer Gallery of Art (now included in the Center for Asian Art); and a wide variety of research, exhibition, publication, and educational activities at other Smithsonian bureaus. Major gift support was received during the year for important additions to the collections, including *Portrait of Mary Cassatt* by Edgar Degas and *Callers* by Walter Ufer; for major exhibitions being developed by the National Museum of Natural History and the Smithsonian Institution Trav-



eling Exhibition Service; and for research and archival activities of the Archives of American Art.

*Unrestricted* funds include both those available for general operating purposes and a smaller category of Special Purpose funds that have been internally designated by the Institution. The former and larger category, *Unrestricted General Purpose* funds, is derived primarily from investment income and net revenues of the auxiliary activities. In fiscal year 1984, net general purpose unrestricted funds provided over \$22 million for general Institutional needs, an increase of some \$5.8 million over the previous year. As displayed in Table 5, this improved performance was due to increased income generated by the Institution's working capital pool invested at favorable rates and to the strong performance of the auxiliary activities.

As in past years, the Smithsonian Associate programs contributed handsomely to auxiliary activity revenues, on both a gross and net basis, reflecting the continued popularity of the *Smithsonian* magazine and the generosity of the Contributing Membership. In fiscal year 1984, Contributing Members donated approximately \$2.7 million in unrestricted gift support. Income from the Museum Shops benefited from generally strong sales enhanced by the new shop at the Museum of American History and high visitation to all museums. The Mail Order Program offered new items and an expanded catalog. The Smithsonian Institution Press experienced extremely favorable reviews and sales from its new recording, "Big Band Jazz from the Beginnings to the Fifties," and the popular publication *Treasures of the Smithsonian*. In October 1983, the Smithsonian-managed food service operations in the National Air and Space Museum building and the Hirshhorn Museum and Sculpture Garden were restored to concession management, affecting the financial statements accordingly.

The general unrestricted funds supported a portion of the Institution's administrative costs and most importantly provided for, among other bureau activities, programs of the Cooper-Hewitt Museum, the Visitor Information and Associates' Reception Center, the Office of Telecommunications, and the Office of Folklife Programs. In addition, during fiscal year 1984, there were special allotments for several major exhibitions and related activities, including the Shanghai exhibition in the Thomas Mellon Evans Special Exhibition Gallery, the Hirshhorn tenth anniversary exhibition, and Smithsonian participation in the Edinburgh Festival. The

development of a new, integrated personnel/payroll system also received funding. Transfers to special purpose funds financed the Collections Acquisition, Scholarly Studies, and Educational Outreach Programs (\$2,250,000), stipends for pre- and postdoctoral fellows under the Smithsonian Fellowship program (\$1,738,000), income-sharing to the bureaus for their discretionary uses (\$638,000), research grants to Smithsonian professional staff (\$400,000), and other projects. An amount of \$3.4 million was transferred to plant funds for Quadrangle development and for the purchase of a residence for Smithsonian Secretaries. To build the future resources of the Institution, \$3.3 million was transferred to unrestricted endowment.

The *Unrestricted Special Purpose* funds were supplemented by approximately \$4.6 million during fiscal year 1984, principally with monies generated by bureau activities. Illustrative of such revenue activities are fees charged for films at the National Air and Space Museum and the admission and membership fees at the Cooper-Hewitt Museum. Investment income earned on unexpended fund balances and from designated endowments added \$700,000. Gifts and miscellaneous income, such as zoo parking receipts that are being reserved for future expansion of parking facilities at the National Zoo, brought in another \$1.2 million.

### *Special Foreign Currency Program*

Foreign currencies, accumulated primarily from sales of surplus agricultural commodities under Public Law 83-480 and determined by the Treasury Department to be in excess of the current needs of the United States, are made available to the Institution through the Special Foreign Currency Appropriation. In fiscal year 1984, an appropriation of excess foreign currencies equivalent to \$7,040,000 was received under this program by the Smithsonian. Included in this amount was \$4 million (as compared to last year's \$2 million) to continue a program of grants to United States institutions for field research and advanced professional training in fields of traditional Smithsonian interest and competence.

An additional \$2 million was provided to the Indian rupee reserve account established in fiscal year 1980 to ensure continued program support of the American Institute of Indian Studies. The

balance of \$1,040,000 represented the second increment of support for the international effort to restore and preserve the ancient city of Moenjodaro in Pakistan. An additional amount in nonconvertible Pakistani currency is expected to be sought by the Institution to fulfill the United States' commitment to the project. Obligations during the fiscal year by research discipline and country are provided in Table 8.

### *Construction*

New funding in fiscal year 1984 for construction and renovation projects at the Institution totaled \$24,126,000. As shown in Table 9, a federal appropriation of \$9 million was provided for restoration and renovation of existing Smithsonian facilities. A further \$3.5 million was designated specifically for construction and renovation of National Zoological Park facilities both at Rock Creek Park and Front Royal. The types of projects funded include façade, roof, and terrace repairs necessary to maintain the structural integrity of buildings; the planning and installation of fire detection and suppression systems; improvements to utility systems to increase energy efficiency and to provide stable temperature and humidity conditions for the preservation of the collections; and repairs, modifications, and improvements to preserve and maintain the Institution's buildings in a safe and energy efficient manner. In addition, federal dollars covered construction of a much-needed veterinary hospital at Front Royal.

By September 30, 1984, the Institution had achieved its \$37.5 million goal equal to one-half the estimated cost of constructing the Quadrangle Center for African, Near Eastern, and Asian Cultures. Of the total raised, \$10.8 million was received in fiscal year 1984: \$8.1 million was from gifts and earned interest and \$2.7 million was a transfer from unrestricted trust funds. It must be noted that Congress rescinded \$8 million of the \$36.5 million appropriated in fiscal year 1983 for its share of Quadrangle construction. This action was based on anticipated savings resulting from the unexpectedly low contract bid for construction. In taking this action, Congress restated its commitment to sharing equally the project's cost and indicated a willingness to reconsider its decision based on identified need.

Other nonappropriated receipts include grant support for construction of research facilities at the Tropical Research Institute, a donation for relocation of an antique greenhouse, and interest earned on unexpended gifts to plant funds. In addition to the \$2.7 million for Quadrangle construction, transfers from unrestricted funds were made for the purchase and improvement of a residence for Smithsonian Secretaries and for mortgage payments on property currently occupied by the National Museum of African Art.

### *Endowment and Similar Funds*

As of September 30, 1984, the market value of the Smithsonian Endowment Fund was \$132,416,000, as compared to \$132,031,000 on September 30, 1983. Of this, \$131,113,000 is invested in the Pooled Consolidated Endowment Fund under outside investment management, \$1,000,000 is on permanent deposit in the United States Treasury as required, and the remaining \$303,000 includes restricted stock and donated real estate. As shown in Table 10, the majority of the funds, 56 percent (\$74,672,000), represents restricted endowment, with income available only for the purposes specified by the donor. The remaining 44 percent (\$57,744,000) are unrestricted endowment funds, with income available for general support of the Institution. Certain of the unrestricted funds, such as the Lindbergh Chair of Aerospace History Endowment, have been designated by the Regents for specific purposes. A complete listing of all endowment funds, together with current book and market values, may be seen in Table 13.

Investment of the Pooled Consolidated Endowment Fund is subject to policy guidelines established by the Board of Regents. Funds are managed by professional advisory firms under the oversight of the Investment Policy Committee and the Treasury. During fiscal year 1984, the number of managers was increased to four with the addition of Granahan-Everitt Investments, Inc. As of the end of the year, the respective portion of the fund by manager was: Fiduciary Trust Company of New York (46 percent), Batterymarch Financial Management (30 percent), Torray Clark & Company (20 percent), and Granahan-Everett Investments, Inc. (4 percent).

For fiscal year 1984, the total rate of return (market appreciation as well as interest and dividend yield) of the Pooled Consolidated

Endowment Fund, as calculated by an independent investment measurement service, was +0.4 percent, as compared to +4.6 percent for the Standard & Poor's 500 Average and +2.2 percent for the Dow Jones Industrial Average, both calculated on the same basis. The year-end market values and the recap of activity of the Consolidated Endowment over the past five years are reflected in Tables 11 and 12, respectively.

Under the Total Return Income policy followed by the Institution, total investment return is defined as yield (interest and dividends) plus appreciation, including both realized and unrealized gains. A portion of this return is made available for expenditure each year, and the remainder is reinvested as principal. This total return income payout is determined in advance of the fiscal year by the Board of Regents based on a review of anticipated interest and dividend yields, support needs of the Institution's bureaus and scientists, inflationary factors, and the five-year running average of market values, adjusted for additions or withdrawals of capital. After income payout of \$3,820,000 in fiscal year 1984 to endowments in the Pooled Consolidated Endowment Fund, \$2,794,000 of excess interest and dividend yield was available for reinvestment into endowment principal. Net transfers to endowment, primarily to unrestricted endowment funds, provided an additional \$3.5 million with \$283,000 received in gifts and other income. At the request of the donor, balances in the Shryock Endowment for Docents were transferred to restricted current funds.

Upon request, a listing of the securities held in the Pooled Consolidated Endowment Fund as of September 30, 1984, may be obtained from the Treasurer of the Institution.

### *Related Organizations*

The Woodrow Wilson International Center for Scholars, the National Gallery of Art, and the John F. Kennedy Center for the Performing Arts were established by Congress within the Institution. Each organization is administered by its own board of trustees and reports independently on its financial status. Fiscal, administrative, and other support services are provided the Woodrow Wilson International Center for Scholars on a reimbursement basis; office space is made available for center operations.

An independent nonprofit corporation, the Friends of the National Zoo (FONZ) operates under contract a number of beneficial concessions for the National Zoological Park. During calendar year 1983 (FONZ's fiscal year), FONZ concession and rental fees to the Smithsonian amounted to approximately \$431,000. In addition, FONZ contributed other important financial and volunteer support to zoo programs. Additional information on FONZ is to be found elsewhere in *Smithsonian Year 1984*.

Reading Is Fundamental, Inc., associated with the Institution since 1968, now operates as an independent, separately incorporated entity dedicated to the improvement of reading abilities in children. Primary support is derived from private contributions and a federal contract with the Department of Education to operate the Federal Inexpensive Book Distribution Program. Administrative services are offered by the Institution on a contract basis.

For fiscal year 1984, the Smithsonian also provided administrative and fiscal assistance to the Visions Foundation, a start-up venture in the arts.

### *Accounting and Auditing*

The Institution's funds, federal and nonappropriated, are audited annually by the independent public accounting firm of Coopers and Lybrand. Their report for fiscal year 1984 is reprinted on the following pages. The Smithsonian's internal audit staff audits Smithsonian activities and financial systems throughout the year. Additionally, the Defense Contract Audit Agency conducts an annual audit of grants and contracts received from federal agencies and monitors allocated administrative costs.

The Audit and Review Committee of the Board of Regents met several times during the year pursuant to their responsibility under the bylaws of the Institution. The committee is charged with reviewing the Smithsonian's accounting systems and internal financial controls; facilitating communication between the Board of Regents and the internal audit staff, the independent accounting firm, and the General Accounting Office; and reviewing operations of the Institution for compliance with approved programs and policies.

TABLE 1. *Financial Summary*  
(In \$1,000s)

	FY 1982	FY 1983	FY 1984
INSTITUTIONAL OPERATING FUNDS			
FUNDS PROVIDED:			
Federal Appropriations—Salaries & Expenses .....	\$131,170	\$147,256	\$156,683
Federal Agency Grants & Contracts .....	13,217	13,125	14,878
Nonappropriated Trust Funds:			
For Restricted Purposes .....	6,821	9,162	10,182
For Unrestricted & Special Purposes:			
Auxiliary & Bureau Activities Revenues—Gross ...	97,350	104,129	117,550
Less Related Expenses .....	(88,596)	(89,397)	(97,898)
Auxiliary & Bureau Activities Net Revenue .....	8,754	14,732	19,652
Investment, Gift, & Other Income .....	4,808	4,302	5,057
Total Net Unrestricted & Special Purpose Revenue	13,562	19,034	24,709
Total Nonappropriated Trust Funds*—Gross .....	108,979	117,593	132,789
—Net .....	20,383	28,196	34,891
Total Operating Funds Provided—Gross .....	253,366	277,974	304,350
—Net .....	\$164,770	\$188,577	\$206,452
FUNDS APPLIED:			
Science .....	\$ 64,837	\$ 68,895	\$ 74,134
Less SAO Overhead Recovery .....	(2,487)	(2,264)	(2,226)
History & Art .....	26,762	30,979	33,011
Public Service .....	3,782	2,843	3,526
Museum Programs .....	8,539	9,702	10,976
Special Programs .....	9,533	13,342	14,805
Associates & Business Management .....	543	1,057	884
Administration—Federal** .....	9,719	11,032	12,201
—Nonappropriated Trust Funds .....	5,733	7,226	8,211
Less Smithsonian Overhead Recovery .....	(5,338)	(6,331)	(6,528)
Facilities Services .....	39,327	43,653	46,821
Total Operating Funds Applied .....	160,950	180,134	195,815
Transfers (Nonappropriated Trust Funds)			
Unrestricted Funds—To Plant .....	1,064	2,069	3,424
—To Endowment .....	2,259	3,084	3,313
Restricted Funds—To Endowment .....	318	637	222
Total Operating Funds Applied & Transferred Out ....	\$164,591***	\$185,924	\$202,774
CHANGES IN NONAPPROPRIATED TRUST FUND BALANCES:			
Restricted Purpose (Incl. Fed. Agency Gr. & Contracts) \$	(45)	\$ 1,765	\$ 1,426
Unrestricted—General Purpose .....	5	28	10
—Special Purpose .....	404	860	2,242
Total .....	\$ 364	\$ 2,653	\$ 3,678
YEAR-END BALANCES—NONAPPROPRIATED TRUST FUNDS:			
Restricted Purpose .....	\$ 5,906	\$ 7,671	\$ 9,097
Unrestricted—General Purpose .....	5,048	5,076	5,086
—Special Purpose .....	13,003	13,863	16,105
Total .....	\$ 23,957	\$ 26,610	\$ 30,288
OTHER FEDERAL APPROPRIATIONS			
Special Foreign Currency Program .....	\$ 4,320	\$ 2,000	\$ 7,040
Construction .....	9,744	46,500	4,500
Total Federal Appropriations (Incl. S&E above) .....	\$145,234	\$195,756	\$168,223

\*Figures do not include gifts and other income directly to Plant and Endowment Funds: FY 1982—\$2,197,000; FY 1983—\$15,048,000; FY 1984—\$8,484,000.

\*\*Includes unobligated funds returned to Treasury: FY 1982—\$124,000; FY 1983—\$62,000; FY 1984—\$102,000.

\*\*\*Includes \$185,000 available for FDR Centennial carried forward from FY 1981.

TABLE 2. *Source and Application of Operating Funds*  
*Year Ended September 30, 1984*  
 (Excludes Special Foreign Currency Funds, Plant Funds and Endowments)  
 (In \$1,000s)

Funds	Nonfederal Funds						
	Federal funds	Total non-federal funds	Unrestricted			Restricted	
			General	Auxiliary activities	Special purpose	General	Grants and contracts
FUND BALANCES—10/1/83 . . . . .	\$ —	\$ 26,610	\$ 5,076	\$ —	\$ 13,863	\$ 7,421	\$ 250
<b>FUNDS PROVIDED</b>							
Federal Appropriations . . . . .	156,683	—	—	—	—	—	—
Investment Income . . . . .	—	7,023	3,108	—	679	3,236	—
Grants and Contracts . . . . .	—	14,876	—	—	—	—	14,876
Gifts . . . . .	—	8,701	35	2,698	109	5,859	—
Sales and Revenue . . . . .	—	114,852	—	112,179	2,673	—	—
Other . . . . .	—	2,215	(6)	—	1,132	1,087	2
Total Provided . . . . .	156,683	147,667	3,137	114,877	4,593	10,182	14,878
Total Available . . . . .	\$156,683	\$174,277	\$ 8,213	\$114,877	\$18,456	\$17,603	\$15,128
<b>FUNDS APPLIED</b>							
<i>Science:</i>							
Assistant Secretary . . . . .	524	512	28	—	38	117	329
Natl. Mus. of Nat. History/ Museum of Man . . . . .	18,734	3,814	310	—	794	1,387	1,323
Astrophysical Observatory . . . . .	7,441	15,300	2,244	—	646	222	12,188
Less Overhead Recovery . . . . .	—	(2,226)	(2,226)	—	—	—	—
Tropical Research Institute . . . . .	3,424	784	103	—	413	264	4
Environmental Rsch. Center . . . . .	3,098	481	74	—	90	19	298
Natl. Air & Space Museum . . . . .	7,477	2,666	39	—	2,354	134	139
Natl. Zoological Park . . . . .	10,720	465	66	—	225	44	130
Total Science . . . . .	51,418	21,796	638	—	4,560	2,187	14,411
<i>History and Art:</i>							
Assistant Secretary . . . . .	598	115	108	—	7	—	—
Natl. Mus. of Am. History . . . . .	9,637	1,217	245	—	643	325	4
Natl. Mus. of American Art . . . . .	4,465	698	48	—	123	526	1
Natl. Portrait Gallery . . . . .	3,216	1,599	17	—	807	775	—
Hirshhorn Museum . . . . .	2,851	93	9	—	73	11	—
Center for Asian Art . . . . .	1,058	1,584	50	—	37	1,497	—
Archives of American Art . . . . .	693	929	1	—	—	928	—
Cooper-Hewitt Museum . . . . .	843	2,055	739	—	1,022	195	99
Natl. Mus. of African Art . . . . .	1,043	210	73	—	104	33	—
Anacostia Museum . . . . .	741	34	32	—	—	2	—
Total History and Art . . . . .	25,145	8,534	1,322	—	2,816	4,292	104



TABLE 2. *Source and Application of Operating Funds—continued*  
*Year Ended September 30, 1984*  
 (Excludes Special Foreign Currency Funds, Plant Funds and Endowments)  
 (In \$1,000s)

Funds	Federal funds	Nonfederal Funds					
		Total non-federal funds	Unrestricted			Restricted	
			General	Auxiliary activities	Special purpose	General	Grants and contracts
<i>Public Service:</i>							
Assistant Secretary .....	456	338	272	—	57	9	—
Reception Center .....	174	589	547	—	42	—	—
Telecommunications .....	221	716	465	—	200	51	—
Smithsonian Press .....	1,023	10,676	36	10,634	—	6	—
<b>Total Public Service ...</b>	<b>1,874</b>	<b>12,319</b>	<b>1,320</b>	<b>10,634</b>	<b>299</b>	<b>66</b>	<b>—</b>
<i>Museum Programs:</i>							
Assistant Secretary .....	631	470	48	—	209	212	1
Registrar .....	90	—	—	—	—	—	—
Conserv. Analytical Laboratory	883	1	—	—	1	—	—
Libraries .....	3,726	337	309	—	11	17	—
Exhibits .....	1,413	(40)	—	—	(40)	—	—
Traveling Exhib. Service .....	327	3,241	182	1,451	80	1,486	42
Archives .....	492	111	110	—	1	—	—
National Museum Act .....	785	—	—	—	—	—	—
<b>Total Museum Programs</b>	<b>8,347</b>	<b>4,120</b>	<b>649</b>	<b>1,451</b>	<b>262</b>	<b>1,715</b>	<b>43</b>
<i>Special Programs:</i>							
Am. Studies & Folklife Pgm. .	594	801	474	—	7	37	283
Int. Environ. Science Pgm. ...	687	—	—	—	—	—	—
Academic & Educational Pgm.	717	1,666	251	—	1,282	133	—
Collections Mgt./Inventory ...	879	—	—	—	—	—	—
Major Exhibition Program .....	522	—	—	—	—	—	—
Museum Support Center .....	7,649	269	—	—	269	—	—
JFK Center Grant .....	1,000	—	—	—	—	—	—
<b>Total Special Programs .</b>	<b>12,048</b>	<b>2,736</b>	<b>725</b>	<b>—</b>	<b>1,558</b>	<b>170</b>	<b>283</b>
Associate Programs .....	—	60,313	782	59,421	98	12	—
Business Management .....	—	24,280	—	24,280	—	—	—
Administration .....	12,099	8,288	7,985	78	106	119	—
Less Overhead Recovery ...	—	(6,528)	(6,528)	—	—	—	—
Facilities Services .....	45,650	1,172	1,122	—	40	10	—
<i>Transfers Out/(In):</i>							
Treasury .....	102*	—	—	—	—	—	—
Coll. Acq., Schol. St., Outreach	—	—	2,250	—	(2,250)	—	—
Net Auxiliary Activities .....	—	—	(18,375)	18,375	—	—	—
Other Designated Purposes ...	—	—	4,541	638	(5,179)	—	—
Plant .....	—	3,424	3,400	—	24	—	—
Endowment .....	—	3,535	3,296	—	17	222	—
<b>Total Transfers .....</b>	<b>102</b>	<b>6,959</b>	<b>(4,888)</b>	<b>19,013</b>	<b>(7,388)</b>	<b>222</b>	<b>—</b>
<b>Total Funds Applied ...</b>	<b>\$156,683</b>	<b>\$143,989</b>	<b>\$ 3,127</b>	<b>\$114,877</b>	<b>\$ 2,351</b>	<b>\$ 8,793</b>	<b>\$14,841</b>
<b>FUND BALANCES 9/30/84 .. \$</b>	<b>—</b>	<b>\$ 30,288</b>	<b>\$ 5,086</b>	<b>\$ —</b>	<b>\$16,105</b>	<b>\$ 8,810</b>	<b>\$ 287</b>

\*Unobligated funds returned to Treasury.

TABLE 3. Grants and Contracts—Expenditures  
(In \$1,000s)

Federal Agencies	FY 1982	FY 1983	FY 1984
Agency for International Development .....	\$ —	\$ —	\$ 428
Department of Commerce .....	174	(7)	57
Department of Defense .....	1,001	1,299	1,056
Department of Energy .....	448	358	227
Department of Health and Human Services .....	325	280	273
Department of Interior .....	268	238	204
National Aeronautics and Space Administration*	9,303	9,551	11,275
National Science Foundation** .....	1,079	928	820
Other .....	837	415	501
<b>Total .....</b>	<b>\$13,435</b>	<b>\$13,062</b>	<b>\$14,841</b>

\*Includes \$264,000 (FY 1982), \$197,000 (FY 1983), and \$399,000 (FY 1984) in subcontracts from other organizations receiving prime contract funding from NASA.

\*\*Includes \$230,000 (FY 1982), \$196,000 (FY 1983), and \$250,000 (FY 1984) in NSF subcontracts from the Chesapeake Research Consortium.

TABLE 4. Restricted Operating Trust Funds \*  
Fiscal Years 1982–1984  
(In \$1,000s)

Item	Investment	Gifts	Miscellaneous	Total revenue	Deductions	Transfers in (out)	Net increase (decrease)	Fund balance end of year
FY 1982—Total .....	\$2,886	\$3,154	\$ 781	\$ 6,821	\$6,571	\$ (77)	\$ 173	\$5,719
FY 1983—Total .....	\$2,971	\$5,419	\$ 772	\$ 9,162	\$6,823	\$ (637)	\$1,702	\$7,421
FY 1984:								
National Museum of Natural History .....	\$1,150	\$ 837	\$ 107	\$ 2,094	\$1,387	\$ —	\$ 707	\$1,441
Astrophysical Observatory Tropical Research Institute .....	91	122	—	213	222	—	(9)	(16)
National Air & Space Museum .....	44	195	—	239	264	—	(25)	235
National Zoological Park .....	69	54	—	123	134	(25)	(36)	79
Other Science .....	19	69	—	88	44	—	44	149
National Museum of American History .....	139	130	—	269	136	(113)	20	582
National Museum of American Art .....	58	239	1	298	325	2	(25)	527
National Portrait Gallery .....	66	522	9	597	526	—	71	480
Hirshhorn Museum .....	18	772	(2)	788	775	—	13	179
Center for Asian Art .....	70	11	—	81	11	—	70	736
Archives of American Art .....	1,131	69	630	1,830	1,497	(15)	318	1,552
Cooper-Hewitt Museum .....	45	778	320	1,143	928	—	215	530
Traveling Exhibition Service .....	72	238	—	310	195	—	115	693
All Other .....	79	1,415	—	1,494	1,486	—	8	930
<b>Total FY 1984 .....</b>	<b>\$3,236</b>	<b>\$5,859</b>	<b>\$1,087</b>	<b>\$10,182</b>	<b>\$8,571</b>	<b>\$ (222)</b>	<b>\$1,389</b>	<b>\$8,810</b>

\*Does not include Federal Agency Grants and Contracts.

TABLE 5. *Unrestricted Trust Funds—General and Auxiliary Activities*  
*Fiscal Years 1982–1984*  
(In \$1,000s)

<i>Item</i>	<i>FY 1982</i>	<i>FY 1983</i>	<i>FY 1984</i>
<b>FUNDS PROVIDED</b>			
<b>General Income:</b>			
Investments .....	\$ 2,921	\$ 2,489	\$ 3,108
Gifts .....	18	24	35
Miscellaneous .....	83	46	(6)
Total General Income .....	3,022	2,559	3,137
<b>Auxiliary Activities Income (Net):</b>			
Associates* .....	8,126	9,864	13,075
<b>Business Management:</b>			
—Museum Shops and Mail Order .....	856	2,710	3,711
—Concessions, Parking and Food Services ..	1,513	1,670	1,691
—Other .....	(322)	(300)	(206)
Performing Arts* .....	(2,544)	—	—
Smithsonian Press* .....	670	232	1,158
Traveling Exhibitions .....	(298)	(363)	(421)
Photo Services .....	11	19	5
Total Auxiliary Activities .....	8,012	13,832	19,013
Total Funds Provided (Net) .....	11,034	16,391	22,150
<b>EXPENDITURES AND TRANSFERS</b>			
Administrative and Program Expense .....	12,505	14,727	16,769
Less Administrative Recovery .....	7,825	8,595	8,754
Net Expense .....	4,680	6,132	8,015
<b>Less Transfers:</b>			
To Special Purpose for Program Purposes ....	3,328	5,205	7,429
To Plant Funds .....	1,000	2,005	3,400
To Endowment Funds .....	2,021	3,021	3,296
NET ADDITION TO FUND BALANCE .....	5	28	10
ENDING FUND BALANCE .....	\$ 5,048	\$ 5,076	\$ 5,086

\*Effective FY 1983, the Division of Performing Arts recording program was transferred to the Smithsonian Press and the performing arts activities for which tickets are sold to the public were transferred to the Resident Associate Program.

TABLE 6. *Auxiliary Activities Fiscal Years 1982-1984*  
(In \$1,000s)

<i>Activity</i>	<i>Sales and other revenue</i>	<i>Gifts</i>	<i>Less cost of sales</i>	<i>Gross revenue</i>	<i>Ex-penses</i>	<i>Net revenue** (loss)</i>
FY 1982 .....	\$ 92,668	\$ 1,757	\$56,166	\$38,259	\$30,247	\$ 8,012
FY 1983 .....	\$ 98,826	\$ 2,171	\$57,527	\$43,470	\$29,638	\$13,832
FY 1984:						
Associates .....	\$ 69,798	\$ 2,698	\$46,127	\$26,369	\$13,294	\$13,075
Business Management:						
—Museum Shops* .....	26,762	—	14,752	12,010	8,299	3,711
—Concessions/Parking/ Food Services .....	2,617	—	45	2,572	881	1,691
—Other .....	97	—	—	97	303	(206)
Smithsonian Press .....	11,792	—	3,703	8,089	6,931	1,158
Traveling Exhibitions .....	1,030	—	671	359	780	(421)
Photo Services (Administration) .....	83	—	11	72	67	5
Total FY 1984 .....	\$112,179	\$ 2,698	\$65,309	\$49,568	\$30,555	\$19,013

\*Includes Museum Shops and Mail Order.

\*\*Before revenue-sharing transfers to participating Smithsonian bureaus of \$380,000 (FY 1982); \$486,000 (FY 1983); and \$638,000 (FY 1984).

TABLE 7. *Unrestricted Special Purpose Funds*  
*Fiscal Years 1982-1984*  
(In \$1,000s)

Item	Revenue				Transfers in (out)	Deductions			Fund balance end of year
	Investment	Bureau activities	Gifts and other revenue	Total revenue		Program expense	Bureau activity expense	Net increase (decrease)	
FY 1982 .....	\$719	\$2,925	\$1,067	\$4,711	\$2,784	\$4,908	\$2,183	\$ 404	\$13,003
FY 1983 .....	\$686	\$3,132	\$1,057	\$4,875	\$5,078	\$6,861	\$2,232	\$ 860	\$13,863
FY 1984:									
National Museum of Natural History .....	\$ 50	\$ 7	\$ 30	\$ 87	\$ 959	\$ 794	\$ —	\$ 252	\$ 854
Astrophysical Observatory .....	10	137	65	212	502	491	155	68	679
Tropical Research Institute .....	22	131	—	153	234	193	220	(26)	153
National Air and Space Museum .....	243	1,400	35	1,678	73	1,433	921	(603)	1,993
Environmental Research Center* .....	7	23	16	46	88	80	10	44	175
National Zoological Park .....	210	—	200	410	90	225	—	275	2,310
National Museum of American History .....	23	13	85	121	566	638	5	44	482
National Museum of American Art .....	14	5	139	158	23	119	4	58	175
National Portrait Gallery .....	5	9	58	72	743	799	8	8	135
Hirshhorn Museum .....	15	—	17	32	327	73	—	286	464
Cooper-Hewitt Museum .....	1	849	347	1,197	23	374	648	198	202
National Museum of African Art .....	—	7	6	13	18	101	3	(73)	48
Office of Telecommunications .....	—	3	—	3	19	167	33	(178)	274
Liability Reserves .....	—	—	—	—	—	16	—	(16)	3,273
Unallocated Coll. Acq., Schol. Studies, and Outreach .....	—	—	—	—	133	—	—	133	570
Fellowships .....	24	—	—	24	1,363	1,194	—	193	1,034
Museum Support Center Equipment .....	—	—	—	—	—	269	—	(269)	401
All Other .....	55	89	243	387	2,227	739	27	1,848	2,883
Total FY 1984 .....	\$679	\$2,673	\$1,241	\$4,593	\$7,388	\$7,705	\$2,034	\$2,242	\$16,105

\*Effective in FY 1983, the Chesapeake Bay Center for Environmental Studies was merged with the Radiation Biology Laboratory to form the Smithsonian Environmental Research Center.

TABLE 8. *Special Foreign Currency Program*  
*Fiscal Year 1984—Obligations*  
(In \$1,000s)

Country	Archaeology	Systematic and environmental biology	Astrophysics and earth sciences	Museum programs	Grant administration	Total
India .....	\$4,730	\$415	\$111	\$405	\$253*	\$5,914
Burma .....	1	3	—	—	—	4
Pakistan .....	1,137	239	6	—	19	1,401
Total .....	\$5,868	\$657	\$117	\$405	\$272	\$7,319

\*Includes \$180,000 for translation services in support of all programs.

TABLE 9. *Construction and Plant Funds Fiscal Years 1982-1984*  
(In \$1,000s)

Sources	FY 1982	FY 1983	FY 1984
<b>FUNDS PROVIDED</b>			
<b>Federal Appropriations:</b>			
National Zoological Park .....	\$ 1,104	\$ 1,550	\$ 3,500
Restoration and Renovation of Buildings .....	7,680	8,450	9,000
Quadrangle .....	960	36,500	(8,000)
Total Federal Appropriations .....	9,744	46,500	4,500
<b>Nonappropriated Trust Funds:</b>			
<b>Income—Gift and Other</b>			
Special Exhibits Gallery .....	1	—	—
Smithsonian Environmental Research Center—Gain on Sale .....	—	44	—
Smithsonian Tropical Research Institute—Research Facilities .....	—	66	20
Erection of Jacksonville Bandstand .....	—	174	12
Cooper-Hewitt Museum .....	31	163	32
American Art and Portrait Gallery Building Quadrangle and Related .....	183	21	21
Smithsonian Institution Building South Entrance .....	1,650	14,574	8,098
Entrance .....	64	5	3
Bequest of Real Estate .....	225	—	—
Belmont Conference Center—Gain on Sale ..	—	1,405*	—
Horticulture Antique Greenhouse .....	—	—	16
Total Income .....	2,154	16,452	8,202
<b>Transfers from Current Funds:</b>			
National Museum of African Art .....	24	24	24
Quadrangle .....	1,040	2,040	2,700
East Garden .....	—	5	—
Secretaries' Residence .....	—	—	700
Total Transfers .....	1,064	2,069	3,424
Total Funds Provided .....	\$12,962	\$65,021	\$16,126

\*Total proceeds realized of \$1,993,000 of which \$1,750,000 was directed to construction of the Museum Support Center and \$208,000 was transferred to endowment funds.

TABLE 10. *Endowment and Similar Funds September 30, 1984*

	<i>Book value</i>	<i>Market value</i>
<b>ASSETS</b>		
<b>Pooled Consolidated Endowment Funds:</b>		
Cash and Equivalents .....	\$ 13,525,970	\$ 13,525,970
Bonds .....	11,346,884	11,431,145
Convertible Bonds .....	4,048,125	4,408,300
Stocks .....	87,939,422	101,747,648
<b>Total Pooled Funds</b> .....	<u>116,860,401</u>	<u>131,113,063</u>
<b>Nonpooled Endowment Funds:</b>		
Loan to U.S. Treasury in Perpetuity .....	1,000,000	1,000,000
Notes Receivable .....	41,946	41,946
Bonds .....	10,000	9,600
Common Stocks .....	1,999	12,000
Land .....	239,000	239,000
<b>Total Nonpooled Funds</b> .....	<u>1,292,945</u>	<u>1,302,546</u>
<b>Total Endowment and Similar Fund Balances</b> ..	<u>\$118,153,346</u>	<u>\$132,415,609</u>
<b>FUND BALANCES</b>		
Unrestricted Purpose: True Endowment .....	\$ 3,953,128	\$ 5,014,889
Quasi Endowment .....	49,312,990	52,728,976
<b>Total Unrestricted Purpose</b> .....	<u>53,266,118</u>	<u>57,743,865</u>
Restricted Purpose: True Endowment .....	48,031,154	55,770,264
Quasi Endowment .....	16,856,074	18,901,480
<b>Total Restricted Purpose</b> .....	<u>64,887,228</u>	<u>74,671,744</u>
<b>Total Endowment and Similar Fund Balances</b> ..	<u>\$118,153,346</u>	<u>\$132,415,609</u>

TABLE 11. *Market Values of Pooled Consolidated Endowment Funds*  
(In \$1,000s)

<i>Fund</i>	<i>9/30/80</i>	<i>9/30/81</i>	<i>9/30/82</i>	<i>9/30/83</i>	<i>9/30/84</i>
Unrestricted .....	\$28,384	\$30,399	\$35,974	\$ 54,677	\$ 56,592
Freer .....	20,771	20,472	22,596	32,096	31,125
Other Restricted .....	28,175	27,101	30,288	43,911	43,396
<b>Total</b> .....	<u>\$77,330</u>	<u>\$77,972</u>	<u>\$88,858</u>	<u>\$130,684</u>	<u>\$131,113</u>

TABLE 12. *Changes in Pooled Consolidated Endowment Funds*  
*for Fiscal Year 1984*  
(In \$1,000s)

<i>Fund</i>	<i>Market value 9/30/83</i>	<i>Gifts and transfers</i>	<i>Interest and dividends*</i>	<i>Income paid out</i>	<i>Subtotal</i>	<i>Change in market value</i>	<i>Market value 9/30/84</i>
Unrestricted .....	\$ 54,677	\$3,083	\$2,821	\$1,378	\$ 59,203	\$(2,611)	\$ 56,592
Freer .....	32,096	—	1,597	1,029	32,664	(1,539)	31,125
Other Restricted ..	43,911	807	2,196	1,413	45,501	(2,105)	43,396
<b>Total</b> .....	<u>\$130,684</u>	<u>\$3,890</u>	<u>\$6,614</u>	<u>\$3,820</u>	<u>\$137,368</u>	<u>\$(6,255)</u>	<u>\$131,113</u>

\*Income earned, less managers' fees of \$546,041.

TABLE 13. Endowment Funds September 30, 1984

	Principal		Income	
	Book value	Market value	Net income	Unexpended balance
<b>UNRESTRICTED PURPOSE—TRUE:</b>				
Avery Fund*	\$ 131,518	\$ 170,081	\$ 4,735	\$ —0—
Higbee, Harry, Memorial	38,243	49,530	1,205	—0—
Hodgkins Fund*	226,558	243,573	10,860	—0—
Morrow, Dwight W.	228,867	304,678	7,415	—0—
Mussinán, Alfred	72,528	89,101	2,169	—0—
Olmsted, Helen A.	2,404	3,110	76	—0—
Poore, Lucy T. and George W.*	512,423	677,406	17,621	—0—
Porter, Henry Kirke, Memorial	846,465	1,125,065	27,382	—0—
Sanford, George H.*	3,784	4,644	160	—0—
Smithson, James*	567,676	566,646	36,809	—0—
Walcott, Charles D. and Mary Vaux, Research (Designated)*	1,322,662	1,781,055	58,759	31,064
Subtotal	3,953,128	5,014,889	167,191	31,064
<b>UNRESTRICTED PURPOSE—QUASI:</b>				
Forrest, Robert Lee	3,414,389	3,390,484	82,519	—0—
General Endowment*	41,529,143	44,823,288	1,059,803	—0—
Goddard, Robert H.	27,020	26,850	654	—0—
Habel, Dr. S.*	524	523	34	—0—
Hart, Gustavus E.	1,706	2,008	49	—0—
Henry, Caroline	4,225	4,955	121	—0—
Henry, Joseph and Harriet A.	170,033	198,214	4,824	—0—
Heys, Maude C.	327,238	329,912	8,030	—0—
Hinton, Carrie Susan	87,159	96,510	2,349	—0—
Lambert, Paula C.	156,692	177,060	4,309	—0—
Medinus, Grace L.	3,238	3,283	80	—0—
Rhees, William Jones*	2,263	2,539	87	—0—
Safford, Clara Louise	149,209	154,099	3,751	—0—
Smithsonian Bequest Fund*	677,280	700,361	13,501	—0—
Taggart, Ganson	1,434	1,878	46	—0—
Abbott, William L. (Designated)	402,179	470,057	15,536	16,614
Barstow, Frederic D. (Designated)	3,368	3,929	130	4,897
Lindbergh Chair of Aerospace History (Designated)	1,563,652	1,628,013	53,808	72,714
Lindbergh, Charles A. (Designated)	12,628	14,278	1,296	7,965
Lyon, Marcus Ward, Jr. (Designated)	13,541	14,007	463	2,309
Webb, James E., Fellowship (Designated)	766,069	686,728	22,670	11,654
Subtotal	49,312,990	52,728,976	1,274,060	116,153
Total Unrestricted Purpose	\$ 53,266,118	\$ 57,743,865	\$ 1,441,251	\$ 147,217
<b>RESTRICTED PURPOSE—TRUE:</b>				
Arthur, James	\$ 114,851	\$ 153,962	\$ 5,089	\$ 6,138
Baird, Spencer Fullerton	104,163	137,626	4,549	11,910
Barney, Alice Pike, Memorial	82,338	110,330	3,647	23,935
Batchelor, Emma E.	106,226	114,125	3,772	60,430
Beauregard, Catherine, Memorial	132,066	154,177	5,096	42,024
Bergen, Charlotte V.	11,674	11,394	377	635
Brown, Roland W.	88,860	105,813	3,497	16,965
Canfield, Frederick A.	117,005	169,631	5,607	220
Casey, Thomas Lincoln	42,299	49,429	1,634	2,671
Chamberlain, Frances Lea	80,844	108,331	3,581	17,875
Cooper Fund for Paleobiology	83,569	84,367	2,732	—0—
Division of Mammals Curators Fund	6,122	7,282	226	4,040
Drake Foundation	545,928	600,711	19,778	86,137
Drouet, Francis and Louderback, Harold B. Fund	175,273	171,812	830	18,992
Dykes, Charles, Bequest	158,678	181,773	6,008	38,674
Eickemeyer, Florence Brevoort	31,200	41,798	1,381	20,935
Freer, Charles L.	26,702,183	31,125,303	1,028,730	1,249,227
Grimm, Sergei N.	97,990	97,518	3,223	11,279
Groom, Barrick W.	52,723	48,658	1,206	994
Guggenheim, Daniel and Florence	380,996	398,253	13,163	33,032
Hamilton, James*	3,815	4,283	226	1,288
Henderson, Edward P., Meteorite Fund	1,096	1,369	45	398
Hewitt, Eleanor G., Repair Fund	22,847	25,039	828	—0—
Hewitt, Sarah Cooper	135,099	147,794	4,885	—0—
Hillyer, Virgil	22,180	25,921	857	11,211
Hitchcock, Albert S.	4,561	6,168	204	110
Hodgkins Fund*	104,830	104,644	6,818	33,107
Hrdlicka, Ales and Marie	160,959	191,677	6,335	6,951



TABLE 13. Endowment Funds September 30, 1984—continued

	Principal		Income	
	Book value	Market value	Net income	Unexpended balance
Hughes, Bruce .....	54,978	73,720	2,437	20,537
Johnson, Seward, Trust Fund for Oceanography .....	11,045,313	12,945,474	427,883	108,753
Kellogg, Remington, Memorial ...	78,269	79,842	2,639	8,238
Kramar, Nada .....	8,898	10,077	333	2,849
Lindsey, Jessie H.* .....	12,248	12,142	1,155	7,989
Maxwell, Mary E. ....	56,335	75,532	2,496	23,283
Milliken, H. Oothout, Memorial ..	674	736	24	24
Mineral Endowment .....	305,920	339,220	11,212	303
Mitchell, William A. ....	41,670	46,405	1,534	2,343
Natural History and Conservation .	75,300	80,731	2,571	—0—
Nelson, Edward William .....	66,401	85,535	2,827	6,037
Petrocelli, Joseph, Memorial .....	21,324	28,650	947	25,070
Reid, Addison T.* .....	71,536	81,609	3,067	6,513
Roebing Fund .....	345,925	462,053	15,271	82
Rollins, Miriam and William .....	667,383	812,837	26,614	15,885
Shryock Endowment for Docents .	—0—	—0—	49	—0—
Sims, George W. ....	58,999	56,727	1,830	1,516
Sprague Fund .....	4,415,010	4,860,495	159,141	42,319
Springer, Frank .....	51,747	68,949	2,279	27,204
Stern, Harold P., Memorial .....	461,817	512,004	16,453	46,880
Stevenson, John A., Mycological Library .....	16,212	18,837	623	1,430
Walcott, Charles D. and Mary Vaux, Research .....	429,518	511,841	16,727	13,440
Walcott Research Fund, Botanical Publications .....	163,589	214,597	7,093	19,401
Williston, Samuel Wendell, Diptera Research .....	8,996	9,438	299	1,100
Zerbee, Frances Brinckle .....	2,717	3,625	120	4,530
Subtotal .....	48,031,154	55,770,264	1,839,948	2,084,904
<b>RESTRICTED PURPOSE—QUASI:</b>				
Armstrong, Edwin James .....	10,125	10,962	356	—0—
Au Panier Fleuri .....	64,026	63,799	2,109	—0—
Bacon, Virginia Purdy .....	293,747	320,211	10,583	33,712
Becker, George F. ....	506,092	554,225	18,318	3,719
Desautels, Paul E. ....	36,534	42,266	1,371	—0—
Gaver, Gordon .....	3,972	4,507	149	3,296
Hachenberg, George P. and Caroline .....	13,933	16,847	557	1,209
Hanson, Martin Gustav and Caroline R. ....	29,993	35,038	1,158	5,785
Hunterdon Endowment .....	10,019,276	11,513,070	380,521	131,853
ICBP Endowment .....	582,335	596,758	18,023	—0—
ICBP—Conservation Endowment ..	130,818	131,280	4,196	4,558
Johnson, E. R. Fenimore .....	25,183	25,942	857	2,254
Loeb, Morris .....	295,797	347,498	11,485	15,116
Long, Annette E. and Edith C. ....	1,578	2,146	71	290
Myer, Catherine Walden .....	68,169	79,642	2,632	11,546
Noyes, Frank B. ....	3,341	4,014	133	2,280
Noyes, Pauline Riggs .....	30,151	30,063	994	—0—
Pell, Cornelia Livingston .....	25,090	29,401	972	1,907
Ramsey, Adm. and Mrs. Dewitt Clinton* .....	965,910	1,007,242	33,249	6,030
Rathbun, Richard, Memorial .....	35,974	42,127	1,392	18,273
Roebing Solar Research .....	80,966	90,574	2,994	4,666
Ruef, Bertha M. ....	98,186	101,098	3,341	13,096
Schultz, Leonard P. ....	26,141	30,474	1,007	19,465
Seidell, Atherton .....	2,007,564	2,189,643	72,370	263,285
Smithsonian Agency Account .....	1,032,286	1,085,132	25,957	—0—
Strong, Julia D. ....	33,811	39,586	1,308	642
Witherspoon, Thomas A., Memorial	435,076	507,935	16,788	9,195
Subtotal .....	16,856,074	18,901,480	612,891	552,177
Total Restricted Purpose .....	\$ 64,887,228	\$ 74,671,744	\$ 2,452,839	\$ 2,637,081
TOTAL ENDOWMENT FUNDS ..	\$118,153,346	\$132,415,609	\$3,894,090**	\$2,784,298

\*Invested all or in part in U.S. Treasury or other nonpooled investments.

\*\*Total Return Income payout; does not include \$215,411 of interest income for investment of unexpended income balances.

COOPERS & LYBRAND  
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Regents  
Smithsonian Institution

We have examined the statement of financial condition of the Smithsonian Institution as of September 30, 1984 and the related statement of financial activity for the year then ended. Our examination was made in accordance with generally accepted auditing standards and with generally accepted governmental auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements of the Smithsonian Institution for the year ended September 30, 1983, totals of which are included in the accompanying financial statements for comparative purposes only.

In our opinion, the financial statements for the year ended September 30, 1984, referred to above, present fairly the financial position of the Smithsonian Institution as of September 30, 1984, and the results of its operations and changes in its fund balances for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND

1800 M Street, N.W.  
Washington, D.C. 20036  
December 14, 1984

SMITHSONIAN INSTITUTION  
Statement of Financial Condition  
September 30, 1984

(with comparative totals for September 30, 1983)  
(thousands of dollars)

	<i>Trust funds</i>	<i>Federal funds</i>	<i>Totals, all funds</i>	<i>Totals, 1983</i>
<b>ASSETS:</b>				
Cash on hand and in banks (Note 3) . . . .	\$ 3,827	\$ 10	\$ 3,837	\$ 1,971
Fund balances with U.S. Treasury (Note 4)	333	69,078	69,411	73,860
Investments (Notes 1 and 5) . . . . .	166,806	—	166,806	144,518
Receivables (Note 7) . . . . .	45,582	220	45,802	36,778
Advance payments (Note 8) . . . . .	697	13,135	13,832	13,490
Merchandise inventory (Note 1) . . . . .	8,902	—	8,902	8,459
Materials and supplies inventory (Note 1)	2,017	1,249	3,266	3,499
Amount to be provided for accrued annual leave (Note 1) . . . . .	—	7,124	7,124	6,690
Prepaid and deferred expense (Note 1) . . .	11,573	—	11,573	9,668
Property and equipment (Notes 1 and 9) . .	23,234	184,967	208,201	197,516
Total assets . . . . .	<u>\$262,971</u>	<u>\$275,783</u>	<u>\$538,754</u>	<u>\$496,449</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses, including interfund payable of \$22,311 (Note 7) . . . . .	\$ 34,889	\$ 10,202	\$ 45,091	\$ 39,096
Deposits held in custody for other organi- zations (Note 2) . . . . .	3,042	42	3,084	2,187
Accrued annual leave (Note 1) . . . . .	1,335	7,124	8,459	7,839
Deferred revenue (Note 1) . . . . .	24,815	—	24,815	22,015
Total liabilities . . . . .	<u>64,081</u>	<u>17,368</u>	<u>81,449</u>	<u>71,137</u>
UNDELIVERED ORDERS (Note 1) . . . . .	—	62,597	62,597	56,778
<b>FUND BALANCES (Note 1):</b>				
<b>Current:</b>				
Unrestricted general purpose . . . . .	5,086	—	5,086	5,076
Special purpose . . . . .	16,105	—	16,105	13,863
Restricted . . . . .	9,097	—	9,097	7,671
Endowment and similar funds (Note 6) . .	118,153	—	118,153	103,009
Plant funds (Note 9) . . . . .	50,449	—	50,449	39,242
Total trust fund balances . . . . .	<u>198,890</u>	<u>—</u>	<u>198,890</u>	<u>168,861</u>
Operating funds . . . . .	—	175	175	75
Construction funds . . . . .	—	9,427	9,427	18,068
Capital funds . . . . .	—	186,216	186,216	181,530
Total federal fund balances . . . . .	<u>—</u>	<u>195,818</u>	<u>195,818</u>	<u>199,673</u>
Total all fund balances . . . . .	<u>198,890</u>	<u>195,818</u>	<u>394,708</u>	<u>368,534</u>
Total liabilities, undelivered orders and fund balances . . . . .	<u>\$262,971</u>	<u>\$275,783</u>	<u>\$538,754</u>	<u>\$496,449</u>

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



SMITHSONIAN INSTITUTION

Statement of Financial Activity

for the year ended September 30, 1984

(with comparative totals for the year ended September 30, 1983)

(thousands of dollars)

	TRUST FUNDS				FEDERAL FUNDS					
	Total trust funds	Current funds	Endowment and similar funds	Plant funds	Total federal funds	Operating funds	Construction funds	Capital funds	Totals, all funds	Totals, 1983
<b>Revenue and other additions:</b>										
Appropriations, net (Note 10) .....	\$ —	\$ —	\$ —	\$ —	\$168,223	\$163,723	\$ 4,500	\$ —	\$168,223	\$195,756
Auxiliary activities revenue .....	114,852	114,852	—	—	—	—	—	—	114,852	101,957
Federal grants and contracts .....	14,876	14,876	—	—	—	—	—	—	14,876	13,125
Investment income (net of \$546,000 for management and custodian fees) .....	11,902	9,842	—	2,060	—	—	—	—	11,902	9,293
Net gain on sale of securities and real property .....	8,505	—	8,505	—	—	—	—	—	8,505	14,451
Gifts, bequests and foundation grants .....	15,089	8,701	247	6,141	—	—	—	—	15,089	21,456
Additions to plant .....	4,054	—	—	4,054	19,079	—	—	19,079	23,133	20,757
Rentals, fees, commissions and other .....	3,019	2,983	36	—	112	112	—	—	3,131	2,386
<b>Total revenue and other additions .....</b>	<b>172,297</b>	<b>151,254</b>	<b>8,788</b>	<b>12,255</b>	<b>187,414</b>	<b>163,835</b>	<b>4,500</b>	<b>19,079</b>	<b>359,711</b>	<b>379,181</b>
<b>Expenditures and other deductions:</b>										
Research and educational expenditures .....	31,979	31,979	—	—	105,612	105,612	—	—	137,591	121,998
Administrative expenditures .....	11,014	11,014	—	—	12,371	12,371	—	—	23,385	21,483
Facilities services expenditures .....	1,172	1,172	—	—	45,650	45,650	—	—	46,822	43,648
Auxiliary activities expenditures .....	93,632	93,632	—	—	—	—	—	—	93,632	85,133
Acquisition of plant .....	3,797	—	—	3,797	13,141	—	13,141	—	16,938	36,962
Property use and retirements (Note 9) .....	650	—	—	650	14,393	—	—	14,393	15,043	20,440
Retirement of indebtedness .....	6	—	—	6	—	—	—	—	6	7
Interest on indebtedness .....	18	—	—	18	—	—	—	—	18	17
<b>Total expenditures and other deductions .....</b>	<b>142,268</b>	<b>137,797</b>	<b>—</b>	<b>4,471</b>	<b>191,167</b>	<b>163,633</b>	<b>13,141</b>	<b>14,393</b>	<b>333,435</b>	<b>329,688</b>
Excess of revenue and other additions over (under) expenditures and other deductions (Note 12) .....	30,029	13,457	8,788	7,784	(3,753)	202	(8,641)	4,686	26,276	49,493
<b>Transfers among funds—additions (deductions):</b>										
Mandatory principal and interest on notes ..	—	(24)	—	24	—	—	—	—	—	—
Nonmandatory for designated purposes, net (Note 13) .....	—	(9,755)	6,356	3,399	—	—	—	—	—	—
<b>Total transfers among funds .....</b>	<b>—</b>	<b>(9,779)</b>	<b>6,356</b>	<b>3,423</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net increase (decrease) for the year ....</b>	<b>30,029</b>	<b>3,678</b>	<b>15,144</b>	<b>11,207</b>	<b>(3,753)</b>	<b>202</b>	<b>(8,641)</b>	<b>4,686</b>	<b>26,276</b>	<b>49,493</b>
Returned to U.S. Treasury .....	—	—	—	—	(102)	(102)	—	—	(102)	(62)
Fund balances at beginning of year .....	168,861	26,610	103,009	39,242	199,673	75	18,068	181,530	368,534	319,103
Fund balances at end of year .....	\$198,890	\$ 30,288	\$118,153	\$ 50,449	\$195,818	\$ 175	\$ 9,427	\$186,216	\$394,708	\$368,534

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

# SMITHSONIAN INSTITUTION

## Notes to Financial Statements

### 1. *Summary of significant accounting policies*

*Basis of presentation.* These financial statements do not include the accounts of the National Gallery of Art, the John F. Kennedy Center for the Performing Arts or the Woodrow Wilson International Center for Scholars, which were established by Congress within the Smithsonian Institution (the Institution) but are administered under separate boards of trustees. (See Note 2.)

The accounts of the federal funds have been prepared on the obligation basis of accounting, which basis is in accordance with accounting principles prescribed by the Comptroller General of the United States as set forth in the *Policy and Procedures Manual for Guidance of Federal Agencies*. The obligation basis of accounting differs in some respects from generally accepted accounting principles. Under this basis of accounting, commitments of the operating fund, such as purchase orders and contracts, are recognized as expenditures, and the related obligations are reported on the balance sheet even though goods and services have not been received. Such commitments aggregated \$33,045,000 at September 30, 1984. In addition, construction commitments amounted to \$29,552,000 at September 30, 1984.

The trust funds reflect the receipt and expenditure of funds obtained from private sources, federal grants and contracts, investment income and certain business activities related to the operations of the Institution. The federal funds reflect the receipt and expenditures of funds obtained from Congressional appropriations.

*Fund accounting.* To ensure observance of limitations and restrictions placed on the use of resources available to the Institution, the accounts of the Institution are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for funds control, accounting and reporting purposes into funds established according to their appropriation, nature, and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and fund balances of the Institution are reported in self-balancing fund groups as follows:

*Trust current funds*, which include unrestricted and restricted resources, represent the portion of expendable funds that is available for support of Institution operations. Amounts restricted by the donor for specific purposes are segregated from other current funds.

*Trust endowment and similar funds* include funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be used. Also classified as endowment and similar funds are gifts which allow the expenditure of principal but only under certain specified conditions and quasi-endowment funds.

Quasi-endowment funds are funds established by the governing board for the same purposes as endowment funds; however, any portion of such funds may be expended. Restricted quasi-endowment funds represent gifts for restricted purposes where there is no stipulation that the principal be maintained in perpetuity or for a period of time, but the governing board has elected to invest the principal and expend only the income for the purpose stipulated by the donor.

*Trust plant funds* represent resources restricted for future plant acquisitions and funds expended for plant. Pledges for the construction of the Center for African, Near Eastern, and Asian Cultures are recorded as gifts in the plant fund in the period the pledge document is received.

*Federal operating funds* consist of separate subfund groups maintained for each appropriation—Salaries and Expenses appropriations, which are available for obligation in the current year only. Special Foreign Currency appropriations and Barro Colorado Island Trust Fund, for which unexpended funds from the current year can be carried forward and obligated in subsequent years.

*Federal construction funds* represent the portion of expendable funds that is available for building and facility construction, restoration, renovation, and repair. Separate subfund groups are maintained for each appropriation—Construction and Improvements, National Zoological Park, Restoration and Renovation of Buildings, Museum Support Center and the Center for African, Near Eastern, and Asian Cultures (Quadrangle).

*Federal capital funds* represent the amount of the investment of the United States Government in the net assets of the Institution acquired with federal funds and nonexpendable property transfers from Government agencies.

*Investments.* All gains and losses arising from the sale, collection or other disposition of investments and property are accounted for in the fund in which the related assets are recorded. Income from investments is accounted for in a similar manner, except for income derived from investments of endowment and similar funds, which is accounted for in the fund to which it is restricted or, if unrestricted, as revenue in unrestricted current funds. Gains and losses on the sale of investments are recognized using the specific identification method, whereby the cost of the specific security adjusted by any related discount or premium amortization is the basis for recognition of the gain or loss.

*Inventory.* Inventories are carried at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method, retail cost method (for those inventories held for resale) or net realizable value.

*Deferred revenue and expense.* Revenue from subscriptions to *Smithsonian Magazine* is recorded as income over the period of the related subscription, which is one year. Costs related to obtaining subscriptions to *Smithsonian Magazine* are charged against income over the period of the subscription.

The Institution recognizes revenue and charges expenses of other auxiliary activities during the period in which the activity is conducted.

*Works of art, living or other specimens.* The Institution acquires its collections, which include works of art, library books, photographic archives,

objects and specimens, through purchase or by donation. In accordance with policies generally followed by museums, no value is assigned to the collections on the statement of financial condition. Purchases for the collections are expensed currently.

*Property and equipment.* Capital improvements and equipment purchased with trust funds and utilized in income-producing activities are capitalized at cost and are depreciated on a straight-line basis over their estimated useful lives of 3 to 10 years. Equipment purchased with trust funds for use by non-income-producing activities is treated as a deduction of the current fund and a capitalized cost of the plant fund. Depreciation on equipment capitalized in the plant fund is recorded on a straight-line basis over the estimated useful life of 3 to 10 years (see Note 9). Equipment purchased with federal funds is recorded at cost and depreciated on a straight-line basis over a period of 10 years.

Real estate (land and buildings) purchased with trust funds is recorded at cost, to the extent that restricted or unrestricted funds were expended therefor, or appraised value at date of gift, except for gifts of certain islands in the Chesapeake Bay and the Carnegie Mansion, which have been recorded at nominal values. Costs of original building structures and major additions are depreciated over their estimated useful lives of 30 years. Costs of renovating, restoring and improving structures are depreciated over their estimated useful lives of 15 years (see Note 9).

Buildings and other structures, additions to buildings and fixed equipment purchased with federal funds are recorded at cost and depreciated on a straight-line basis over a period of 30 years. Costs of renovating, restoring and improving structures are depreciated over their useful lives of 15 years.

Certain lands occupied by the Institution's buildings were appropriated and reserved by Congress for that purpose and are not reflected in the accompanying financial statements. Property and nonexpendable equipment acquired through transfer from Government agencies are capitalized at the transfer price or at estimated amounts, taking into consideration their usefulness, condition, and market value.

*Government grants and contracts.* The Institution has a number of grants and contracts with the U.S. Government, which primarily provide for cost reimbursement to the Institution. Grant and contract revenue is recognized when billable or received in the trust funds.

*Contributed services.* A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of the Institution's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

*Annual leave unfunded.* The Institution's civil service employees earn annual leave in accordance with federal law and regulations. However, only the cost of leave taken as salaries is funded and recorded as an expense. The cost of unused annual leave at year-end is reflected in the accompanying financial statements as an asset and accrued liability in the federal funds.

## 2. *Related activities*

The Institution provides fiscal and administrative services to several separately incorporated organizations in which certain officials of the Institution serve



on the governing boards. The amounts paid to the Institution by these organizations for the aforementioned services, together with rent for Institution facilities occupied, etc. totaled approximately \$355,000 for the year ended September 30, 1984. Deposits held in custody for these organizations are \$3,029,000 as of September 30, 1984.

The following summarizes the approximate expenditures of these organizations for the fiscal year ended September 30, 1984 as reflected in their individual financial statements and which are not included in the accompanying financial statements of the Institution:

	<u>(\$000s)</u>
Visions Foundation, Inc. ....	\$ 128
Reading Is Fundamental, Inc. ....	\$6,400
Woodrow Wilson International Center for Scholars:	
Trust funds .....	\$4,100
Federal appropriations .....	\$2,568

### 3. *Cash on hand*

Cash on hand—federal funds represents the amount of imprest fund cash advanced by the U.S. Treasury to imprest fund cashiers for small purchasing purposes.

### 4. *Fund balances with U.S. Treasury*

The account represents fund balances on the books of the U.S. Treasury available for disbursement.

### 5. *Investments*

Investments are recorded at cost, if purchased, or estimated fair market value at date of acquisition, if acquired by gift. At September 30, 1984, investments were composed of the following:

	<u>Carrying value (\$000s)</u>	<u>Market value (\$000s)</u>
<b>Current funds:</b>		
Certificates of deposit .....	\$ 12,252	\$ 12,254
Commercial paper .....	3,949	3,940
U.S. Government and quasi-Government obligations	33,701	33,084
Common stock .....	28	9
Preferred stock .....	30	57
	<u>49,960</u>	<u>49,344</u>
<b>Endowment and similar funds:</b>		
Money market account .....	12,367	12,367
Deposit with U.S. Treasury .....	1,000	1,000
U.S. Government and quasi-Government obligations	10,028	10,063
Corporate bonds .....	5,377	5,786
Common stock .....	84,927	99,479
Preferred stock .....	3,015	2,282
	<u>116,714</u>	<u>130,977</u>

Plant funds:

U.S. Government and quasi-Government obligations	32	29
Common stock .....	100	—
	<u>132</u>	<u>29</u>
	<u>\$166,806</u>	<u>\$180,350</u>

Since October 1, 1982, the deposit with the U.S. Treasury has been invested in U.S. Government securities at a variable yield based on market interest rates.

Substantially all the investments of the endowment and similar funds are pooled on a market value basis (consolidated fund) with each individual fund subscribing to or disposing of units on the basis of the value per unit at market value at the beginning of the month within which the transaction takes place. Of the total units, each having a market value of \$203.92, 293,996 units were owned by endowment and 348,976 units were owned by quasi-endowment at September 30, 1984.

The following tabulation summarizes changes in relationships between cost and market values of the pooled investments:

	(\$000s)			Market
	Market	Cost	Net	value
			change	per unit
End of year .....	\$131,113	\$116,860	\$ 14,253	\$203.92
Beginning of year .....	\$130,684	\$101,672	29,012	210.27
Increase (decrease) in unrealized net gain for the year .....			(14,759)	—
Realized net gain for the year .....			8,505	—
Total realized and unrealized net gain (loss) for the year .....			\$ (6,254)	\$ (6.35)

6. *Endowment and similar funds*

Endowment and similar funds at September 30, 1984 are summarized as follows:

	(\$000s)
Endowment funds, income available for:	
Restricted purposes .....	\$ 48,031
Unrestricted purposes .....	3,953
	<u>51,984</u>
Quasi-endowment funds, principal and income available for:	
Restricted purposes .....	16,856
Unrestricted purposes .....	49,313
	<u>66,169</u>
Total endowment and similar funds .....	<u>\$118,153</u>

The Institution utilizes the "total return" approach to investment management of endowment funds and quasi-endowment funds. Under this approach, the total investment return is considered to include realized and unrealized gains and losses in addition to interest and dividends. An amount equal to the difference between interest and dividends earned during the year and the amount computed under the total return formula is transferred to or from the current funds.

In applying this approach, it is the Institution's policy to provide, as being available for current expenditures, an amount taking into consideration such factors as, but not limited to: (1) 4½% of the five-year average of the market value of each fund (adjusted for gifts and transfers during this period), (2) current dividends and interest yield, (3) support needs for bureaus and scientists, and (4) inflationary factors as measured by the Consumer Price Index; however, where the market value of the assets of any endowment fund is less than 110% of the historic dollar value (value of gifts at date of donation), the amount provided is limited to only interest and dividends received. The total return factor for 1984 was \$6.74 per unit to the Restricted and Designated Purpose Endowment Funds and \$5.00 per unit to the Unrestricted General Purpose Endowment Funds; new units were purchased for the Unrestricted Endowment Funds with the \$1.74, the difference in the total return factor. The total return applied for 1984 was \$2,594,000 to the Restricted and Designated Purpose Endowment Funds and \$1,226,000 to the Unrestricted General Purpose Endowment Funds.

## 7. *Receivables*

Receivables at September 30, 1984 included the following:

	<u>(\$000s)</u>
<i>Trust funds</i>	
Accounts receivable, auxiliary activities; net of allowance for doubtful accounts of \$919,000 .....	\$ 9,136
Interfund receivables due from current funds:	
Endowment and similar funds .....	1,156
Plant funds .....	21,155
Interest and dividends receivable .....	2,036
Unbilled costs and fees from grants and contracts .....	942
Pledges .....	11,102
Other .....	55
	<u>45,582</u>
<i>Federal funds</i>	
Service fees and charges .....	220
Total, all funds .....	<u>\$45,802</u>

## 8. *Advance payments*

Advance payments represent advances made to Government agencies, educational institutions, firms and individuals for services to be rendered or property or materials to be furnished.

As of September 30, 1984, the Institution had advances outstanding to the U.S. Government of approximately \$10,807,000, principally for construction services to be received in the future. The Institution at that date also had advances outstanding to educational institutions amounting to approximately \$1,420,000, principally under the Special Foreign Currency Program.

### 9. Property and equipment

At September 30, 1984, property and equipment which have been capitalized (see Note 1) are comprised of the following:

	<u>(\$000s)</u>	<u>(\$000s)</u>
<i>Trust</i>		
<i>Current funds</i>		
Capital improvements .....	\$ 4,452	
Equipment .....	3,892	
Leasehold improvements .....	235	
Less accumulated depreciation and amortization	<u>(3,832)</u>	
	4,747	
<i>Endowment and similar funds</i>		
Land .....	<u>239</u>	
<i>Plant funds</i>		
Land and buildings .....	21,984	
Equipment .....	2,389	
Less accumulated depreciation .....	<u>(6,125)</u>	
	18,248	
Total, trust funds .....		\$ 23,234
<i>Federal</i>		
<i>Capital funds</i>		
Property .....	263,226	
Equipment .....	24,758	
Less accumulated depreciation .....	<u>(103,017)</u>	
Total, federal funds .....		<u>184,967</u>
Total, all funds .....		<u><u>\$208,201</u></u>

Depreciation and amortization expense for 1984 for trust funds' income-producing assets amounted to approximately \$957,000, which is included in auxiliary activities expenditures in the current funds. Depreciation of trust funds' nonincome-producing equipment and buildings for 1984 amounted to approximately \$650,000.

Depreciation expense reflected in expenditures of the federal capital funds for 1984 was \$11,437,000.

The balance of the plant fund at September 30, 1984 included \$32,201,000 of unexpended plant funds.

### 10. Appropriations

For the year ended September 30, 1984, the Institution was awarded \$12,500,000 for various construction projects. Funds appropriated in the prior year for Quadrangle construction were reduced in fiscal year 1984 by \$8,000,000.

### 11. Pension plan

The Institution has separate retirement plans for trust and federal employees. Under the trust fund's plan, both the Institution and employees contribute stipulated percentages of salary which are used to purchase individual annuities, the rights to which are immediately vested with the employees. The cost of the plan for the year ended September 30, 1984, was \$3,195,000. It is the policy of the Institution to fund plan costs accrued currently. There are no unfunded prior service costs under the plan.

The federal employees of the Institution are covered by the Civil Service Retirement Program. Under this program, the Institution withholds from the gross pay of each federal employee and remits to the Civil Service Retirement and Disability Fund (the Fund) the amounts specified by such program. The Institution contributes 7% of basic annual salary to the Fund. The cost of the plan for the year ended September 30, 1984, was approximately \$5,900,000.

### 12. Excess expenditures and other deductions

The net excess of expenditures and other deductions over revenue and other additions disclosed for federal construction funds in the Statement of the Activity for the year ended September 30, 1984 arose because certain appropriations, having been recorded as revenue and other additions in prior years and carried forward as fund balance, were expended during the year. Additionally, funds appropriated in the prior year were reduced in fiscal year 1984 (see Note 10).

### 13. Nonmandatory transfers for designated purposes

The following transfers among trust funds were made for the year ended September 30, 1984 in thousands of dollars:

	<u>Current funds</u>		<u>Endow- ment and similar funds</u>	<u>Plant funds</u>
	<u>Unre- stricted</u>	<u>Restricted</u>		
Portion of investment yield				
appropriated (Note 6) .....	\$(1,466)	\$(1,353)	\$2,819	\$ —
Plant acquisitions .....	(3,400)	—	—	3,400
Income added to endowment				
principal .....	—	(190)	190	—
Appropriated as quasi-endowment	(3,313)	(33)	3,347	(1)
Total .....	<u>\$(8,179)</u>	<u>\$(1,576)</u>	<u>\$6,356</u>	<u>\$3,399</u>

#### 14. *Income taxes*

The Institution is exempt from income taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code. Organizations described in that section are taxable only on their unrelated business income, which was immaterial for the Institution for 1984.

It is the opinion of the Institution that it is also exempt from taxation as an instrumentality of the United States as defined in Section 501(c)(1) of the Code. Organizations described in that section are exempt from all income taxation. The Institution has not as yet formally sought such dual status.













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