



Smithsonian Institution



The National Zoo's Asia Trail opened in October 2006, providing new habitats for (clockwise from top left) the Zoo's red pandas, giant pandas, clouded leopards, sloth bears, Asian small-clawed otters, and fishing cats.

Annual Report to the Board of Regents Fiscal Year 2007

January 2008

Public Impact

Visits to the Smithsonian

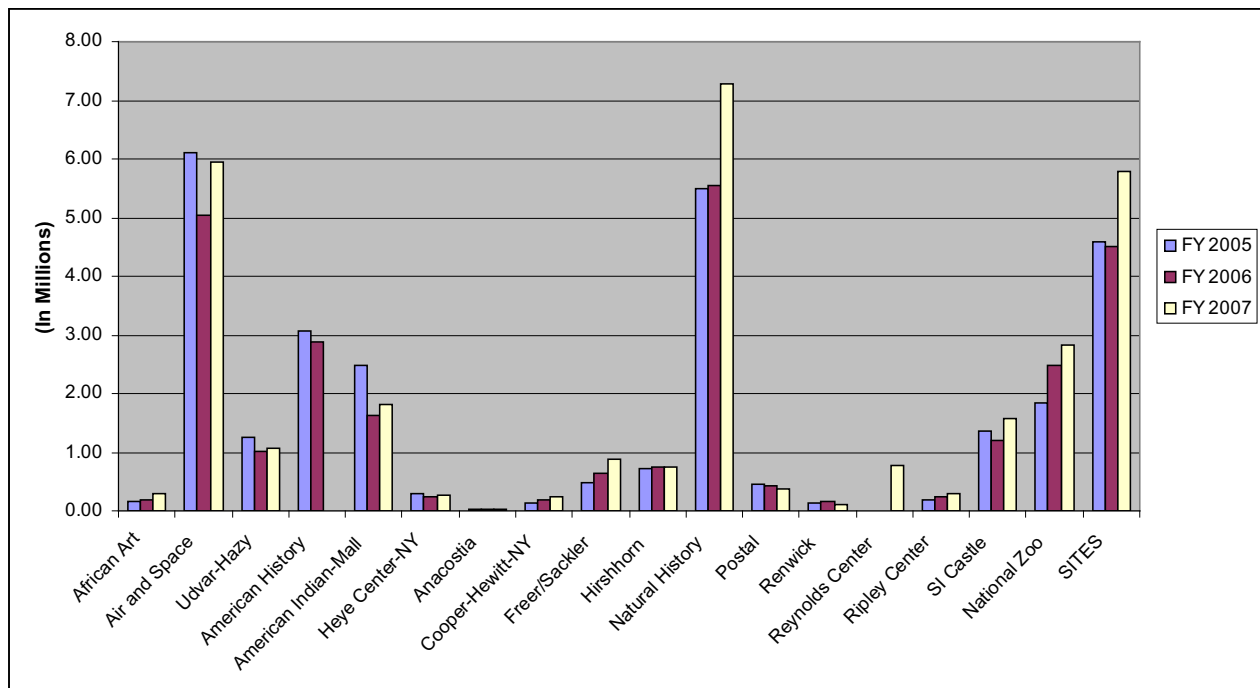
In fiscal year 2007, the Institution counted **24.6 million** visits to its museums in Washington, D.C., and New York, plus the National Zoo and Steven F. Udvar-Hazy Center—up **7 percent** from fiscal year 2006, despite the closing of the National Museum of American History for renovations. Looking only at units that were open for the whole of both years (thus excluding both the American History Museum and the Donald W. Reynolds Center for American Art and Portraiture), attendance was up **20 percent**. Of particular note were the following:

- A **31 percent** increase in visitation at the Smithsonian's most popular venue, the National Museum of Natural History.
- A **15 percent** increase at the National Zoo, which already had experienced a strong surge in visitation in fiscal year 2006. (The increase in Zoo attendance over the past two fiscal years was over **50 percent**.)
- A sustained rise in art museum visitation. For all art museums combined (excluding those in the Reynolds Center), visits were up **17 percent** over fiscal year 2006 and **40 percent** over fiscal year 2005.
- A rebound in visitation at the National Air and Space Museum (up **18 percent**) and the Smithsonian Castle (up **32 percent**) after declines in attendance at those venues in fiscal year 2006.
- A **12 percent** increase at the National Museum of the American Indian on the Mall—the first annual increase at that venue since its opening in the summer of 2004.

The Smithsonian also counted approximately **5.8 million** visits to traveling exhibitions mounted by the Smithsonian Institution Traveling Exhibition Service, an increase of **29 percent** over last year. The jump in visitation was due in part to the wide distribution of a poster exhibition.

Visits to Smithsonian Museums and Traveling Exhibitions

Fiscal Years 2005, 2006, and 2007



Smithsonian Online

Smithsonian websites logged **183 million** visits in fiscal year 2007, up **31 percent** from fiscal year 2006.

In May, the International Academy of Digital Arts and Sciences honored several Smithsonian websites with its 2007 **Webby Awards**, dubbed the “Oscars of the Internet” by the *New York Times*.



- In the Cultural Institution category, the **Smithsonian Photography Initiative** website won the judged competition, and the **Smithsonian Center for Education and Museum Studies** website won the People’s Voice Award (based on popular voting).
- In the Art category, **Cooper-Hewitt, National Design Museum’s** 2006 People’s Design Award website won the People’s Voice Award, and the Museum’s main website was an official honoree in the judged competition.
- In the Education category, the **Smithsonian Center for Education and Museum Studies** website and **Smithsonian American Art Museum** website *Del Corazon! Latino Voices in American Art* were official honorees.
- In the Navigation/Structure category, **Cooper-Hewitt’s** website for its exhibition *Feeding Desire* was an official honoree.

Other awards won by Smithsonian websites included the following:

- The **Smithsonian Photography Initiative** website received an interactive design award from *Applied Arts* magazine and was selected as a finalist in the South by Southwest Interactive Web Awards.
- A series of video podcasts from the **Smithsonian Astrophysical Observatory** received the 2007 Pirelli International Award for physics.
- The Smithsonian Institution Research Information System’s **Art Inventories catalog** won the 2007 Building Better Communities Award for innovative use of technology to meet community needs.
- The **National Postal Museum’s** *Arago* website received an honorable mention in the 2007 American Association of Museums’s MUSE awards for outstanding achievements in museum media.
- The **National Museum of African Art** website won multiple awards in the 2006 International W³ Awards competition, judged by the Academy of Visual Arts.
- The **Smithsonian Latino Center** website won a bronze SABRE (Superior Achievement in Branding and Reputation) Award for excellence in technical aspects of communication.

New website launches and features in fiscal year 2007 included the following:

- The **National Museum of African American History and Culture** opened a virtual online museum designed to encourage public collaboration in developing content for the Museum. This marks the first time a Smithsonian museum has opened on the Web prior to the construction of its building.
- With *By Aeroplane to Pygmyland: Revisiting the 1926 Dutch and American Expedition to New Guinea*, **Smithsonian Institution Libraries** launched its series of original digital publications, *Sources and Critical Interpretations*. The site includes hundreds of photographs and two hours of vintage film footage.



- The **National Museum of American History** launched *The Object of History*, featuring significant artifacts from its collections accompanied by curricular materials and interactive forums, and joined 10 of the nation's leading education organizations as a content partner for Thinkfinity.org, the Verizon Foundation's online portal for free educational materials.
- The **Smithsonian Center for Education and Museum Studies's** online gateway to Smithsonian educational resources now includes a feature that aligns available resources with learning standards in every state, allowing educators across the nation to easily identify and access relevant materials.
- The **Anacostia Community Museum** launched *The Adam Francis Plummer Diary*, featuring a fully imaged transcription of a diary kept by a Maryland slave in the mid-1880s.
- **Cooper-Hewitt** launched *Design Across America*, an interactive map that highlights design events all over the country.
- The **Archives of American Art** launched *Collections Online*, providing free access to the digitized collections of noted artists, collectors, and other art world figures. Among the initial collections on offer are the papers of Alexander Calder, Winslow Homer, John Singer Sargent, and Grant Wood.
- The **Arctic Studies Center** of the National Museum of Natural History launched *Sharing Knowledge: The Smithsonian Alaska Collections* after five years of research with Alaskan Native elders.

Exhibition Highlights

The National Zoo's *Asia Trail* opened in October 2006, featuring new habitats for giant pandas, sloth bears, clouded leopards, and other species. This \$53 million exhibit covers nearly six acres and represents the most significant upgrade of the Zoo's visitor experience and animal habitats in nearly 40 years.

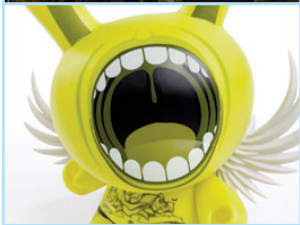
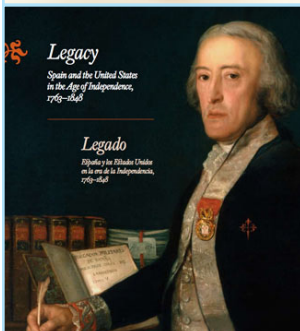
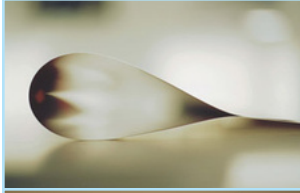
The **41st Smithsonian Folklife Festival** opened on the National Mall on June 27, 2007, featuring programs on Northern Ireland, the Mekong River region, and the roots of Virginia culture. More than 700 artists and performers engaged the public in more than 1,400 performances and demonstrations. Attendance topped one million.

More than 150 *Treasures of American History* from the collections of the National Museum of American History are now on view at the National Air and Space Museum until renovations at the American History Museum are completed. These treasures include such iconic objects as Dorothy's ruby slippers from *The Wizard of Oz*, Kermit the Frog, Lincoln's top hat, Lewis and Clark's compass, Jefferson's Bible, and Edison's light bulb.

Smithsonian art museums presented a diverse array of exhibitions to suit every art lover's tastes. Among the highlights were the following:

- The Sackler Gallery presented two major, internationally acclaimed exhibitions: *Encompassing The Globe: Portugal and the World in the 16th and 17th Centuries*, the largest exhibition ever displayed in the Sackler, explored the diverse cultures within Portugal's trading empire; and *In the Beginning: Bibles Before the Year 1000* presented over 70 of the earliest biblical artifacts, many on display for the first time in the United States.

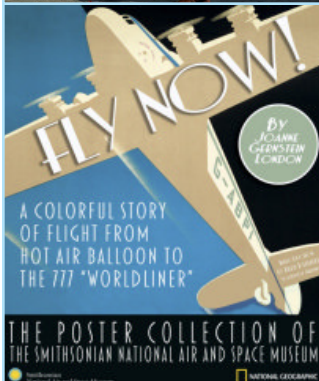




- On display at the Hirshhorn Museum and Sculpture Garden were *Wolfgang Tillmans*, featuring photographic works from one of the most significant artists to emerge in the 1990s; *Collection In Context*, highlighting sculptures from the Museum's collection; and *The Uncertainty of Objects and Ideas: Recent Sculpture*, showcasing the work of nine international contemporary artists.
- *African Vision*, the first major exhibition of objects from the National Museum of African Art's recently acquired Walt Disney–Tishman Collection, opened in February 2007 to an enthusiastic reception by the public. The Museum also displayed a critically acclaimed exhibition of works that incorporate script and graphic forms of communication, *Inscribing Meaning: Writing + Graphic Systems in Africa*.
- The National Portrait Gallery had a busy schedule of exhibitions, including *Great Britons: Treasures from the National Portrait Gallery, London*; *Portraiture Now: Framing Memory*, highlighting contemporary portraiture; *Josephine Baker: Image and Icon*, which presented the Jazz Age legend through vintage photographs, posters, drawings, and paintings; and *Legacy: Spain and the United States in the Age of Independence, 1763–1848*, co-sponsored by the Smithsonian Latino Center.
- The Smithsonian American Art Museum also offered several new exhibitions, including *Saul Steinberg: Illuminations*, featuring works by the artist whose drawings lit up the *New Yorker* for six decades; *Joseph Cornell: Navigating the Imagination*, the first major retrospective of Cornell's work in more than 25 years; and *Kindred Spirits: Asher B. Durand and the American Landscape*, a retrospective of works by a celebrated leader of the Hudson River School.
- In December 2006, Cooper-Hewitt launched its third triennial, *Design Life Now*, exploring the designs and ideas at the center of American culture from 2003 to 2006. Also appearing at Cooper-Hewitt were *Design for the Other 90 Percent*, which focused on products created for populations that have not traditionally been served by professional designers, and *IDEO Selects: Works from the Permanent Collection*, guest-curated by designers from one of today's most innovative design firms.
- The Renwick Gallery's biennial contemporary craft series continued with *From the Ground Up: Renwick Craft Invitational 2007*, featuring works in glass, paper, and ceramic.

Warmly received by audiences, the National Museum of the American Indian's *Identity by Design: Tradition, Change, and Celebration in Native Women's Dresses* brought together dresses crafted by the Native peoples of the Plains, Plateau, and Great Basin regions. Also opening at the Museum was a small permanent exhibition, *Return to a Native Place: Algonquian Peoples of the Chesapeake*, which introduces visitors to the Native peoples of the Chesapeake Bay region.





The inaugural exhibition of the new National Museum of African American History and Culture, *Let Your Motto Be Resistance: African American Portraits*, co-sponsored by the National Portrait Gallery, opened in May 2007 at the International Center of Photography in New York and moved to the Portrait Gallery shortly after the end of the fiscal year.

Mexican Cycles: Festival Images by George O. Jackson de Llano opened at the National Museum of Natural History in September, featuring 150 photographs of indigenous festivals. The Museum also displayed the **Tiffany Diamond** to celebrate the opening of a New Acquisitions Case in the Geology, Gems, and Minerals Hall; unveiled a **Korea Gallery** that illustrates Korea's culture through ceramics, paintings, textiles, and sculpture; and offered the beautiful images of *Transitions: Photographs by Robert Creamer*.

New displays at the National Air and Space Museum included *Fly Now!*, an exhibition of colorful aeronautical posters; a Congressional Gold Medal bestowed upon the **Tuskegee Airmen**, America's first African American military aviators; and a display of rare **Charles Lindbergh** memorabilia. At the end of the fiscal year, the Museum was preparing for the grand opening of its thoroughly renovated and updated **Air Transportation Gallery**.

The National Postal Museum opened three shows: *Trailblazers and Trendsetters*, showcasing original artwork for postage stamps; *Out of the Mails*, which examines how Revolutionary War-era colonists protested high postage rates by sending letters outside of the official post; and a new permanent exhibition, *Postal Inspectors: The Silent Service*.

The Smithsonian Latino Center's *Mexican Treasures of the Smithsonian*, on display in the Ripley Center, featured objects from the Institution's collections that ranged from pre-Columbian artifacts to contemporary works by Mexican and Mexican American artists.

The Smithsonian Asian Pacific American Program's *Exit Saigon, Enter Little Saigon*, commemorating the mass migration of Vietnamese to the United States after the fall of Saigon in 1979, had a run in the Ripley Center and then embarked on a three-year national tour.

To commemorate its 40th anniversary, the Anacostia Community Museum unveiled *East of the River: Continuity and Change*, which traces the development of the communities southeast of the Anacostia River from early history to today.

The George Gustav Heye Center of the National Museum of the American Indian inaugurated its new Diker Pavilion for Native Arts and Cultures with *Beauty Surrounds Us*, an exhibition of works from the Museum's collection. The Center offered two other new exhibitions: *ItuKiagatta! Inuit Sculpture from the Collection of the TD Bank Financial Group* and *Off the Map: Landscape in the Native Imagination*.



Collections Highlights

It was a good year for collections at the National Zoo:

- In April 2007, Zhou Wenzhong, Ambassador of the People's Republic of China, announced that **Tai Shan**, the Zoo's giant panda cub, will stay in Washington for two more years. Under the loan agreement between the Zoo and the government of China, Tai Shan was to be sent to a preserve in China after his second birthday in July 2007.
- In July 2007, the Zoo saw its first giant anteater birth. Based on a public voting contest, the female animal was named **Aurora**. Visitors have enjoyed watching Aurora making the rounds of her enclosure, clinging to the back of her mother, Maripi.
- The Zoo also saw its first-ever births of a **wattled crane**, **hercules beetles**, and a **white-naped crane**.
- In December 2006, three **African lions** went on limited public exhibit at the Zoo. All came from a private reserve in South Africa.

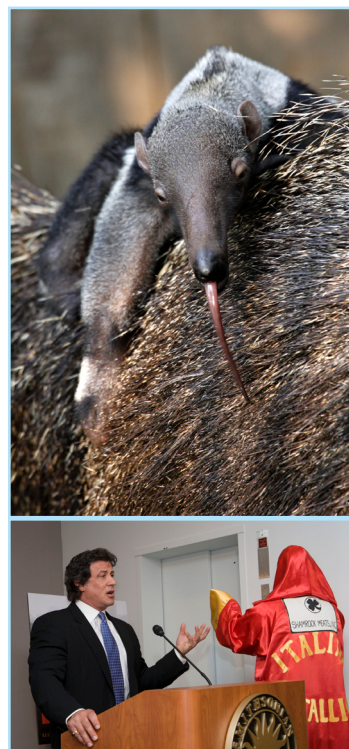
In December 2006, **Sylvester Stallone** donated several props from his *Rocky* film series to the National Museum of American History, including the boxing robe he wore in the original 1976 classic.

The Freer and Sackler Galleries acquired the **Gerhard Pulverer collection**, the most important private collection of Japanese illustrated books outside Japan. The books date mainly from the Edo period (1615–1868) and Meiji era (1868–1912).

In fiscal year 2007, 10 Smithsonian museums and the Castle Collection loaned **184 artifacts** to 14 Smithsonian Affiliates, and over 100 more artifacts circulated to Affiliates via traveling exhibitions.

The National Collections Program hosted a day-long meeting of the **Heritage Emergency National Task Force** to discuss the lessons of Hurricane Katrina for collections preservation. The Task Force is co-sponsored by Heritage Preservation and the Federal Emergency Management Agency (FEMA).

The **Andrew W. Mellon Foundation** provided grants to the National Museum of Natural History and the Smithsonian Tropical Research Institute to support the digitization of Latin American specimen collections. Under the guidance of John Kress and Rusty Russell, the National Museum of Natural History has applied these funds to the digitization of botanical-type specimens held by the Smithsonian that are used to by scientists to define species.



Education, Event, and Program Highlights

The *Encyclopedia of Life*—an effort to document the Earth's 1.8 million known species of insects, animals, plants, and other life forms, and make this information available on the Web—was launched in May 2007 by a partnership including the Smithsonian, the Field Museum, Harvard University, the Marine Biological Laboratory at Woods Hole, the Missouri Botanical Garden, and the Biodiversity Heritage Library. This constantly growing resource consisting of text, photographs, videos, sounds, maps, and other data will be created and maintained by experts from around the globe.





The National Museum of the American Indian held its **National Powwow** on August 10–12, 2007, at the Verizon Center in Washington, D.C., featuring Native arts, crafts, music, foods, and a dance competition in which performers from hundreds of tribal nations across the United States and Canada competed.

Cooper-Hewitt's first **National Design Week** (October 15–21, 2006), sponsored by Target, drew over 10,000 visitors to participate in events such as a teen design fair, a National Design Award winners' panel, and an educator open house.

The Smithsonian Associates presented the program series *Japan WOW! From Traditions to Trends*, providing audiences of all ages opportunities to experience the history and cultural heritage of Japan through presentations by scholars, performers, and craftsmen.

On July 7, 2007, the National Museum of the American Indian hosted the **Mother Earth** event as part of the global Live Earth program. Among the speakers and performers were Native American leaders and scientists, country music stars Garth Brooks and Trisha Yearwood, and Nobel Prize laureate Al Gore.

On January 29, 2007, **Lonnie Bunch**, Director of the National Museum of African American History and Culture, hosted a tribute to some of the guiding lights of the civil rights generation. Their conversations will form the core of a two-hour PBS documentary to air in February 2008.



The Heye Center hosted the **13th Native American Film and Video Festival**, showcasing 125 new works from Bolivia, Brazil, Canada, Chile, Colombia, Ecuador, Guatemala, and the United States.

The Anacostia Community Museum marked its 40th anniversary with a gala celebration, **Celebrating a History, Building a Future**. The VIP-studded event paid tribute to the nation's first Federally funded community museum dedicated to documenting, preserving, and interpreting African American history.

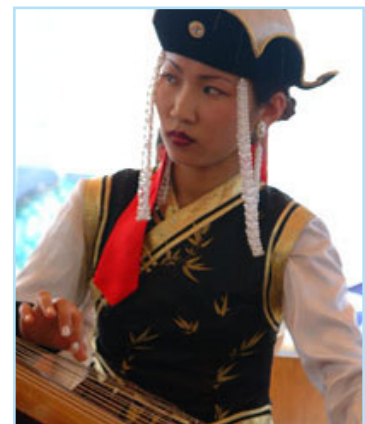
On September 5, 2007, the Smithsonian Latino Center hosted its annual gala, **¡Smithsonian con Sabor! 2007**, celebrating the culture of Mexico, under the patronage of Mexican Ambassador Arturo Sarukhan. This year was the 10th anniversary of the Latino Center, a milestone marked by the publication of *Hispanic Heritage at the Smithsonian: A Decade of Latino Initiatives*.

The National Museum of Natural History's **Fossil Fest: Dinosaurs and More** drew over 20,000 visitors of all ages to the Museum's paleobiology exhibit halls to participate in 35 fossil-related activities.

Winners and finalists of Cooper-Hewitt's **2007 National Design Awards** were feted at a White House luncheon hosted by First Lady Laura Bush.

The Udvar-Hazy Center's *Air and Scare* Halloween family event was a great success, with nearly 20,000 in attendance.

The Smithsonian Folkways recording *Invisible Face of the Beloved: Classical Music of the Tajiks and Uzbeks* was nominated for a 2007 Grammy award in the category of Best Traditional World Album.



The Freer and Sackler Galleries celebrated the centennial of Charles Lang Freer's gift to the nation with a day-long celebration in October 2006, *From Sunrise to Moonrise*, attended by over 10,000 people.

Washington's Downtown Business Improvement District awarded the 2007 Momentum Award to the **Donald W. Reynolds Center** for its contribution to the downtown experience.

The Freer and Sackler Galleries' *Asiatica* won first prize in the annual report category of the American Association of Museums's Publications Design Competition.

The Accessibility Program held its inaugural **Individuals with Disabilities Education Act (IDEA) Celebration** at the National Air and Space Museum, drawing 250 students with disabilities and 30 event partners, including foundations, corporations, government agencies, and community-based nonprofits.

The Hirshhorn launched **ArtLab for Teens**, a six-week program that invites teens to learn about art on view in the Hirshhorn's galleries and to make their own artworks in response to it.

National Outreach

Smithsonian Affiliations offers museums, cultural institutions, and educational organizations across the country access to Smithsonian collections and resources. In fiscal year 2007, Affiliations signed agreements with **nine new Affiliates**, bringing the total to **156 Affiliates** in 39 states, plus Washington D.C., Puerto Rico, and Panama. Affiliations' National Conference in June attracted representatives from 61 Affiliates; the Congressional Reception was attended by two senators and three U.S. representatives.

In fiscal year 2007, traveling exhibitions from the **Smithsonian Institution Traveling Exhibition Service (SITES)** reached approximately **5.8 million visitors** at 409 venues in all 50 states, plus the District of Columbia, Guam, and Canada. SITES also put 11 new shows on the road:

- *The Way We Worked: Photographs from the National Archives* opened at the Oregon Historical Society in Portland.
- *Transitions: Photographs by Robert Creamer* began its national tour at Lynchburg College, in Lynchburg, Virginia, after debuting at the National Museum of Natural History.
- *Jim Henson's Fantastic World* opened at the Arkansas Arts Center in Little Rock.
- *Becoming American: Teenagers and Immigration* opened at the Statue of Liberty National Monument and Ellis Island Immigration Museum in New York City.
- *Exit Saigon, Enter Little Saigon* debuted at the Viet Art Center in Garden Grove, California, after a run in the Smithsonian's Ripley Center.
- *From Sea to Shining Sea: 200 Years of Charting America's Coasts*, a poster exhibition created in partnership with the National Oceanic and Atmospheric Administration, was unveiled at 199 locations across the nation in June, after a preview in the Senate Russell Room.
- *New Harmonies: Celebrating American Roots Music*, the newest *Museum on Main Street* show, began its schedule of visits to rural towns throughout Idaho, Illinois, Mississippi, Washington, and Guam.
- *Earth from Space* opened at the National Air and Space Museum.
- A special version of *381 Days: The Montgomery Bus Boycott Story* was produced for annual display at AARP's "Life@50+" convention.



- *Native Words, Native Warriors* opened at the Cherokee Strip Land Rush Museum in Arkansas City, Kansas.
- *More Than Words: Illustrated Letters from the Archives of American Art* opened at the Norman Rockwell Museum in Stockbridge, Massachusetts.

A number of Smithsonian museums also organized traveling exhibitions that began to tour the nation in fiscal year 2007, including the Smithsonian American Art Museum's *Joseph Cornell: Navigating the Imagination*; Cooper-Hewitt's *Frederic Church, Winslow Homer, and Thomas Moran: Tourism and the American Landscape*; and the trilingual (English/French/Spanish) *Jamestown, Québec, Santa Fe: Three North American Beginnings*, co-organized by the National Museum of American History.

The Smithsonian Associates (TSA) reached into 20 communities in 14 states with a variety of programs that brought Smithsonian experts to local schools, museums, universities, libraries, and civic organizations; over 17,000 people participated in TSA regional programs around the nation.

In collaboration with Muncie, Indiana-based Ball State University, the National Museum of the American Indian broadcast a live television program, *Listening to Our Ancestors*, from Juneau, Alaska. Over 20 million elementary and middle-school students were registered to view the program.

Web-based broadcasts produced by the Education Division of the National Air and Space Museum in collaboration with Fairfax County, Virginia, are now available to more than 28,000 schools and 11 million students across the nation.

A five-year strategic plan for educational outreach was the main agenda item at the third meeting of the **Smithsonian–Council of Chief State School Officers's** steering committee in February. The plan outlines measures to increase awareness of Smithsonian Web, print, and program offerings, and calls for closer collaboration with state educators in the development of Smithsonian educational resources.

The **National Science Resources Center** held two symposia in Washington, D.C. (for leaders from industry and state education leaders, respectively) and one in Santa Fe, New Mexico (for scientists and engineers), resulting in many expressions of interest in working with the Center to improve science education programs at the state and district levels. The Center also engaged approximately 400 educators in professional development opportunities.

The **Smithsonian Center for Education and Museum Studies** hosted 1,600 educators at its annual Smithsonian Teachers' Night event, held at the National Postal Museum.

Focused, First-Class Scholarship

Science Units

Smithsonian Astrophysical Observatory (SAO)

During fiscal year 2007, SAO researchers and their colleagues published **361 articles in peer-reviewed journals** and another 789 papers in non-peer-reviewed journals and conference proceedings. SAO was referenced in 41 news articles in the *New York Times* and United Press International.

Three SAO-affiliated astronomers have been recognized for their innovative work by leading national magazines:

- **David Charbonneau** was named "Scientist of the Year" by *Discover* magazine for his contributions to our understanding of the worlds beyond the one we inhabit.

- **Gàspàr Bakos** was designated one of the year’s “Brilliant Ten” by *Popular Science* for creating the HATnet system to find planets orbiting distant stars.
- **Lisa Kaltenegger** was honored as one of *Smithsonian* magazine’s “Young Innovators in the Arts and Sciences” for her work modeling the spectra of hypothetical planets orbiting distant stars.

Three major facilities in which SAO plays a lead role began collecting data this year: the Very Energetic Radiation Imaging Telescope Array System (VERITAS), a ground-based gamma-ray observatory; the **South Pole Telescope (SPT)**, for conducting large-area millimeter and sub-millimeter-wave sky surveys of faint, low contrast sources; and **Hinode**, a satellite launched to study the sun’s magnetic field.

Using the Infrared Array Camera (IRAC) on the Spitzer Space Telescope, SAO researchers have been studying the **atmosphere of a planet outside our solar system**, finding evidence for a “hot spot” about twice as big as the great red spot on Jupiter and powerful winds blowing at 1000 kilometers-per-second.



National Zoological Park (NZIP)

In fiscal year 2007, NZIP researchers had **140 publications** in peer-reviewed scientific journals.

In an article in *Nature*, Shannon LaDeau and Peter Marra of the Zoo’s Migratory Bird Center and A. Marm Kilpatrick reported on the impact of **West Nile virus** on 20 species of North American birds, demonstrating continental-scale declines in seven species. The impacted species include some of the most common and familiar: the American robin, American crow, blue jay, Eastern bluebird, house wren, tufted titmouse and black-capped chickadee. Although it had been known that the virus caused bird mortality, the massive scale of the impact had not been appreciated before now.

Inventories of tree species in North American forests show a **decline in young oak trees** due to changes in forest management, new pests and pathogens, and increased deer populations, according to a paper written by NZIP’s William McShea and colleagues, and published in the *Journal of Wildlife Management*.



In a recent article in *BioScience*, the NZIP team of Peter Leimgruber, John Seidensticker, and Melissa Songer—in collaboration with researchers from the World Wildlife Fund and Wildlife Conservation Society—presented the most comprehensive review of the status of **wild tigers** ever undertaken.

NZIP’s Mary Hagedorn and Mike Henley traveled to Puerto Rico to collect and artificially inseminate endangered **elkhorn coral**. Behind the scenes at the Invertebrates House, NZIP scientists are coaxing the development of a microscopic coral colony and hope to one day return it to its ocean habitat.

The **National Ecological Observatory Network** (NEON) selected NZP's Conservation and Research Center in Front Royal, Virginia, as one of 20 "core sites" for NEON's ground-breaking environmental monitoring initiative, which will scan ecosystems across the nation over several decades.

National Museum of Natural History (NMNH)

NMNH researchers authored or co-authored **459 publications** in fiscal year 2007 (as of August 30, 2007), of which 119 (nearly a quarter) appeared in high-impact journals.

An international team of researchers led by NMNH's Matt Tocheri published in *Science* a new study on *Homo floresiensis* (the "hobbit"), a three-foot-tall, 18,000-year-old hominin skeleton discovered recently in Indonesia. It offers striking confirmation that *Homo floresiensis* was indeed a species very different from modern humans, and that the remains date back to the earliest migrations of humans to Asia.

A team including NMNH's Tim McCoy and postdoctoral fellow Mariek Schmidt have been analyzing data sent back to Earth by a **Mars Exploration Rover** to evaluate the red planet's geological past. The first report on this investigation was published in the May 4, 2007, issue of *Science*.



Dolores Piperno and her colleagues reported on a study of lake deposits from the **Central Balsas watershed** in Mexico in the *Proceedings of National Academy of Sciences*. The region is of great interest to archaeologists and environmental historians because molecular evidence indicates that maize and other important crops such as squashes were originally domesticated there.

Mexican cuisine, one of the world's most popular, may also be one of its oldest. Plant remains from two caves in southern Mexico analyzed by NMNH's Linda Perry and a colleague indicate that inhabitants of the region enjoyed a spicy fare 1,500 years ago that was similar to Mexican cuisine today. The study was published in the online edition of the *Proceedings of the National Academy of Sciences*.

Smithsonian Tropical Research Institute (STRI)

STRI reported over **300 scientific publications** for fiscal year 2007 (including four books) and hosted several international conferences and symposia, including the International Workshop on Crocodilian Genetics and Genomics; the Neotropical Lepidoptera Conference; the Global Marine Species Assessment Workshop; an International Collaborative Biodiversity Groups meeting; a meeting of the International Society of Invertebrate Reproduction and Development; and STRI's Annual Science Symposium.

Panama has designated the **Las Perlas Archipelago** in the Pacific Ocean as a special coastal-marine management zone. This designation was based on several studies conducted under the leadership of STRI's Héctor Guzmán and James Mair from Heriot-Watt University of Scotland.

STRI acquired a **17.5 acre site in Gamboa** for a new campus that will support advanced research on plant physiology and global climate change, as well as the role tropical forests play in providing ecosystem services, such as clean water and carbon storage, under changing environmental conditions.

According to the first global assessment of **forest fire control effectiveness** in tropical parks, poverty and corruption correlate closely with a lack of fire protection in tropical forests. The survey, by STRI's S. Joseph Wright and colleagues, was published in *Ecological Applications*.

Rainforests are the world's treasure houses of biodiversity, but all rainforests are not the same and may require different management strategies. That is a conclusion of a **large-scale study of a lowland rainforest** in New Guinea by researchers from STRI and the National Museum of Natural History, published in the journal *Nature*.

STRI received a grant from HSBC, one of the world's largest banks, to establish the **Smithsonian Institution Global Earth Observatories**, which will monitor global climate change, providing scientific data on ecological, hydrological, soil, and meteorological processes via the Web to scientists, politicians, and other interested individuals.

Smithsonian Environmental Research Center (SERC)

SERC scientists published **78 journal articles, book chapters, and peer-reviewed reports**, including one in *Bioscience*, one in *Science*, and two in *Proceedings of the National Academy of Sciences*. More than 350 scientific talks were presented under SERC auspices. SERC scientists submitted 78 extramural grant and contract proposals totaling \$14.4 million and received awards on 58 proposals totaling \$5.9 million.

SERC scientists have been investigating and educating the public about a high-profile invasive species story. **Chinese mitten crabs**, first reported in the Chesapeake Bay in 2005 and never before seen in the coastal waters of the United States, now appear to be more widespread than initially thought.

In a special issue of the journal *Wetlands*, Thomas Jordan, Donald Weller, and Dennis Whigham of SERC and their colleagues reported a promising method of **wetland assessment** that will help environmental managers quickly take stock of an entire watershed. Tools for rapid watershed-scale assessment that rely on a few easily measurable factors have been previously unavailable.

Reducing atmospheric mercury emissions should cut **mercury levels in lake fish** within a few years, according to a study published in the *Proceedings of the National Academy of Sciences* co-authored by SERC's Cynthia Gilmour. The potential effectiveness of emissions regulations intended to reduce mercury in fish, and the time frame in which they could be expected to work, were previously unknown.

In the *Proceedings of the National Academy of Sciences*, SERC researchers reported the results of a six-year experiment in which **atmospheric carbon dioxide levels** were doubled in a Florida scrub oak ecosystem. The findings suggest that elevated levels of carbon dioxide, a greenhouse gas, may alter microbial communities in a way that turns soil from a carbon sink into a carbon source.

SERC's Whitman Miller and Greg Ruiz received a contract from the Department of Homeland Security to support the **National Ballast Information Clearinghouse**, a collaboration with the U.S. Coast Guard that seeks to quantify the volume of ballast water in ships arriving at U.S. ports. This information is critical to assessing the risk from invasive marine species in coastal waters.



Museum Conservation Institute (MCI)

Over the past fiscal year, MCI initiated or completed **110 projects with 19 Smithsonian museums and research centers**, in the process producing 12 articles in peer-reviewed journals, 10 peer-reviewed book chapters, two edited books, and 53 professional presentations, and hosting a professional symposium on **Mitigation of Pesticides on Museum Collections** that focused on the accumulation of toxic substances on cultural and natural history artifacts.

MCI's collaborative effort with the National Air and Space Museum and NASA to investigate the effects of **lunar dust** on spacesuit materials will be applied to the design of spacesuits for a planned 2020 return to the moon.

MCI's Jeff Speakman has published an edited volume entitled *Archaeological Chemistry: Analytical Techniques and Archaeological Interpretation*, which presents classic case studies of archaeological chemistry—an interdisciplinary field in which techniques from the chemical, biological, physical, geological, environmental, and statistical sciences are employed to expand archaeological inquiry.

Other Scientific Research

Igor Krupnik, Michael Lang, and Scott Miller are coordinating the Smithsonian's involvement in the **International Polar Year (IPY)** initiative, organized by the International Council for Science and the World Meteorological Organization. The initiative aims to educate scientists and laymen alike about how environmental changes taking place in the remote poles affect people everywhere.



Researchers at the **National Air and Space Museum** (including the Center for Earth and Planetary Studies, Space History Division, and other divisions) produced six books, 21 papers in peer-reviewed journals, and 32 significant conference presentations.

Art Units

Cooper-Hewitt released six scholarly publications in fiscal year 2007, including catalogues for *Design Life Now: National Design Triennial 2006* and *Design for the Other 90%*. In addition, the Museum's book *Feeding Desire* was named a Best Book of the Year by the Association of Art Museum Curators.

The first of three planned volumes to accompany the Sackler's *Encompassing the Globe: Portugal and the World in the 16th and 17th Centuries* was published in June 2007. It features illustrations of more than 250 exhibition objects and overview essays by leading experts. The Freer and Sackler Galleries also published the proceedings of a conference held at the Freer, *Scientific Research on the Sculptural Arts of Asia*.



Smithsonian art museums published many other catalogues to accompany this year's exhibitions, including *In the Beginning: Bibles Before the Year 1000* (Freer and Sackler Galleries); *African Vision: The Walt Disney–Tishman African Art Collection* (National Museum of African Art); *An Impressionist Sensibility: The Halff Collection*; *From the Ground Up: Renwick Craft Invitational 2007*; and *Variations on America: Masterworks from American Art Forum Collections* (the last three from the Smithsonian American Art Museum).

The Hirshhorn is collaborating with the Getty Conservation Institute, the National Gallery of Art, and the Tate Britain to study the preservation of **Color Field paintings** and works created on unprimed canvas. The results of this three-year project will be highlighted in a future exhibition.

Artists in Their Studios: Images from the Smithsonian's Archives of American Art, by the Archives's Liza Kirwin and Joan Lord, was published by Collins Design. The Archives also co-hosted (with the City University of New York) a day-long symposium on the theme of this publication.

The National Portrait Gallery's *Faces of Discord: The Civil War Era at the National Portrait Gallery* won second place in the Scholarly/Reference category at the Bookbinders' Guild of New York, New York Book Show.

The Smithsonian American Art Museum's scholarly journal, *American Art*, celebrated its 20th anniversary with commentaries on "New Themes, New Voices" in its Summer 2007 issue.

In conjunction with its exhibition *In the Beginning*, the Freer and Sackler Galleries hosted two symposia for biblical scholars.



History and Culture Units

More than 100 researchers from five nations worked to document cultural traditions along the **Mekong River** in preparation for the 2007 Smithsonian Folklife Festival. The results will reside in the Smithsonian's Rinzler Archives and in host-nation institutions.

The scholarly output of the National Museum of American History included 34 print publications, eight electronic publications, nine media, seven scholarly accolades, and 74 scholarly presentations. Highlights included:

- **James B. Gardner's** invited lecture "Should the Parts Add Up to a Whole? Re-Visioning a National Museum" at the Conference on National Museums in a Globalized Society in Copenhagen;
- **Paul Forman's** article "The Primacy of Science in Modernity, of Technology in Postmodernity, and of Ideology in the History of Technology" in *History and Technology* 23 (March/June 2007);
- the book *Jamestown, Quebec and Santa Fe: Three North American Beginnings*; and.
- Michelle Delaney's book *Buffalo Bill's Wild West Warriors: A Photographic History* by *Gertrude Käsebier*, featuring more than 100 original prints of Native American performers in Buffalo Bill Cody's Wild West Show. The images are from a renowned set of 19th century photographic portraits in the Smithsonian's collections.

The Smithsonian Institution Archives's Papers of Joseph Henry, volumes 1–11, won the 2007 **Eugene S. Ferguson Prize for Outstanding Reference Works** by the Society for the History of Technology.

The National Museum of African American History and Culture started recording nearly 1,500 **oral history interviews** to document the life stories of African American families. The results of the project—a collaboration with StoryCorps and the Corporation for Public Broadcasting—will be housed in the Museum's archives and at the Library of Congress.

A symposium entitled **The Spanish Contribution to the Independence of the United States: Between Reform and Revolution** was held at the National Portrait Gallery in September 2007. It brought together scholars from Spain, Mexico, the United Kingdom, and the United States.

The National Postal Museum hosted the first biennial **Blount Symposium on Postal History** on November 3–4, 2006. It offered philatelists, academic historians, and industry professionals an opportunity to discuss ongoing research into the history of postage and postal systems.

The National Museum of the American Indian launched **Mother Earth**, a research initiative on indigenous cosmological traditions and natural resource management; published *Identity by Design: Tradition, Change and Celebration in Native Women's Dresses* to accompany the exhibition of the same name; and published *Do All Indians Live in Tipis?: Questions and Answers from the National Museum of the American Indian*, a collection of authoritative answers to frequently asked questions about Native peoples and cultures. In addition, Museum scholars led a panel at the United Nations Indigenous Forum entitled *The Birth of Human Rights*. Overall, the Museum's research unit was responsible for three books, five book chapters, 20 publications in print and electronic formats, 31 scholarly presentations, and four conference panel sessions or university seminars.

Management Excellence

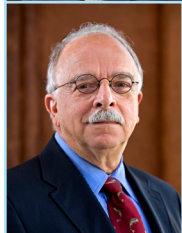
Leadership Milestones

Fiscal year 2007 saw **major shifts in senior management** at the Smithsonian. Leaving were Secretary Lawrence Small, Deputy Secretary Sheila Burke, Under Secretary for Science David Evans, and Smithsonian Business Ventures CEO Gary Beer. Several museum directors also announced their resignations: Richard West at the National Museum of the American Indian, Marc Pachter at the National Portrait Gallery, and Olga Viso at the Hirshhorn Museum and Sculpture Garden.

A completely new leadership team was in place at the end of the fiscal year.



Taking over as Acting Secretary was **Cristián Samper**. Samper joined the Smithsonian in 2001 as Deputy Director of the Smithsonian Tropical Research Institute and became Director of the National Museum of Natural History in 2003.



Ira Rubinoff, formerly Director of the Smithsonian Tropical Research Institute, was appointed Acting Under Secretary for Science. Rubinoff had overseen the Tropical Research Institute since 1974.



Richard Kurin was named Acting Under Secretary for History and Culture. He joined the Smithsonian in 1976 and has served as Director of the Smithsonian Center for Folklife and Cultural Heritage and Director of Smithsonian National Programs.



Alison McNally became Acting Under Secretary for Finance and Administration. She joined the Smithsonian in 2005 as senior executive officer in the Office of the Under Secretary for Science. Before this, she spent over 20 years at NASA.



Tom Ott, President of Smithsonian Publishing since October 2005, was named Acting CEO of Smithsonian Business Ventures. Prior to joining the Smithsonian, Ott was general manager of the Home and Garden Division of Reader's Digest North American Publishing Group.



Kevin Gover was named Director of the National Museum of the American Indian. Gover, a member of the Pawnee tribe, was a professor of law at Arizona State University, affiliate professor in the University's American Indian Studies Program, and co-executive director of the University's American Indian Policy Institute.



Eldredge Bermingham became Acting Director of the Smithsonian Tropical Research Institute. Bermingham joined the Institute's scientific staff in 1989 and has served as deputy director since 2003.



Paul Risser was named Acting Director of the National Museum of Natural History. His previous leadership positions include Chancellor of the Oklahoma State System of Higher Education, President of Oregon State University, and President of Miami University of Ohio.



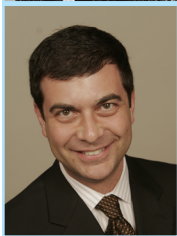
A. Sprightley Ryan was named Inspector General (IG) for the Smithsonian after serving as Acting IG since June 2006. She joined the IG's office in October 2003 after a legal career that included positions with the Justice Department and the law firm of Beveridge and Diamond.



Ann T. Speyer was named Chief Information Officer (CIO), after serving as Acting CIO since September 2006. Before joining the Smithsonian, she held technology leadership positions at the Department of Health and Human Services, Gelco Information Network, and PeopleSoft.



Anne Van Camp became Director of the Smithsonian Institution Archives. She comes to the Smithsonian after serving as Director of Member Programs for Research Libraries Group, Inc., since 1996.



John K. Lapiana was named Chief of Staff to the Regents, a new position designed to provide support and counsel to the Regents in their efforts to address critical governance and transition issues. He joined the Smithsonian in 1998 as Assistant General Counsel and was appointed Senior Program Officer in the Office of the Deputy Secretary in 2002. He previously worked with the U.S. Justice Department, clerked for a Federal appellate judge, and worked for a private D.C. law firm.

Governance Reform

In the spring of 2007, in response to congressional and public concern about executive compensation, transparency, and the handling of expenses by senior Smithsonian leadership, the Board of Regents initiated a comprehensive review of governance at the Smithsonian. This involved the creation of an internal **Regents' Governance Committee**, chaired by Regent Patricia Stonesifer, and the commissioning of an **Independent Review Committee**, chaired by the Honorable Charles A. Bowsher, former Comptroller General of the United States, to provide an outside perspective. The two groups worked in parallel, and reached similar conclusions.

The Governance Committee's report identified three major weaknesses in the Regents' oversight:

- The Regents did not routinely demand or receive the information necessary for debate and well-reasoned decision-making.
- The Regents did not maintain critical relationships with key staff (in particular, the General Counsel, Chief Financial Officer, and Inspector General) in a position to identify important issues and concerns.
- The Regents lacked monitoring systems that would raise "red flags" about impending problems, and did not adequately question what they were told by Smithsonian managers.

The Governance Committee's report offered 25 recommendations that not only addressed immediate concerns, but offered a comprehensive plan for improved governance—a "Blueprint for Better Governance." These recommendations, adopted by the Regents at their June 2007 meeting, are wide-ranging and address key governance issues. The major areas addressed are the following:

- **Smithsonian policies**, such as clarifying or revising policies on travel, use of trust funds for gifts, and direct access to the Regents for the General Counsel and Chief Financial Officer. Further, the three areas where Smithsonian Business Ventures is not subject to Smithsonian policy—financial, contracting, and travel—are under review to determine whether these exceptions are necessary.

- **Board of Regents' function and role**, such as clearly defining duties and expectations for Regents, creating a new Chair of the Board position, establishing an Office of Regents separate from the Office of the Secretary, increasing the minimum number of plenary Board meetings to four per year, and established new criteria for citizen Regent nominations.
- **Ethics and oversight**, such as creating a "Statement of Values and Ethics," establishing an ethics hotline for employees, implementing a new leave policy for senior staff, and setting new restrictions on outside board service for Smithsonian employees.
- **Public outreach and communications**, such as including information about the Regents and their meetings on the public Smithsonian website and implementing a new Freedom of Information Act policy.
- **Executive compensation**, such as engaging an independent consultant to work on an appropriate compensation range for the next Secretary and developing a unified compensation structure for executive positions based on Federal executive pay scales wherever possible.
- **Facilities**, such as establishing a permanent Regents' Facilities Revitalization Committee and developing a comprehensive strategy to cover the shortfall of funds for facilities.

A "governance scorecard" issued January 2008, after the end of fiscal year 2007, reported that only one of the 25 areas addressed in the Governance Committee report showed a lack of action to date. Action steps were fully completed in 13 areas and were on target for completion in another nine areas. The remaining two areas showed a mix of completed steps, steps on target for completion, and steps yet to be taken.

Management Initiatives

In the fall of 2007, the Smithsonian inaugurated its first-ever **Smithsonian Leadership Development Program**, which seeks to cultivate a strong pan-Institutional leadership team. Eleven diverse and highly qualified personnel from across the Institution were selected to participate in a curriculum that includes assessment, coaching, mentoring, educational opportunities, and leadership briefings with top Smithsonian leaders, with the goal of understanding the opportunities and challenges facing the Institution in the future.



The **National Zoo** started a comprehensive process to identify facilities and infrastructure needs, as well as implementation strategies, as part of its 10-year strategic plan to be the world's finest zoo by 2016.

Museum Conservation Institute Director Robert Koestler and Office of Policy and Analysis Director Carole Neves received a grant from the **Trust for Mutual Understanding** to facilitate the training of conservators from the Republic of Georgia's National Museum and Parliamentary Library.

The **Smithsonian Environmental Research Center** is completing its new long-term master plan for facilities at the Rhode River, Maryland, site. It will go to the Regents for review and comment in early 2008.

Information Technology

Digitization

As part of a pan-Institutional initiative to confront the challenges of digitization, a **Spotlight on Digitization** conference was held on October 30, 2006. This was followed on November 29, 2007, by a day-long workshop, **Digitization @ SI: Challenges and Opportunities**, in which 137 Smithsonian staff participated. In March 2007, the Digitization Steering Committee published its final report, with recommendations that emerged from these events. Based on these recommendations, the Office of the Chief Information Officer established a **Central Digitization Office** and launched a major initiative to create an **Enterprise Digital Asset Network** that gives scholars, scientists, and the general public the ability to locate and retrieve digital files stored across multiple systems within the Institution, without having to access each system individually.

Modernization

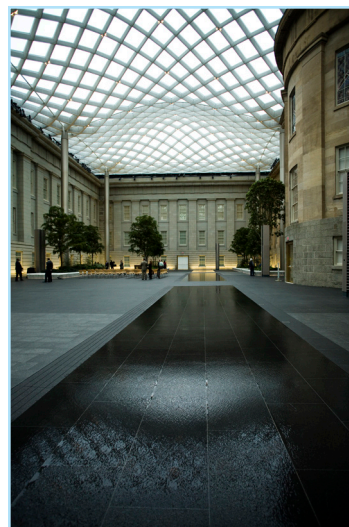
The Office of the Chief Information Officer continues to **modernize information technology infrastructure**, as well as financial and administrative systems. It replaced nearly 3000 computers and over 200 printers; installed 10,000 Voice over Internet Protocol (VoIP) telephones (completing the modernization of telephone systems in D.C. metro area Smithsonian units); and completed the transition to eGov's e-Travel and a three-year migration from Novell to Microsoft Active Directory/Exchange.

Major Construction, Renovation, and Facilities Projects

Donald W. Reynolds Center for American Art and Portraiture

\$298 million total estimated project and program cost

At the end of the fiscal year, finishing touches were being put on construction of the privately funded courtyard enclosure, in preparation for its opening on November 18, 2007. The final design for the F Street stair reconstruction, exterior landscape, and perimeter security was approved by the U.S. Commission of Fine Arts and the National Capital Planning Commission in October and November 2007, respectively. The stair will be privately funded, and the current five-year capital facilities plan includes a Federal request for the landscape and security in fiscal year 2013.



National Zoological Park

\$104.6 million total estimated project and program cost for Asia Trail, phases I and II

The second phase of *Asia Trail*, currently nearing the end of its design stage, will renovate the historic elephant house and expand the elephants' habitat. The projected cost of this phase is \$51.9 million (\$35.6 million Federal), with construction funding provided in fiscal years 2006 (\$8 million), 2007 (\$13 million), and 2008 (\$9 million). A design-build contract (for both design and construction) was awarded in September 2006 and 98 percent design documents have been developed. The project has received final approval from both the Commission of Fine Arts and the National Capital Planning Commission. Pending Smithsonian review and approval of the 100 percent documents and cost estimate, construction will begin in November 2007 and is scheduled for completion in April 2011.

National Museum of American History, Kenneth E. Behring Center

Central core: \$85.1 million total project cost

The National Museum of American History, Kenneth E. Behring Center, is currently closed to the public for its largest renovation in over 40 years, including relocation of the Star-Spangled Banner. Construction is estimated to be 35 percent complete. Demolition, hazardous materials abatement, and installation of the new mechanical system continue, and the central core roof has been opened for installation of the new skylight. The Federal contribution is \$4 million for design and \$41.9 million for



public space renewal. The entire Federal appropriation and the Trust contribution for central core area construction have been received, as well as the Trust contribution for the Star-Spangled Banner exhibit. Reopening is scheduled for summer 2008. Construction has been slower than anticipated and remedial action is under review with the general contractor.

National Museum of African American History and Culture

Total project and program cost to be determined

Shortly after the end of fiscal year 2007, the Smithsonian selected Freelon Bond to conduct an 18-month pre-design study to inform the design of the Museum building. A draft Environmental Impact Statement (EIS) was received and was to be published in December 2007. The EIS/Section 106 Historic Resource Review documentation will be completed in May 2008.

National Museum of Natural History, Ocean Hall Exhibition

\$46.1 million total estimated project and program cost

Following infrastructure renovation and restoration of the space that will house it, installation of the Ocean Hall exhibition began in April 2007. The total estimated cost of the Ocean Hall is \$46.1 million: \$21.7 million in Federal funding for fiscal years 2002 through 2006, and \$24.4 million from grants provided by the National Oceanic and Atmospheric Administration and other donors. Construction of the Federally funded portion is 97 percent complete. The exhibition will open in September 2008.

Museum Support Center of the National Museum of Natural History, Pod 5

\$42.7 million total estimated project cost

Construction of a fifth storage pod at the Museum Support Center (MSC) in Suitland, Maryland, began in October 2005 and was completed in April 2007. Pod 5 will house most of the alcohol collections currently in the Natural History Building and all collections from Pod 3 at MSC. It will eliminate a major safety concern by moving 365,000 gallons of alcohol off the Mall and into a facility with state-of-the-art fire protection systems. Congress has provided \$42.7 million through fiscal year 2007. Transfers of specimens to Pod 5 will be completed by December 2008.

Arts and Industries Building Staff and Programs Relocation and Building Closure

\$34.4 million total project cost (Federal), exclusive of tenant improvement allowance

All staff, programs, and furniture have been moved from the historic Arts and Industries building, and access is now limited to essential maintenance and security staff. A draft request for qualifications (RFQ) for a public-private partnership to restore the building has been reviewed by Congress and by 15 preservation, civic, and regulatory organizations, and their concerns have been incorporated. Responses to the RFQ are expected in January 2008.

Victor Building Staff Relocation and Consolidation

\$17.6 million total estimated project cost, exclusive of tenant improvement allowance and SBV funding

All moves from the Victor Building were completed in January 2007, and consolidation of units remaining in the building was completed in March 2007. A severely compressed design and construction schedule, late changes in scope, and the unexpectedly high cost of the small business contracting strategy contributed to a \$3.9 million cost overrun. The Regents approved the use of an additional \$2.5 million from the proceeds of the building's sale, and \$1.4 million in SBV funding, to cover this overrun.

Permanent Physical Security Barriers

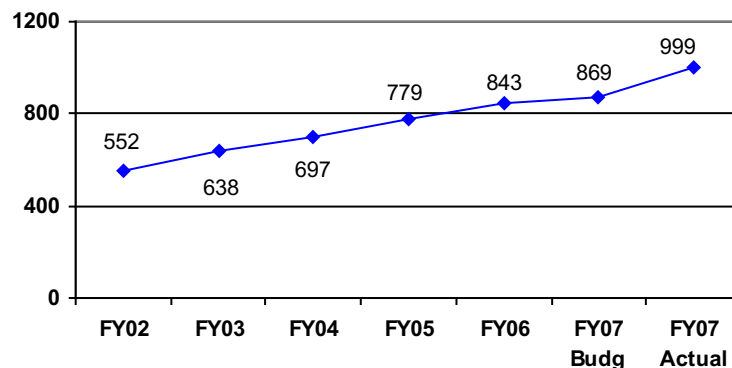
\$55 million total project cost

Perimeter security improvements at the National Air and Space Museum were finished in December 2006. Construction of security barriers at the National Museum of Natural History is under way, and the first phase will be completed in spring 2008. The design for barriers at the National Museum of American History is complete, and the construction award is expected in early fiscal year 2008, pending an acceptable cost proposal. Funds to design barriers for the Castle and quadrangle area have been requested for the fiscal year 2009 budget.

Financial Strength

At fiscal year-end, the Institution reported a sound financial position. Private-sector giving exceeded budget by 44 percent, net income from Smithsonian Business Ventures was above expectations, and the Endowment outperformed benchmarks, reaching an all-time high market value of \$999 million (18.5 percent above fiscal year 2006).

Smithsonian Institution Year-End Endowment Value (\$ in millions)



Financial Performance

Revenues for fiscal year 2007 exceeded budget by **\$73 million**, due primarily to an unanticipated increase in gifts, an increase in interest earned on the payout from the Endowment and short-term investments, and an unbudgeted change in the manner in which proceeds from the sale of the Victor Building are recognized. These were partially offset by a decrease in Federal revenues due to a reduction in facilities funding—the result of a continuing resolution approved by the Congress for fiscal year 2007 that held overall funding for facilities to fiscal year 2006 levels.

Expenses for fiscal year 2007 exceeded budget by **\$24 million**, due primarily to increased spending out of restricted Trust funds received and recognized as revenue in prior years.

The **Endowment return reinvested** exceeded budget by **\$91 million**, and the Institution continued to diversify the Endowment's assets to reduce risk and improve long-term expected returns. Total return on the Endowment over the last five years (15.1 percent) exceeded market return (14.9 percent).

A **negative budget variance in the "Other" category** reflects, among other things, the \$3.5 million purchase by the Freer and Sackler Galleries of the Gerhard Pulverer collection, which was not budgeted.

The overall **increase in the Institution's net worth** of **\$221 million** exceeded budget by \$129 million.

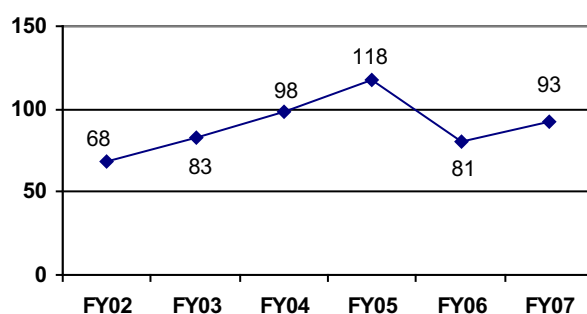
Smithsonian Institution Financial Performance for Fiscal Year 2007 (\$ in millions)

	FY2007 Budget	FY2007 Forecast	Variance to Budget
Revenues	927	1000	73
Expenses	863	887	(24)
Endowment Return Reinvested	29	120	91
Other	(1)	(12)	(11)
Growth in Net Assets	92	221	129

Financial Summary

The facilities capital appropriation for fiscal year 2007 was well-short of what would be required to make significant progress in addressing the Smithsonian's maintenance backlog. A September 2007 report from the Government Accountability Office (GAO) supports the Smithsonian's estimated requirement of **\$2.5 billion for facilities** over the six-year period of fiscal years 2008-13—\$1.9 billion for facilities revitalization and construction and \$600 million for facilities maintenance.

Funding for Smithsonian Facilities Revitalization (\$ in millions)



The Institution's interim leadership team seeks to balance resources between the need to revitalize physical infrastructure and the imperative to invest in scientific, educational, and collections programs. Securing adequate Federal funding and sustaining it over the long term remain enormous challenges. The GAO makes it clear that there is a compelling case for dramatic increases in facilities funding; likewise, adequate operations funding is needed to forestall further erosion in core programs.

External Affairs

In fiscal year 2007, the Smithsonian generated **\$166 million** in private support from individuals, foundations, and corporations (\$175 million recognized for financial statement purposes, due to the accretion and discounting of pledges). This is 44 percent above the \$115 million goal for the year. It is the third-largest amount raised during a single year.

Thirty-five leadership gifts of \$1 million or more were received, an increase of 11 gifts over fiscal year 2006. In the final quarter of the year, newly received leadership gifts included the following:

- **\$2.4 million** from the estate of **Edward P. and Rebecca R. Henderson** to benefit the meteorite and mineral collections at the National Museum of Natural History;
- **\$1 million** from **The Brown Foundation, Inc.** of Houston to the Archives of American Art for recording oral histories and preservation of both electronic and paper documents;
- **\$1 million** from **Shell** to the National Science Resources Center for work with school districts in New Orleans and Houston; and
- A combined cash and in-kind gift with a total value of **more than \$1 million** from **3M** to the National Museum of Natural History to support the Ocean Hall.

Leadership gifts have provided major support for 12 Smithsonian units, funding exhibitions, research, acquisitions, educational programs, construction, renovation, and technological infrastructure. Eleven of these gifts were directed to endowments.

Seventeen Smithsonian museums and research centers exceeded fund-raising goals in fiscal year 2007.

- The **National Museum of Natural History** raised **\$42.7 million**, more than six times its goal of \$6.8 million.
- The **National Museum of American History** brought in more than twice its goal of \$7 million, with **\$16 million** raised (including slightly less than \$14 million for its Star-Spangled Banner Campaign).
- **Cooper-Hewitt** raised **\$15.35 million**, almost two-and-a-half times its goal of \$6.36 million, with leadership gifts from four Board of Trustees members.
- The **National Air and Space Museum** realized 170 percent of its goal of \$11.6 million, raising **\$19.7 million** (including \$6.1 million for phase two construction at the Steven F. Udvar-Hazy Center).

The **Contributing Membership** raised **\$14.1 million** in unrestricted funds, a slight increase over last year's \$13.9 million and a good result for a year in which leadership transitions affected acquisitions and lower tier memberships. Membership remained stable at about last year's level of more than 84,000. The **James Smithson Society**, the Smithsonian's membership program for individuals contributing \$2,000 to \$10,000 in annual dues, raised **\$1.53 million**. Of the funds raised by the Contributing Membership, \$219,000 were generated through Internet transactions. The monthly e-newsletter *Smithsonian Focus* launched in June 2006, increased its subscribers from 12,000 to 65,000.

Smithsonian National Board members gave **\$13.7 million** in new gifts and payments on pledges. The National Board's annual giving program, which raises unrestricted funds, raised \$1.1 million, surpassing

its \$1 million goal and making this the most successful annual giving year to-date for the Board. For the third consecutive year, the Board had 100 percent participation.

Smithsonian Business Ventures (SBV)

SBV ended the fiscal year with a **net gain of \$26.6 million** on revenues of \$166.9 million—5.2 percent (\$1.3 million) over budget and an increase of 11.3 percent (\$2.7 million) over last year, despite an \$8 million revenue decline from the closure of the National Museum of American History and its retail operations. Improved financial results were largely driven by new business lines for Smithsonian Networks and Smithsonian Student Travel, stronger-than-expected museum visitation, Museum Retail operating expense controls, and extra issues of *Smithsonian* and *Air & Space* magazines.

- Smithsonian Networks successfully launched its first television service, **Smithsonian Channel**, on the satellite distributor DirecTV, providing unique programs in stunning high-definition quality.
- The Publishing Group aggressively moved into digital media with the re-launch of **smithsonian.com** and the launch of **goSmithsonian.com**, a companion to the printed guide.
- **Special issues** were published by *Smithsonian* and *Air & Space* magazines, focusing on “37 Under 36” (America’s top young innovators in the arts and sciences) and “10 New Ways to Fly,” respectively.
- Paul Theroux’s *Smithsonian* magazine essay “Living with Geese” (December 2006) was nominated for a **National Magazine Award**, the industry’s highest honor, in the essay category.
- **Smithsonian Books** published numerous well-received titles, including *Smithsonian Treasures of American History*, which is already in its second printing; *Let Your Motto Be Resistance*, the first book from the National Museum of African American History and Culture, which is close to selling out in hardcover; and *Do All Indians Live in Tipis?* from the National Museum of the American Indian.
- In October, the Licensing Group debuted the **Smithsonian Collection for the Home**, its collection of furniture, lighting, and home decorative products based on Smithsonian collections. The Licensing Group plans to expand this into other categories in the near future.
- **Retail Operations** thrived at the National Air and Space Museum and National Museum of Natural History, where sales increased from fiscal year 2006 levels by more than 15 percent. Smithsonian Stores in the Dulles and Newark Airports increased sales by 25 percent and 19 percent, respectively, and the store in Reagan National Airport is the highest-selling specialty retail store in that airport.
- SBV launched an innovative multi-channel marketing alliance with **American Express** through which Smithsonian Journeys has become a preferred provider for American Express Travel Related Services and Smithsonian products are offered through the American Express Membership Rewards program. Cardmembers can redeem points for discount vouchers to travel with Smithsonian Journeys, subscribe to *Smithsonian* magazine, or shop at SmithsonianStore.com.

