

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

Department of the Treasury
Internal Revenue Service

For calendar year 2005 or other tax year beginning **OCT 1, 2005**, and ending **SEP 30, 2006**

2005

A <input type="checkbox"/> Check box if address changed B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Print or Type	Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) Smithsonian Institution Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.) 1000 Jefferson Drive, S. W. City or town, state, and ZIP code Washington, DC 20560	D Employer identification number (Employees' trust, see instructions for Block D on page 7.) 53-0206027 E New unrelated bus. activity codes (See instructions for Block E on page 7.) 541800 453220
C Book value of all assets at end of year 1,760,297,803.	F Group exemption number (see instructions for Block F) ▶ G Check organization type ▶ <input type="checkbox"/> 501(c) corporation <input checked="" type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust		

H Describe the organization's primary unrelated business activity. ▶ **Sale of Advertising in SI Periodicals**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No
 If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ **Office of the Comptroller** Telephone number ▶ **202 633-7250** /

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales			
b Less returns and allowances c Balance ▶	1c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3		
4a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5		
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10	3,991,775.	919,131.
11 Advertising income (Schedule J)	11	23,165,591.	1,640,878.
12 Other income (See instructions - attach schedule.)	12		
13 Total. Combine lines 3 through 12	13	27,157,366.	2,560,009.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)
 (Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	
20 Charitable contributions (See instructions for limitation rules.)	20	
21 Depreciation (attach Form 4562)	21	
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b
23 Depletion	23	
24 Contributions to deferred compensation plans	24	
25 Employee benefit programs	25	
26 Excess exempt expenses (Schedule I)	26	
27 Excess readership costs (Schedule J)	27	1,925,349.
28 Other deductions (attach schedule)	28	
29 Total deductions. Add lines 14 through 28	29	1,925,349.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	634,660.
31 Net operating loss deduction (limited to the amount on line 30)	31	634,660.
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	0.
33 Specific deduction (Generally \$1,000, but see instructions for exceptions)	33	0.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	0.

Part III Tax Computation

Table with 3 columns: Line number, Description, and Amount. Includes lines 35 (Organizations Taxable as Corporations), 36 (Trusts Taxable at Trust Rates), 37 (Proxy tax), 38 (Alternative minimum tax), and 39 (Total).

Part IV Tax and Payments

Table with 3 columns: Line number, Description, and Amount. Includes lines 40a-f (Credits and Payments), 41 (Subtract line 40e), 42 (Other taxes), 43 (Total tax), 44a-f (Payments), 45 (Total payments), 46 (Estimated tax penalty), 47 (Tax due), 48 (Overpayment), and 49 (Enter the amount of line 48).

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 16.)

Table with 3 columns: Question number, Question text, and Yes/No response. Includes questions about foreign accounts, foreign trusts, and tax-exempt interest.

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

Table with 3 columns: Line number, Description, and Amount. Includes lines 1-5 (Inventory and Costs) and lines 6-7 (Cost of goods sold and Section 263A costs).

Sign Here section containing signature of officer, date (8/15/07), title (CFO), and a box for IRS discussion consent. Also includes Preparer's Use Only section with fields for signature, date, firm name, address, EIN, and phone number.

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)(See instr. on pg 17.)

1 Description of property

Table with 4 rows for property descriptions (1-4).

2 Rent received or accrued

Table with 3 columns: (a) From personal property, (b) From real and personal property, and 3 Deductions directly connected with the income.

Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) 0. Total deductions. Enter here and on page 1, Part I, line 6, column (B) 0.

Schedule E - Unrelated Debt-Financed Income (See instructions on page 17.)

Table with 4 columns: 1 Description of debt-financed property, 2 Gross income from or allocable to debt-financed property, 3(a) Straight-line depreciation, 3(b) Other deductions.

Table with 5 columns: 4 Amount of average acquisition debt, 5 Average adjusted basis, 6 Column 4 divided by column 5, 7 Gross income reportable, 8 Allocable deductions.

Totals. Total dividends-received deductions included in column 8. Enter here and on page 1, Part I, line 7, column (A) 0. Enter here and on page 1, Part I, line 7, column (B) 0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 18.)

Table with 6 columns: 1 Name of Controlled Organization, 2 Employer Identification Number, 3 Net unrelated income, 4 Total of specified payments made, 5 Part of column (4) that is included in the controlling organization's gross income, 6 Deductions directly connected with income.

Table with 5 columns: 7 Taxable Income, 8 Net unrelated income (loss), 9 Total of specified payments made, 10 Part of column (9) that is included in the controlling organization's gross income, 11 Deductions directly connected with income.

Totals. Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A) 0. Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B) 0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(See instructions on page 19.)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals	0.			0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(See instructions on page 19.)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income Stmt 21	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5 Stmt 22	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1) Retail Shops	3,241,735.	2,784,148.	457,587.	37,709,231.	37,709,231.	0.
(2) Theaters	750,040.	288,496.	461,544.	10,541,450.	7,227,867.	0.
(3)						
(4)						
Totals	3,991,775.	3,072,644.				0.

Schedule J - Advertising Income (See instructions on page 19.)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1) "Smithsonian"	22,821,673.	20,896,324.	1,925,349.	3,982,889.	28,572,216.	1,925,349.
(2) "Air and Space"	343,918.	628,389.	-284,471.			
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	23,165,591.	21,524,713.				1,925,349.

Schedule K - Compensation of Officers, Directors, and Trustees (See instructions on page 20.)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
Total - Enter here and on page 1, Part II, line 14			0.

Form 990-T Schedule I - Expenses Directly Connected with Statement 21
Production of Unrelated Business Income

<u>Description</u>	<u>Activity Number</u>	<u>Amount</u>	<u>Total</u>
Cost of Sales		1,216,733.	
Operating Expense		1,567,415.	
- SubTotal -	1		2,784,148.
Expense		288,496.	
- SubTotal -	2		288,496.
Total of Form 990-T, Schedule I, Column 3			3,072,644.

Form 990-T Schedule I - Expenses Not Directly Connected Statement 22
with Production of Unrelated Business Income

<u>Description</u>		<u>Activity Number</u>	<u>Amount</u>	<u>Total</u>
Cost of Sales			37,709,231.	
	- SubTotal -	1		37,709,231.
Expense			7,227,867.	
	- SubTotal -	2		7,227,867.
Total of Form 990-T, Schedule I, Column 6				<u>44,937,098.</u>

Alternative Minimum Tax—Corporations

2005

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to the corporation's tax return.

Name **Smithsonian Institution** Employer identification number **53 : 0206027**

Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

1	Taxable income or (loss) before net operating loss deduction	1	634,660
2	Adjustments and preferences:		
a	Depreciation of post-1986 property	2a	
b	Amortization of certified pollution control facilities	2b	
c	Amortization of mining exploration and development costs	2c	
d	Amortization of circulation expenditures (personal holding companies only)	2d	
e	Adjusted gain or loss	2e	
f	Long-term contracts	2f	
g	Merchant marine capital construction funds	2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2h	
i	Tax shelter farm activities (personal service corporations only)	2i	
j	Passive activities (closely held corporations and personal service corporations only)	2j	
k	Loss limitations	2k	
l	Depletion	2l	
m	Tax-exempt interest income from specified private activity bonds	2m	
n	Intangible drilling costs	2n	
o	Other adjustments and preferences	2o	
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o	3	634,660
4	Adjusted current earnings (ACE) adjustment:		
a	ACE from line 10 of the ACE worksheet in the instructions	4a	634,660
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b	
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). <i>Note: You must enter an amount on line 4d (even if line 4b is positive)</i>	4d	
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount	4e	-0-
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT	5	634,660
6	Alternative tax net operating loss deduction (see instructions)	6	571,194
7	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions	7	63,466
8	Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
a	Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a	
b	Multiply line 8a by 25% (.25)	8b	
c	Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8c	40,000
9	Subtract line 8c from line 7. If zero or less, enter -0-	9	23,466
10	Multiply line 9 by 20% (.20)	10	4,693
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)	11	
12	Tentative minimum tax. Subtract line 11 from line 10	12	4,693
13	Regular tax liability before applying all credits except the foreign tax credit and possessions tax credit	13	
14	Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 4, or the appropriate line of the corporation's income tax return	14	4,693

• If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box **X**

Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.

Type or print. File by the extended due date for filing the return. See instructions.	Name of Exempt Organization Smithsonian Institution	Employer identification number 53-0206027
	Number, street, and room or suite no. If a P.O. box, see instructions. 1000 Jefferson Drive, S. W.	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Washington, DC 20560	

Check type of return to be filed (File a separate application for each return):

- Form 990
 Form 990-EZ
 Form 990-T (sec. 401(a) or 408(a) trust)
 Form 1041-A
 Form 5227
 Form 8870
 Form 990-BL
 Form 990-PF
 Form 990-T (trust other than above)
 Form 4720
 Form 6069

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of Office of the Comptroller
Telephone No. 202 633-7250 FAX No. 202 633-7131
- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) . If this is for the **whole** group, check this box . If it is for **part** of the group, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until August 15, 2007.

5 For calendar year , or other tax year beginning OCT 1, 2005 and ending SEP 30, 2006.

6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

7 State in detail why you need the extension Extension needed because of the extended audit period.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ N/A

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature Title Comptroller Date

Notice to Applicant - To Be Completed by the IRS

- We **have** approved this application. Please attach this form to the organization's return.
- We **have not** approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We **have not** approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We **cannot consider** this application because it was filed after the extended due date of the return for which an extension was requested.
- Other _____

Director _____ By: _____ Date _____

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print 523832 05-01-05	Name Andrew J. Zino
	Number and street (include suite, room, or apt. no.) or a P.O. box number 2011 Crystal Drive, Suite 452
	City or town, province or state, and country (including postal or ZIP code) Arlington, VA 22202-1203

Schedule I

NAME: Smithsonian Institution

EIN: 53-0206027

Year Ending: September 30, 2006

FORM 990T

Line 31

Status of losses on unrelated trade or business income:

<u>Loss Orig</u>	<u>Yr of Expiration</u>	<u>Original Amount</u>	<u>Alternative Tax NOL Deduction</u>	
	1985	2000	452,330	407,097
	1986	2001	418,531	376,678
	1987	2002	483,454	435,109
	1988	2003	489,401	440,461
	1989	2004	494,787	445,308
	1990	2005	418,890	377,001
	1991	2006	472,010	424,809
	1992	2007	95,945	86,351
	1993	(Utilized from 1985)	(152,124)	(136,912)
	1994	(Utilized from 1985)	(57,029)	(51,326)
	1995	(Utilized from 1985)	(177,746)	(159,971)
	1996	(Utilized from 1985)	(65,431)	(58,888)
		(Utilized from 1986)	(146,387)	(131,748)
	1997	2017	4,831	4,348
	1998	(Utilized from 1986)	(94,351)	(84,916)
	1999	(Utilized from 1986)	(177,793)	(160,014)
		(Utilized from 1987)	(43,975)	(39,578)
	2000	(Utilized from 1987)	(186,006)	(186,006)
	2001	(Utilized from 1987)	(253,473)	(253,473)
		(Utilized from 1988)	(145,770)	(145,770)
	2002	(Utilized from 1988)	(221,034)	(198,931)
	2003	(Utilized from 1988)	(122,597)	(110,337)
		(Utilized from 1989)	(69,635)	(62,672)
Special Audit Settlement		(Utilized from 1989)	(117,543)	(105,789)
	2004	(Utilized from 1989)	(307,609)	(276,848)
		(Utilized from 1990)	(240,642)	(216,578)
	2005	(Utilized from 1990)	(178,248)	(160,423)
		(Utilized from 1991)	(456,412)	(410,771)
			<hr/> 116,374	<hr/> 46,211