

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2001

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2001 calendar year, or tax year beginning **October 1**, 2001, and ending **September 30**, 2002

- B** Check if applicable
- Address change
 - Name change
 - Initial return
 - Final return
 - Amended return
 - Application pending

C Name of organization
INSTITUTE OF INTERNATIONAL EDUCATION

Number and street (or P O box if mail is not delivered to street address) Room/suite
809 UNITED NATIONS PLAZA

City or town state or country and ZIP + 4
NEW YORK, NY 10017

D Employer identification number
13 1624046

E Telephone number
(212) 883-8200

F Accounting method. Cash Accrual
 Other (specify) ▶

G Web site ▶ **IIE ORG**

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

- H and I are not applicable to section 527 organizations**
- H(a)** Is this a group return for affiliates? Yes No
- H(b)** If "Yes," enter number of affiliates ▶
- H(c)** Are all affiliates included? Yes No (If "No" attach a list See instructions)
- H(d)** Is this a separate return filed by an organization covered by a group ruling? Yes No

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

I Enter 4 digit GEN ▶

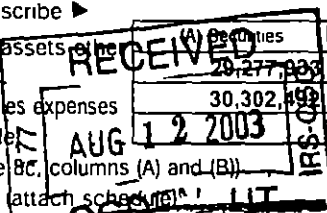
M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16)

SCANNED AUG 19 03

Revenue	1	Contributions, gifts, grants, and similar amounts received			
	a	Direct public support	1a	10,080,731	
	b	Indirect public support	1b	159,336,879	
	c	Government contributions (grants)	1c	204,283	
	d	Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	1d		169,621,893
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		4,221,479
	3	Membership dues and assessments	3		327,275
	4	Interest on savings and temporary cash investments	4		192,970
	5	Dividends and interest from securities	5		1,423,144
	6a	Gross rents	6a	116,019	
	b	Less rental expenses	6b	95,581	
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c		20,438
7	Other investment income (describe ▶)	7		-0-	
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other
	b	Less cost or other basis and sales expenses	8a		
	c	Gain or (loss) (attach schedule)	8b		
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c		
8d		8d		-1,024,559	
Revenue	9	Special events and activities (attach schedule)			
	a	Gross revenue (not including contributions reported on line 1a)	9a	1,105,874	
	b	Less direct expenses other than fundraising expenses	9b	604,992	
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c		500,882	
Revenue	10a	Gross sales of inventory, less returns and allowances	10a		
	b	Less cost of goods sold	10b		
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		-0-
11	Other revenue (from Part VII, line 103)	11		20,525	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		175,304,047	
Expenses	13	Program services (from line 44, column (B))	13		167,670,442
	14	Management and general (from line 44, column (C))	14		5,397,739
	15	Fundraising (from line 44, column (D))	15		1,097,723
	16	Payments to affiliates (attach schedule)	16		-0-
	17	Total expenses (add lines 13 and 14, column (A))	17		174,165,904
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		1,138,143
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		66,400,539
	20	Other changes in net assets or fund balances (attach explanation)	20		-4,734,658
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		62,804,024



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Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 21)

Do not include amounts reported on line 6b, 8b, 9b, 10b or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ <u>110,782,618</u> noncash \$ _____)	22 110,782,618	110,782,618		
23	Specific assistance to individuals (attach schedule)	23 17,373,037	17,373,037		
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc.	25 263,851	263,851		
26	Other salaries and wages	26 27,618,721	24,325,887	2,676,495	616,339
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31			
32	Legal fees	32			
33	Supplies	33 677,833	623,051	43,122	11,660
34	Telephone	34 934,544	857,706	67,487	9,351
35	Postage and shipping	35 871,341	846,870	16,007	8,464
36	Occupancy	36 3,637,964	2,939,003	678,728	20,233
37	Equipment rental and maintenance	37 457,943	404,813	50,249	2,881
38	Printing and publications	38 566,344	561,363	-4,865	9,846
39	Travel	39 1,397,982	1,220,050	101,556	76,376
40	Conferences, conventions and meetings	40 412,373	301,250	59,996	51,127
41	Interest	41			
42	Depreciation, depletion, etc. (attach schedule)	42 2,397,847	1,792,388	604,141	1,318
43	Other expenses not covered above (itemize) a	43a			
b	OUTSIDE SERVICES	43b 5,858,462	4,762,002	901,167	195,293
c	MISCELLANEOUS (see page 24)	43c 915,044	616,553	203,656	94,835
d		43d			
e		43e			
44	Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15	44 174,165,904	167,670,442	5,397,739	1,097,723

(see pg. 3)
(see Pg. 3)

Joint Costs Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes" enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____

(iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See Specific Instructions on page 24)

What is the organization's primary exempt purpose? **International Education & Cultural Exchange**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)

		Program Service Expenses (Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts but optional for others)
a	International Exchange DC Students and Scholars See Page 30 (Grants and allocations \$ _____)	151,103,865
b	Development Training and Assistance See Page 31 (Grants and allocations \$ _____)	5,768,256
c	Short-Term International Visitors See page 32 (Grants and allocations \$ _____)	3,945,626
d	Education Services See page 33 (Grants and allocations \$ _____)	5,375,166
e	Other program services (attach schedule) (Grants and allocations \$ See Pages 34 & 35)	1,477,529
f	Total of Program Service Expenses (should equal line 44 column (B) Program services)	167,670,442

Part IV Balance Sheets (See Specific Instructions on page 24)

Note		Where required, attached schedules and amounts within the description column should be for end of-year amounts only		(A) Beginning of year		(B) End of year
Assets	45	Cash—non-interest-bearing		19,055,658	45	4,749,362
	46	Savings and temporary cash investments		-0-	46	
	47a	47a	16,829,869	5,386,310	47c	16,829,869
	b	47b	-			
	48a	48a	9,739,011	12,416,039	48c	9,739,011
	b	48b	-			
	49	Grants receivable		-0-	49	-0-
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)		-0-	50	-0-
	51a	51a	-	-0-	51c	-0-
	b	51b	-			
	52	Inventories for sale or use		-0-	52	-0-
	53	Prepaid expenses and deferred charges		2,344,149	53	536,581
	54	Investments—securities (attach schedule) <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		25,392,761	54	20,958,006 (see Pg 36)
	55a	55a	--	-0-	55c	-0-
	b	55b	-			
	56	Investments—other (attach schedule)		17,272,147	56	14,937,065
	57a	57a	31,121,025	21,261,262	57c	24,343,519
	b	57b	6,777,506			
	58	Other assets (describe <input type="checkbox"/> SEE PAGE 18)		4,293,505	58	3,533,305
59	Total assets (add lines 45 through 58) (must equal line 74)		107,421,831	59	95,626,718	
Liabilities	60	Accounts payable and accrued expenses		4,969,852	60	9,824,876
	61	Grants payable		12,806,489	61	5,584,421
	62	Deferred revenue		642,499	62	592,384
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		-0-	63	-0-
	64a	Tax-exempt bond liabilities (attach schedule)		-0-	64a	16,821,013
	b	Mortgages and other notes payable (attach schedule)		22,602,452	64b	-0-
	65	Other liabilities (describe <input type="checkbox"/>)		-0-	65	-0-
66	Total liabilities (add lines 60 through 65)		41,021,292	66	32,822,694	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74					
	67	Unrestricted		19,327,143	67	13,845,819
	68	Temporarily restricted		42,163,622	68	43,463,407
	69	Permanently restricted		4,909,774	69	5,494,798
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74					
	70	Capital stock, trust principal, or current funds		-0-	70	-0-
	71	Paid-in or capital surplus, or land building, and equipment fund		-0-	71	-0-
	72	Retained earnings, endowment, accumulated income, or other funds		-0-	72	-0-
73	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19 column (B) must equal line 21)		66,400,539	73	62,804,024	
74	Total liabilities and net assets / fund balances (add lines 66 and 73)		107,421,831	74	95,626,718	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VI Other Information (See Specific Instructions on page 27)		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	✓
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77	✓
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	✓
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	✓
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	✓
b	If "Yes," enter the name of the organization International Fellowships Fund Inc and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instructions	81a	
b	Did the organization file Form 1120-POL for this year?	81b	✓
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	✓
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	121,460
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	✓
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	✓
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	✓
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 -0 section 4912 -0 , section 4955 -0		
b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	✓
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		-0-
d	Enter Amount of tax on line 89c, above, reimbursed by the organization		-0-
90a	List the states with which a copy of this return is filed New York, California, New Jersey, Illinois		
b	Number of employees employed in the pay period that includes March 12, 2001 (See instructions)	90b	465
91	The books are in care of Institute of International Education Telephone no (212) 883-8200 Located at 809 United Nations Plaza, New York, N Y ZIP + 4 10017		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year 92		

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 32)

Note Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a Program Fees					3,589,316
b Publication Sales					276,749
c Conference Fees					3,641
d Statistical Reports					5,300
e Miscellaneous Income					346,473
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					327,275
95 Interest on savings and temporary cash investments					192,970
96 Dividends and interest from securities					1,423,144
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					20,438
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					-1,024,559
101 Net income or (loss) from special events					500,882
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a Currency Exchange Gain					20,525
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))					5,682,154
105 Total (add line 104, columns (B), (D), and (E))					5,682,154

Note Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 32)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 33)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See Specific Instructions on page 33)

(a) Did the organization during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization during the year, pay premiums, directly or indirectly on a personal benefit contract? Yes No

Note If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Under penalties of perjury I declare that I have examined this return including accompanying schedules and statements and to the best of my knowledge and belief it is true correct and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Please Sign

Signature of officer *[Handwritten Signature]*

Date 8/4/03

Preparer's name

Date	Check if self employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. W)
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SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

OMB No 1545 0047

2001

Department of the Treasury
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

INSTITUTE OF INTERNATIONAL EDUCATION

Employer identification number

13 1624046

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions List each one If there are none, enter "None ")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
AHMAD GHAMARIAN 809 UNITED NATIONS PLAZA NEW YORK	DIRECTOR- ENERGY 40	132,044	12,212	
JULIAN JOHNSON 809 UNITED NATIONS PLAZA, NEW YORK	DIRECTOR-PROGRAM DEVELOPMENT 35	125,004	9,375	
BRIAN YU-RE CHEN 809 UNITED NATIONS PLAZA, NEW YORK	DIRECTOR-INFORMATI ON TECHNOLOGY 53	125,000	781	
LARRY C LAI 809 UNITED NATIONS PLAZA, NEW YORK	DIRECTOR- ENVIRONMENTAL EXCHANGE 41	120,894	8,617	
ROBERT E SLATTERY 809 UNITED NATIONS PLAZA, NEW YORK	DIRECTOR-ADMIN SERVICES 48	117,214	10,660	
Total number of other employees paid over \$50,000 ▶	110			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions List each one (whether individuals or firms) If there are none, enter "None ")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
SIEMENS BUSINESS SERVICES P O BOX 777- W501879 - PHILADELPHIA, PA 19175-1879	TECHNICAL SERVICES	1,369,894
LAS PAU 25 MT AUBURN STREET - CAMBRIDGE, MA 02138	CONSULTING	832,408
WILLIAM BURNE & ASSOCIATES, INC 1819 CLARKSON ROAD SUITE 200- CHESTERFIELD, MD 63017	CONSULTING INFORMATION TECHNOLOGY	392,135
ARTHUR ANDERSEN LLP 1345 AVENUE OF THE AMERICAS - NEW YORK, NY 10105	CONSULTING - TAX AUDIT	92,584 99,600
ADVANCED SOFTWARE SYSTEMS 115 ROWELL CT - FALLS CHURCH VA 22046	CONSULTING INFORMATION TECHNOLOGY	147,137
Total number of others receiving over \$50,000 for professional services ▶	12	

Part III **Statements About Activities** (See page 2 of the instructions)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line 1 of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		✓
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		✓
b Lending of money or other extension of credit?		✓
c Furnishing of goods, services, or facilities?		✓
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	✓	
e Transfer of any part of its income or assets?	✓	
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below.)		✓
4 Do you have a section 403(b) annuity plan for your employees?	✓	
Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments.		

Part IV **Reason for Non-Private Foundation Status** (See pages 3 through 6 of the instructions)

The organization is not a private foundation because it is (Please check only **ONE** applicable box.)

- 5** A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6** A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7** A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8** A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9** A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____
- 10** An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a** An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b** A community trust. Section 170(b)(1)(A)(v). (Also complete the **Support Schedule** in Part IV-A.)
- 12** An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13** An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations (See page 5 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) *Use cash method of accounting*

Note You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Calendar year (or fiscal year beginning in) ▶	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)	163,884,067	140,431,572	117,557,602	117,932,854	539,806,095
16 Membership fees received	259,076	304,136	310,725	294,116	1,168,053
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable etc. purpose	4,319,234	3,520,776	3,441,479	854,242	12,135,731
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	1,983,686	2,015,124	1,602,070	1,208,098	6,808,978
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.	930,351	2,282,539	3,224,480	2,166,014	8,603,384
23 Total of lines 15 through 22	171,376,414	148,554,147	126,136,356	122,455,324	568,522,241
24 Line 23 minus line 17	167,057,180	145,033,371	122,694,877	121,601,082	556,386,510
25 Enter 1% of line 23	1,713,764	1,485,541	1,261,363	1,224,553	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24 ▶				26a 11,127,730
	b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts ▶				26b -0-
	c Total support for section 509(a)(1) test. Enter line 24, column (e) ▶				26c 556,386,510
	d Add Amounts from column (e) for lines 18 <u>6,808,978</u> 19 <u>-0-</u> ▶				26d 15,412,362
	22 <u>8,603,384</u> 26b <u>-0-</u> ▶				26e 540,974,148
	e Public support (line 26c minus line 26d total) ▶				26f 97.23 %
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶				
27 Organizations described on line 12	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each disqualified person. Do not file this list with your return. Enter the sum of such amounts for each year:				
	(2000)	(1999)	(1998)	(1997)	
	b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:				
	(2000)	(1999)	(1998)	(1997)	
	c Add Amounts from column (e) for lines 15 _____ 16 _____ ▶				27c _____
	17 _____ 20 _____ 21 _____ ▶				27d _____
	d Add Line 27a total _____ and line 27b total _____ ▶				27e _____
	e Public support (line 27c total minus line 27d total) ▶				27f _____
	f Total support for section 509(a)(2) test. Enter amount from line 23, column (e) ▶				27g _____ %
	g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ▶				27h _____ %
	h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ▶				
28 Unusual Grants	For an organization described in line 10, 11, or 12 that received any unusual grants during 1997 through 2000, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.				

Part V Private School Questionnaire (See page 7 of the instructions)
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument or in a resolution of its governing body?		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)		
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty and administrative staff?		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d Copies of all material used by the organization or on its behalf to solicit contributions?		
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)		
33 Does the organization discriminate by race in any way with respect to		
a Students' rights or privileges?		
b Admissions policies?		
c Employment of faculty or administrative staff?		
d Scholarships or other financial assistance?		
e Educational policies?		
f Use of facilities?		
g Athletic programs?		
h Other extracurricular activities?		
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)		
34a Does the organization receive any financial aid or assistance from a governmental agency?		
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement		
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587 covering racial nondiscrimination? If "No" attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group Check **b** if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
<i>(The term "expenditures" means amounts paid or incurred)</i>			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount Enter the amount from the following table—		
	If the amount on line 40 is—		
	Not over \$500,000		
	Over \$500,000 but not over \$1,000,000		
	Over \$1,000,000 but not over \$1,500,000		
	Over \$1,500,000 but not over \$17,000,000		
	Over \$17,000,000		
	The lobbying nontaxable amount is—		
	20% of the amount on line 40		
	\$100,000 plus 15% of the excess over \$500,000		
	\$175,000 plus 10% of the excess over \$1,000,000		
	\$225,000 plus 5% of the excess over \$1,500,000		
	\$.1,000,000		
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	

Caution If there is an amount on either line 43 or line 44, you must file Form 4720

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
 See the instructions for lines 45 through 50 on page 11 of the instructions)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots nontaxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
a Volunteers		✓	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		✓	
c Media advertisements		✓	
d Mailings to members, legislators, or the public		✓	
e Publications or published or broadcast statements		✓	
f Grants to other organizations for lobbying purposes		✓	
g Direct contact with legislators their staffs, government officials, or a legislative body		✓	
h Rallies demonstrations, seminars, conventions speeches, lectures, or any other means		✓	
i Total lobbying expenditures (Add lines c through h)			
If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities			

Institute of International Education – 13-1624046
Schedule in Support of Form 990, Part VIII

- 93(a) Income represents reimbursement of costs to produce reports and administration fees for participants international exchange programs
- 93(b) Income is necessary to pay the costs of publications which are announcements to exchange participants providing information about sources of education exchange opportunities
- 93(c) Income represents amounts paid by participants to cover costs incurred to design, implement and provide workshops on international exchange issues
- 93(d) Income represents reimbursement of costs to produce reports indicating international exchange participant's information to existing and potential funds providers
- 93(e) Miscellaneous excess program funds restricted for educational exchange activities in which the Institute participates

Institute of International Education, Inc.

Notes to Financial Statements

1. Description of Organization

The Institute of International Education, Inc (the "Institute") develops and administers programs of international educational exchange and technical assistance under renegotiable contracts with governments, international organizations, corporations, foundations, colleges and universities in the United States and abroad. The Institute is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization which is not a private foundation under Section 509(a).

Services to students, teachers, and other professionals from more than 170 countries are provided by the Institute's New York headquarters, regional offices and overseas offices. The Institute also administers educational assistance to universities and foreign countries, sponsors conferences and seminars and provides procurement services on behalf of certain sponsors.

In addition, through general support, the Institute conducts counseling and information services, issues publications, assists international programs in the performing and visual arts and conducts conferences, seminars and other special projects which provide assistance to individuals, colleges, universities and other organizations on matters of international education and cultural exchange.

International Fellowships Fund, Inc.

In February 2001, the Institute created and incorporated in the State of Delaware the International Fellowships Fund, Inc ("IFF"), a not-for-profit organization to administer and support the activities of the Institute's International Fellowships Program. The International Fellowships Program provides educational opportunities for individuals from disadvantaged populations. IFF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is designated as a Type 1 supporting organization. IFF commenced operations with funding received from the Ford Foundation in the amount of \$275,526,718 in September 2001. The Board of Trustees of IFF comprises two members of the Institute's management, two members of the Institute's Board of Trustees and three members from the Ford Foundation. IFF is controlled by the Institute and exists for the benefit of the Institute. Accordingly, IFF's financial position, changes in net assets and cash flows should be consolidated with that of the Institute in accordance with accounting principles generally accepted in the United States of America. However, in the accompanying financial statements the Institute has elected to exclude that information in order to provide a clearer presentation of its own financial position, changes in net assets and cash flows on a stand-alone basis. The Institute provides administrative services to IFF and charges an annual management fee. The management fee charged to IFF for the years ended September 30, 2002 and 2001 was \$270,000 and \$110,000, respectively.

Institute of International Education, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies

Basis of Presentation

The Institute is required to report revenues, support, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Institute are classified and reported as follows:

Permanently Restricted

Net assets that are subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Institute are reported as permanently restricted. These net assets include funds which have been designated by the donor to be held and invested in perpetuity, but permit the Institute to use the income and gains for specified and unspecified purposes.

Temporarily Restricted

Contributions that are received with donor stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Institute pursuant to those stipulations are considered temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unrestricted

Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Institute are considered unrestricted. Unrestricted net assets include board-designated net assets which are used to account for all resources over which the Board of Trustees has discretionary control. Revenues are reported as increases in unrestricted net assets unless the related asset is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expenses are reported as decreases in unrestricted net assets.

Support and Revenue

Revenues from sponsored programs are recognized as the Institute incurs the related expenditures. Cash received before the related expenditures are incurred is recorded as sponsored funds received in advance. To the extent that expenditures are made in excess of cash receipts, reimbursable expenditures on contracts in progress are recorded to the level of anticipated funding in a sponsored program.

Contributions are recorded as revenue when the Institute has an unconditional right to receive those funds. Contributions are recorded in a net asset classification based upon the existence or absence of donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Institute of International Education, Inc.

Notes to Financial Statements

Reimbursable Expenditures Under Contracts in Progress

Reimbursable expenditures under contracts in progress represent bona fide receivables in which the Institute has earned revenue on certain U S government contracts Typically, these receivables are liquidated in a few days

Cash Equivalents

All highly liquid investments having an original maturity of 90 days or less at time of purchase, including money market accounts, are considered to be cash equivalents

Fixed Assets

Fixed assets are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives Leasehold improvements are amortized over the shorter of estimated useful lives or the term of the lease Depreciation and amortization expense for fiscal years 2002 and 2001 was \$2,397,847 and \$1,455,775, respectively

Beneficial Interest in Perpetual Trust Held by Third Parties

The Institute is an income beneficiary of various trusts funds held by others in perpetuity As a result, the Institute has recorded as an asset the net present value of the income estimated to be received from these trusts based upon multiplying the fair value of the underlying assets by the Institute's ownership percentages Changes in fair value to the Institute's beneficial interests are recognized as gains or losses in the permanently restricted net asset category According to the original donors' stipulation, distributions of net income from these trusts are to be made to the Institute and are to be spent for specified purposes During fiscal years 2002 and 2001, distributions from these trusts in the amount of \$86,806 and \$107,499, respectively, were recorded as temporarily restricted contributions

Retirement Benefits

Retirement benefits coverage is available for substantially all employees provided through individual contributory annuities with selected financial institutions The Institute's contributions for fiscal years 2002 and 2001 under the provisions of this defined contribution plan were \$1,154,996 and \$952,133, respectively

Functional Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities Accordingly, certain costs have been allocated among the programs and supporting services benefited

Costs functionalized as "sponsored direct expenses" include all grantee pass-thru expenditures (e g , tuition, grantee maintenance) and costs functionalized as "other institute expenses" include all operational costs (e g , salaries, occupancy)

Volunteer Services/In-Kind Contributions

Contributed time from volunteers with specialized skills and contributed property are reflected as contributions revenue and volunteer service/in-kind contribution expense at their estimated market value as permitted by accounting principles generally accepted in the United States of America

Institute of International Education, Inc.

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The accompanying statements of activities and functional expenses are presented with prior year summarized financial information in total, but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements as of and for the year ended September 30, 2001, from which the summarized information was derived.

Reclassifications

Certain amounts in the fiscal year 2001 financial statements have been reclassified to conform with the fiscal year 2002 presentation.

3. Investments

Investments as of September 30 consisted of the following:

	2002		2001	
	Fair Value	Cost Basis	Fair Value	Cost Basis
Cash and cash equivalents held for reinvestment	\$ 164,457	\$ 164,457	\$ 1,275,489	\$ 1,275,489
Corporate and government fixed income	14,772,608	14,654,014	15,996,658	15,555,181
Equities	20,958,006	31,120,234	25,392,761	31,432,824
	<u>\$ 35,895,071</u>	<u>\$ 45,938,705</u>	<u>\$ 42,664,908</u>	<u>\$ 48,263,494</u>

The Institute records investments in equity securities with readily determinable fair values and all investments in debt securities at fair value determined on the basis of quoted market values. Investments are recorded on a trade-date basis. Realized gains and losses are determined on the basis of average cost.

Institute of International Education, Inc.

Notes to Financial Statements

4. Fixed Assets

Fixed assets as of September 30 consisted of the following

	Estimated Useful Lives	2002	2001
Building	30 Years	\$ 18,705,321	\$ 18,379,215
Furniture	7 Years	1,794,558	1,534,691
Equipment	4 Years	8,820,155	3,150,550
Software development costs	3-6 Years	2,934,565	7,400,043
Leasehold improvements	3-25 Years	5,770,181	2,332,891
		<u>38,024,780</u>	<u>32,797,390</u>
Less - Accumulated depreciation		<u>(6,777,506)</u>	<u>(4,394,313)</u>
		31,247,274	28,403,077
Less - Unamortized deferred credit		<u>(6,903,755)</u>	<u>(7,141,815)</u>
		<u>\$ 24,343,519</u>	<u>\$ 21,261,262</u>

In July of 2001, the Institute exercised its right of first refusal and repurchased a significant portion of its New York headquarters building at 809 United Nations Plaza. The building is now a condominium with the Institute repurchasing 10 of the 12 available floors. The purchase price was \$22,750,000. In September of 2001, the Institute sold two of the repurchased floors to a foreign government for \$12,000,000. The Institute's basis in the two sold floors was \$4,788,875 and resulted in a gain on sale of \$7,251,030. A portion of the deferred credit associated with the Institute's sale and leaseback of the building in 1998 was assigned to the two floors sold and recognized in the current year. The remaining balance of the deferred credit has been netted with the Institute's fixed assets balance and is being amortized over a 30-year period.

5 Bonds Payable

On November 1, 2001, the Institute issued \$17,345,000 in tax exempt term bonds (the "Series 2001 bonds") through the New York City Industrial Development Agency ("IDA") to provide funds for the acquisition, equipping and improvement of the New York City office (the "Facility"). The bonds outstanding were issued, net of original issuance discount of \$340,330. In connection with the issuance of bonds, the Institute incurred costs that are being amortized over the term of the bond (30 years). Total deferred financing costs of \$473,119, net of accumulated amortization \$11,343 at September 30, 2002, are included in prepaid expenses and other assets.

The Institute has segregated a portion of the bond proceeds, for use in connection with certain capital expenditures, as restricted cash.

Institute of International Education, Inc.

Notes to Financial Statements

The Facility is owned by the Institute and leased by the Institute to the IDA and subleased by the IDA to the Institute pursuant to a lease agreement (the "Agreement") The Series 2001 bonds are payable by the IDA through a third party trustee solely from the lease rentals payable by the Institute pursuant to the Agreement, and are not secured by any mortgage lien or security interest in the Institute's ownership interest in the Facility The Series 2001 bonds are secured by a security interest in the Institute's gross revenues In addition, payment of the principal and interest on the Series 2001 bonds when due is insured The Series 2001 bonds mature in various amounts, ranging from \$280,000 to \$1,100,000 per year, through 2031 The fair market value of the Series 2001 bonds at September 30, 2002 was \$17,441,000 The nominal interest rates attributable to the Series 2001 bonds range from 4% to 5%

Principal payments on the Series 2001 bonds for the next 5 years are due as follows

Fiscal year:	
2003	\$ 280,000
2004	\$ 295,000
2005	\$ 305,000
2006	\$ 320,000
2007	\$ 330,000

In accordance with the Agreement, the Institute must comply with certain administrative requirements

6. Note Payable

During fiscal year 2001, the Institute entered into a note payable agreement for \$22,602,452 The note was obtained out as short-term financing in connection with the reacquisition of the New York City building (see Note 4) and subsequently repaid in December 2001, partially by proceeds from the Series 2001 bonds and partially by invested assets The note bore an average interest rate of 4.5%

7. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at September 30

	2002	2001
International exchange of students and scholars	\$ 33,463,407	\$ 32,632,076
Ford Foundation grant available for unrestricted purposes five years after funds were matched by the Institute	10,000,000	9,531,546
	<u>\$ 43,463,407</u>	<u>\$ 42,163,622</u>

Institute of International Education, Inc.

Notes to Financial Statements

Temporarily restricted net assets were released from restrictions for the year ended September 30 for the following purposes

	2002
International exchange of students and scholars	<u>\$ 6,095,554</u>

8 Permanently Restricted Net Assets

Permanently restricted net assets at September 30 were as follows

	2002	2001
Beneficial interest in perpetual trusts held by third parties	\$ 2,784,347	\$ 2,376,145
Endowment funds, investment return restricted to international exchange of students and scholars	1,419,360	1,369,360
Other	<u>1,291,091</u>	<u>1,164,269</u>
	<u>\$ 5,494,798</u>	<u>\$ 4,909,774</u>

9. Sponsored Program Revenue

Sponsored program revenue for fiscal year 2002 and 2001 was derived from the following major sponsor categories

	2002	2001
U S government agencies	\$ 126,475,920	\$ 109,104,699
Foundations and research organizations	22,803,695	28,949,473
Corporations	5,638,148	5,259,035
Foreign governments and international organizations	<u>8,212,715</u>	<u>8,899,330</u>
	<u>\$ 163,130,478</u>	<u>\$ 152,212,537</u>

Institute of International Education, Inc.

Notes to Financial Statements

10 Commitments and Contingencies

Rental expense was \$3,319,273 and \$3,548,411 for the years ended September 30, 2002 and 2001, respectively. The Institute leases space for its regional and certain overseas offices on a noncancelable, long-term basis. These agreements, expiring at various dates through 2005, permit the Institute to sublease such space at its option.

Minimum future lease commitments are as follows at September 30, 2002:

Fiscal year:	
2003	\$ 2,179,335
2004	1,616,710
2005	798,233
2006	11,258
	<u>\$ 4,605,536</u>

The Institute, from time to time, is involved in litigation concerning its business affairs. Management believes that the resolution of all pending litigation will not have a material adverse effect on the Institute's financial statements.

The Institute receives funding from governmental agencies for various activities which are subject to audit. Although such audits may result in disallowance of certain expenditures which would be absorbed by the Institute, in management's opinion the ultimate outcome of such audits would not have a significant effect on the financial condition, changes in net assets or cash flows of the Institute.

INSTITUTE OF INTERNATIONAL EDUCATION, INC

STATEMENT OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2002

	<u>Unrestricted Fund</u>	<u>Temporary Restricted Fund</u>	<u>Permanently Restricted Fund</u>	<u>Total All Funds</u>
	(\$)	(\$)	(\$)	(\$)
REVENUES				
Sponsored programs	163,130,478	-	-	163,130,478
Contributions	947,889	9,082,842	50,000	10,080,731
Investment Income	517,225	74,330		591,555
Unrealized appreciation in fair market value of investments	(3,628,262)	(1,761,833)	533,977	(4,856,118) (1)
 Sales of publications	 276,749	 -	 -	 276,749
Special events-				
Contributions	1,105,874	-	-	1,105,874
Direct costs	604,992	-	-	604,992
Net revenue from special events	<u>500,882</u>	<u>-</u>	<u>-</u>	<u>500,882</u> (2)
 Membership fees	 327,275	 -	 -	 327,275
Miscellaneous income, net	395,330	-	1,047	396,377
Net assets released from restrictions-				
Satisfaction of program restrictions	<u>6,095,554</u>	<u>(6,095,554)</u>	<u>-</u>	<u>-</u>
 Voluntary Services	 121,460	 -	 -	 121,460 (8)
Total revenues	<u>168,684,580</u>	<u>1,299,785</u>	<u>585,024</u>	<u>170,569,389</u> (3)
 EXPENSES				
Sponsored programs-				
International exchange of students and scholars	151,103,865	-	-	151,103,865
Development training and assistance	5,768,256	-	-	5,768,256
Short-term international visitors	3,945,626	-	-	3,945,626
Educational services	5,375,166	-	-	5,375,166
Total sponsored programs	<u>166,192,913</u>	<u>-</u>	<u>-</u>	<u>166,192,913</u>
 Institute, educational and information services-				
Research, publications and information services	1,054,359	-	-	1,054,359
Overseas and regional office activities	423,170	-	-	423,170
Total Institute, educational and information services	<u>1,477,529</u>	<u>-</u>	<u>-</u>	<u>1,477,529</u>
Total program services	<u>167,670,442</u>	<u>-</u>	<u>-</u>	<u>167,670,442</u>
 Supporting services-				
Management and general	5,397,739	-	-	5,397,739
Fund-raising	1,097,723	-	-	1,097,723
Total supporting services	<u>6,495,462</u>	<u>-</u>	<u>-</u>	<u>6,495,462</u>
 Total expenses	<u>174,165,904</u>	<u>-</u>	<u>-</u>	<u>174,165,904</u> (4)
 (Decrease) increase in net assets	 (5,481,324)	 1,299,785	 585,024	 (3,596,515)
 NET ASSETS, beginning of year	 <u>19,327,143</u>	 <u>42,163,622</u>	 <u>4,909,774</u>	 <u>66,400,539</u>
 NET ASSETS, end of year	 <u>13,845,819</u> (5)	 <u>43,463,407</u> (6)	 <u>5,494,798</u> (7)	 <u>62,804,024</u>

(1) Part 1, Line 20

(2) Part 1, Line 9c

(3) Part IV-A (a)

(4) Part IV-B (a)

(5) Part IV Line 67

(6) Part IV, Line 68

(7) Part IV Line 69

(8) Part 1, Line 20 & Part IV-A, Line 2

International Education - 13-1624046
 Program Fees
 Not Qualifying as Grants
 Support for Line 1, Page 17
 September 30, 2002

	<u>Subaccount Number</u>	<u>Total \$</u>
Starr Foundation	F020000	3,019,330
Chubb	F022000	11,500
Morgan Stanley	B028000	1,520
Levi Strauss	F096000	110,194
Raychem	B107000	26,760
Lsi Logic Corp-COE	B106000	21,607
Chevron - COE	B105000	79,028
Dow Jones COE	B080000	14,500
FMC Children of Employees	B087000	17,100
Lockheed Martin	B121000	44,500
Harmon Int'l Scholar-COE	B114000	97,645
Harsco	B024000	96,075
Phelps Dodge-COE	F180000	21,845
Dole Food COE-Int'l	B142000	13,142
FMC Technologies-COE	B156000	6,000
Williams Int'l School-COE	B153000	1,000
J P Morgan Chase-COE	B163000	7,570
To Page		3,589,316

INSTITUTE OF INTERNATIONAL EDUCATION 13-1624048
 STATEMENT OF FUNCTIONAL EXPENSES
 September 30, 2002
 Form 990 Part 11, Line 44

	International Exchange of Persons	Scientific Cooperation Activities	Short-Term International Visitors	Educational Services	Total Expenses	Research Publications and Information Services	Overseas and Regional Office Activities	Total Expenses	Program Services 990 Line 44 Column B Total	Column C Management and General		Column D Fund Raising	
										Column A 990	Column D Fund Raising	Column A 990	Column D Fund Raising
SPONSORED DIRECT EXPENSES													
Tuition	32,777,478	(20,200)	3,139	200,532	32,960,949			32,960,949	32,960,949				
Travel and field trips	12,298,169	174,174	371,987	281,842	13,066,172			13,066,172	13,066,172				
Grantee maintenance	5,965,156	116,083	2,162,739	64,003	59,307,981			59,307,981	59,307,981				
Salaries and related benefits of scientific staff	263,363	40	0	448	263,851			263,851	263,851				
Grantee book allowance	1,983,668	0	71,343	61,386	2,116,377			2,116,377	2,116,377				
Procurement of equipment and supplies	849,723	1,690,389	0	75,913	2,615,925		0	2,615,925	2,615,925				
Insurance	710,501	2,303	0	2,470	715,274			715,274	715,274				
Freight shipment and storage	116,344	2,644	30	116,100	235,118			235,118	235,118				
Other	33,009,404	2,935,684	46,833	1,145,788	37,137,919		0	37,137,919	37,137,919				
Sub-Total	119,974,006	4,860,957	2,656,071	1,928,472	128,419,506	0	0	128,419,506	128,419,506				

Salaries and related benefits	20,314,200	372,542	911,926	1,933,184	23,731,852	337,823	256,212	594,035	24,325,887	2,676,495	616,339	27,002,382	27,002,382
Occupancy	2,408,207	93,674	147,592	238,562	2,887,985	16,845	14,173	51,018	2,939,003	678,728	20,233	3,617,731	3,617,731
Outside services	3,603,827	54,309	59,723	591,855	4,309,714	405,791	46,497	452,288	4,762,002	901,167	195,293	5,663,269	5,663,269
Travel	977,840	76,590	20,989	109,339	1,185,758	27,405	8,887	36,292	1,220,050	101,556	76,376	1,397,982	1,397,982
Communications	445,829	14,945	20,083	49,108	529,965	44,980	17,103	62,083	592,028	15,260	9,351	611,639	611,639
Postage	745,692	6,023	7,115	57,681	816,511	20,158	10,201	30,359	846,870	16,007	8,484	871,361	871,361
Printing and supplies	475,028	1,778	7,573	10,768	495,147	60,189	6,027	66,216	561,363	(4,665)	9,846	566,544	566,544
Information services	221,510	6,292	8,640	25,456	261,898	1,774	6	1,780	263,678	51,227	0	314,905	314,905
Receptions and meetings	221,715	6,144	2,868	23,088	261,795	33,639	5,816	39,455	301,250	59,996	51,127	412,373	412,373
Equipment rentals and repairs	309,842	12,001	8,247	64,151	394,241	4,195	6,377	10,572	404,813	50,249	2,681	457,943	457,943
Stationery and supplies	474,404	12,888	22,345	90,521	599,958	9,592	13,501	23,093	623,051	43,122	11,660	677,833	677,833
Other	383,857	16,193	23,001	87,847	510,898	91,083	14,572	105,655	616,563	203,656	84,835	915,044	915,044
Sub-Total	30,593,951	871,129	1,240,102	3,280,540	35,985,722	1,053,454	419,372	1,472,826	37,458,548	4,793,598	1,066,405	43,348,551	43,348,551

Depreciation and amortization	1,535,808	36,170	49,453	166,154	1,787,685	905	3,798	4,703	1,792,388	604,141	1,318	2,397,847	2,397,847
Total	151,103,865	5,168,255	3,845,424	5,315,146	166,192,913	1,054,359	423,170	1,477,652	167,970,442	5,397,739	1,097,723	174,165,904	174,165,904

Institute of International Education - 13-1624046

Schedule in Support of 990, Part 1 (2) and (11)
September 30, 2002

Program Service Revenue

Program Fees from Sponsor Contracts not qualifying as Grants	3,589,316
Publication Sales	276,749
Conference Fees	3,641
Statistical Reports	5,300
Miscellaneous Income	346,473
Total to 990, Part 1, Line 2	\$4,221,479

Other Revenue

Currency Exchange Gain	20,525
Total to 990, Part 1, Line 11	\$20,525

Institute of International Education - 13-1624046

Sale of Assets
990, Part 1, Line 8
September 30, 2002

	<u>Proceeds from sale</u>	<u>Cost</u>	<u>Gain on sale</u>
Common and Preferred Stocks	29,277,933	30,302,492	(1,024,559)
Total to Line 8(a)	\$29,277,933		
Total to Line 8(b)		\$30,302,492	
Total to Line 8(d)			(1,024,559)

Institute of International Education - 13-1624046

Statement in Support of form 990
Part 1, line 9

Description	Gross Revenue 9a	Direct Expenses 9b	Net Income 9c
Chicago benefit	122,900	118,897	4,003
Denver benefit	41,080	33,568	7,512
Houston benefit	\$130,852	44,315	86,537
San Francisco benefit	94,122	81,657	12,465
Trustee Benefit Dinner	702,122	228,404	473,718
Fulbright Art Auction	14,798	98,151	(83,353)
Totals	1,105,874	604,992	500,882

Institute of International Education - 13-1624046
 Schedule in support of 990, Part 1, Line 20

	\$	\$
Market value of Investments September 30, 2000	40,344,898	
Market value of Investments September 30, 2001	<u>35,895,071</u>	
Unrealized Depreciation	(4,449,827)	(4,449,827)
Market Value of Third Party Investments September 30, 2000	3,190,638	
Market Value of Third Party Investments September 30, 2001	<u>2,784,347</u>	
Unrealized Depreciation	(406,291)	(406,291)
Voluntary Services		121,460
Total to 990, Part 1, Line 20		(4,734,658)

Institute of International Education - 13-1624046

Schedule of Prepaid Expenses and Deferred Charges

990 Part IV, Line 53

Grantee Withholding Taxes	(59,183)
Rent	2,400
Insurance	135,945
Deferred Expenses	4,105
Building Maintenance	206,098
Other Prepaid Expenses	247,216
Total to Part IV, Line 53	536,581

Institute of International Education - 13-1624046
Schedule of Other Assets
990, Part IV, Line 58
September 30, 2002

Beneficial interest in perpetual trusts held by third parties	\$ 2,784,347
Deposits-Other	39,963
Bond Issuance Costs	457,348
Advances Employees	13,598
Advance - Overseas Offices	212,548
Taxes Receivable	787
Book Inventory	27,310
Publication Receivable	1,759
Other	(4,355)
Total Part IV, Line 58 Other Assets	3,533,305

Institute of International Education - 13-1624046

List of Officers, Directors and Trustees
 Form 990, Part V
September 30, 2002

	Title and Average hours per Week devoted to Position -----	Comp -----	Contributions to Employee Benefit Plans -----
Allan Goodman 809 United Nations Plaza New York, NY 10017	President 52	300,000	15,000
David D Arnold 809 United Nations Plaza New York, NY 10017	Executive Vice President 44	245,000	14,531
James H Lapple 809 United Nations Plaza New York, NY 10017	Vice President 48	170,000	12,750
Peggy Blumenthal 809 United Nations Plaza New York, NY 10017	Vice President 35	165,000	15,675
Patti McGill Peterson 3007 Tilden Street Washington, DC 20008	Vice President 49	157,000	11,400
William Stacy Rhodes 1400 K Street, NW Washington, DC 20005	Vice President 45	143,500	0
Thomas Farrell 1400 K Street, NW Washington, DC 20005	Vice President 35	127,153	9,136
Edith Cecil 1400 K Street, NW Washington, DC 20005	Vice President 35	11,128	0

Totals to 990 Part V

1,318,781	78,492
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Institute of International Education - 13-1624046
Part IV Line 57 a & b Form 990
Sept 30,2002

Description of Property	NET Costs@9/30/02	Accumulated Depreciation at 10/1/01	Depreciation Current Period	Disposals Current Period	Accumulated Depreciation at 9/30/02
Furniture, Equipment & Improvements 7, 10 & 15 yrs	1,794,558	439,304	187,420		626,724
Other Property		58			58
Office Equipment - 7 Years	536,087	249,195	81,696		330,891
Auto - 3 years	7,023	7,023			7,023
Leasehold Improvements	5,770,181	477,125	194,748		671,873
Computer Software 5 yrs	3,709,852	311,137	294,715		605,852
Computer Hardware 4-5 yrs	<u>4,556,495</u>	<u>1,742,636</u>	<u>653,702</u>		<u>2,396,338</u>
Total Computer	8,266,347	2,053,773	948,418		3,002,191
Building - 50 years	18,705,321	154,419	623,048		777,467
Financial Systems Development	1,734,023	815,868	347,862		1,163,730
Fulbright Computer System	197,556	197,549			197,549
Donated Art	10,700				
CIP - CIES System Migration	311,123				
CIP Consultants IT Reengineering	603,693				
CIP Hardware IT Reengineering	41,647				
CIP Software IT Reengineering	43,731				
CIP Travel Exps IT Reengineering	2,791				
Less Deferred Credit- Bldg Sale	(6,903,755)				
Total Part IV Line 57 a & b	31,121,025	4,394,314	2,383,192	0	6,777,506

Institute of International Education – 13-1624046

Statement in Support of Form 990 Schedule A, Part 111

September 30, 2002

Applications for study or research abroad are available to any United States citizen with an undergraduate degree. A competitive process determines which candidates are screened and eventually selected by independent screening committees.

Institute of International Education - 13-1624046
Support for Form 990, line 64b

Bond payable represents indebtedness to New York City Industrial Development Agency, regarding bond issued for the purchase of building located at 809 United Nations Plaza, New York City

Institute of International Education - 13-1624046

Statement in Support of Form 990
Part 111, line e

Other Program Services

Research, publications and information services (See page 34)	1,054,359
Overseas & Regional Office Activities (See page 35)	423,170
Total Part 111, line e	1,477,529

Institute of International Education - 13-1624046

Support for Form 990, Part 11, Line 43C

September 30, 2002

	<u>Program</u> <u>Services</u> \$	<u>Management</u> <u>& General</u> \$	<u>Fund</u> <u>Raising</u> \$	Total
Books & Magazines	38,064	6,110	2,845	47,019
Membership Dues & Conference Fees	57,256	10,183	4,742	72,181
Insurance	151,491	48,877	22,760	223,128
Bank Charges	336,379	103,865	48,366	488,610
Miscellaneous Expenses	33,363	34,621	16,122	<u>84,106</u>
Total to Form 990, Part 11, Line 43C				915,044

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2002**

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SIGNIFICANT PROGRAM SERVICE ACTIVITIES*

Form 990, Part III (a)
September 30, 2002

International Exchange of Students and Scholars

Generally, activities of this type involve the exchange of individuals from foreign countries to the United States, from the United States to foreign countries or among foreign countries. In almost all instances, this exchange is within or to an academic setting. Examples of this type of activity are as follows:

- 1) The Institute administered educational exchange programs sponsored by the U S. Information Agency, sending United States citizens abroad for one year study, bringing foreign students to the United States for academic work
- 2) The various Ford Foundation sponsored academic Travel and Study grants and its Latin-American fellowship programs.

Total \$151,103,865
=====

*Not covered by auditors' report

INSTITUTE OF INTERNATIONAL EDUCATION 13-1624046

SIGNIFICANT PROGRAM SERVICE ACTIVITIES*

Form 990, Part III (b)
September 30, 2002

Development Training and Assistance

Activities of this type involve procurement functions for institutions and universities, and backstopping for consultants, advisors and interns in various activities. Examples of this type of activity are as follows:

- (1) Procurement function for institutions and universities through the world, whereby the Institute serves sponsors in obtaining and shipping of such items as text books, library equipment, etc.
- (2) Backstopping of consultants, advisors and interns engaged in various activities such as population control and public administrative assistance. These activities are sponsored by such organizations as the Agency for International Development and the U S. Information Agency.

Total	\$5,768,256
	=====

*Not covered by auditors' report

INSTITUTE OF INTERNATIONAL EDUCATION 13-1624046

SIGNIFICANT PROGRAM SERVICE ACTIVITIES *

Form 990, Part III (c)
September 30, 2002

Short-term International Visitors

Activities of this type involve the administration of programs which establish travel and appointment itineraries for Generally, these visitors are from foreign government posts and worldwide educational organizations. Examples of this type of activity are as follows:

- 1) The International Visitors program sponsored by the United States information Agency
- 2) The UNESCO program.
- 3) Various Ford Foundation sponsored non-academic grants.

Total	\$3,945,626
	=====

*Not covered by auditors' report

INSTITUTE OF INTERNATIONAL EDUCATION 13-1624046

SIGNIFICANT PROGRAM SERVICE ACTIVITIES*

Form 990, Part III (d)
September 30, 2002

Educational Services

Activities of this type involve assistance to foreign institutions in such areas as curriculum development, educational system planning and aid in the upgrading of faculty staff. Under this heading is also included the programs of the International Council on Higher Education, which provide a forum at the highest level to deal with common problems in the educational area.

Total \$5,375,166

*Not covered by auditors' report

INSTITUTE OF INTERNATIONAL EDUCATION 13-1624046

SIGNIFICANT PROGRAM SERVICE ACTIVITIES*

Form 990, Part III (e)
September 30, 2002

Research, Publication and Information Services

As and integral part of IIE's own activity, the Institute embarks upon original research activities resulting in the publication of material germane to all the various aspects of international education

A prime example of this type of endeavor is the annual census of foreign nationals currently studying at institutions of higher learning within the United States. This annual census results in the publication "OPEN DOORS," which is considered to be one of the most important source documents for statistical analysis of the foreign student population. In addition, IIE prepares specialized study guides as demand for them emerges among students.

In addition to research and publication, the Institute engages in counseling of both foreign students who wish to study in the United States and American Students who plan on furthering their education abroad.

The Institute also maintains one of the most comprehensive and extensive libraries pertaining to international education, as well as a highly refined reference service.

Total \$1,054,359

SIGNIFICANT PROGRAM SERVICE ACTIVITIES*

Form 990, Part III (e)
September 30, 2002

Overseas and Regional Offices Activities

To facilitate the movement of students in the broad field of international education, IIE has established overseas offices in Mexico City, Mexico; Hong Kong, Bangkok, Thailand, Jakarta, Indonesia, Budapest, Hungary, Cairo, Egypt, Moscow and Vietnam. In addition, IIE has domestic offices located in Chicago, Denver, Houston, San Francisco and Washington, D C

The purpose of these offices is to provide a central source of information and an expertise to handle and to cope with the everyday problems which continually arise in administering to foreign students. In addition, the domestic offices also perform the function of a host in assisting international visitors who come to the United States for short-term observations and consultation tours.

Total	\$423,170
	=====

*Not covered by auditors' report

Institute of International Education - 13-1624046

Support for 990 Part IV, Line 54

September 30, 2002

Investment - Securities

	\$
Sterling Capital	2,686,057
State Street Russell 1000	13,206,634
Lazard Asset Management	3,562,816
Westwood	1,466,351
GSEP Shares (Goldman Sachs)	5,000
Fiduciary Trust Equity Gift	<u>31,148</u>
 Total to form 990, Part IV, Line 54	 \$ 20,958,006

Institute of International Education - 13-1624046

Support for Form 990 , Part 11 Line 22

30-Sep-02

Tuition	\$32,960,949
Travel and Field Trips	\$13,066,112
Grantee maintenance	\$59,307,981
Grantee Book Allowance	\$2,116,377
Procurement of equipment and Supplies	\$2,615,925
Insurance	<u>\$715,274</u>
Total to 990, Part 11, Line 22	\$110,782,618

Institute of International Education - 13-1624046

Support for Form 990, Part 11, Line 23

September 30, 2002

	\$
Per Diem	402,874
IFF Tuition	25,344
Fees & Honoraria	2,184,567
Working Lunch/Meetings	250,799
Advance/Accountable Grantee/Consultant	1,424,534
Grants	6,730,762
Meetings & Conferences	1,575,764
Rental of Meeting Space	127,592
Medical Expenses & Examinations	234,049
Printing Charges	320,581
Bank Charges	13,544
Visa Fees	15,856
IFF Disability	65
Emergency Loan	2,305
Communication	84,282
Translation Expenses	153,561
Group Cultural Events	41,035
Interpreters	33,758
Consultants	2,183,757
Project Office & Administration Expenses	550,113
Miscellaneous Expenses	550,273
Advertising Expenses	173,591
Selection Committee	8,190
Evaluation Expenses	7,509
Professional Development Fund - Accountable	17
Program- Fellowship Pre-Academic Training	2,597
Other Grant Expenses	23,571
Board & Committee Meetings	8,123
Outside Agency Help	5,796
IFF Information Services	3,110
Freight, Shipment & Storage	<u>235,118</u>
 Total to Form 990, Part 11, Line 23	 17,373,037

Report of Independent Accountants

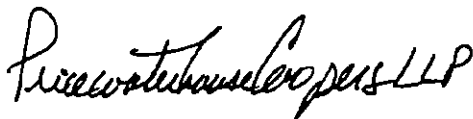
To the Board of Trustees of
Institute of International Education, Inc

We have audited the accompanying statement of financial position of Institute of International Education, Inc (the "Institute") as of September 30, 2002, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's financial statements of the Institute as of September 30, 2001 and for the year then ended were audited by other independent accountants, whose report, dated December 7, 2001, expressed an opinion on those statements which was qualified with respect to the omission of a significant affiliate in the consolidated financial statements, and are presented for comparative purposes only.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Accounting principles generally accepted in the United States of America require the Institute to consolidate into its financial statements the International Fellowships Fund, Inc, a supporting organization. As more fully explained in Note 1 to the financial statements, the Institute's financial statements are not presented on a consolidated basis.

In our opinion, except for the effect of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of September 30, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



December 6, 2002

Institute of International Education, Inc.

Statement of Financial Position As of September 30, 2002 with comparative totals as of September 30, 2001

	2002	2001
Assets		
Cash and cash equivalents	\$ 3,298,314	\$ 19,055,658
Reimbursable expenditures under contracts in progress	16,829,869	5,386,310
Contributions receivable	9,739,011	12,416,039
Investments, at fair value	35,895,071	42,664,908
Prepaid expenses and other assets	1,285,539	3,447,016
Fixed assets, net	24,343,519	21,261,262
Restricted cash	1,451,048	
Beneficial interest in perpetual trusts held by third parties	2,784,347	3,190,638
Total assets	<u>\$ 95,626,718</u>	<u>\$ 107,421,831</u>
Liabilities and Net Assets		
Liabilities		
Note payable		\$ 22,602,452
Bonds payable	\$ 16,821,013	
Accounts payable and accrued expenses	9,824,876	4,969,852
Sponsored funds received in advance	5,584,421	12,806,489
Deferred income	592,384	642,499
Total liabilities	<u>32,822,694</u>	<u>41,021,292</u>
Commitments and contingencies		
Net assets		
Unrestricted	13,845,819	19,327,143
Temporarily restricted	43,463,407	42,163,622
Permanently restricted	5,494,798	4,909,774
Total net assets	<u>62,804,024</u>	<u>66,400,539</u>
Total liabilities and net assets	<u>\$ 95,626,718</u>	<u>\$ 107,421,831</u>

The accompanying notes are an integral part of these financial statements

Institute of International Education, Inc.

Statement of Activities

For the year ended September 30, 2002 with comparative totals
for the year ended September 30, 2001

	2002			Total	2001 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenues					
Sponsored programs	\$ 163,130,478			\$ 163,130,478	\$ 152,212,537
Contributions	947,889	\$ 9,082,842	\$ 50,000	10,080,731	14,355,536
Investment income	517,225	74,330		591,555	2,742,462
Unrealized depreciation of investments and other	(3,628,262)	(1,761,833)	533,977	(4,856,118)	(8,160,757)
Sales of publications	276,749			276,749	344,821
Special events					
Contributions	1,105,874			1,105,874	1,175,780
Direct costs	(604,992)			(604,992)	(118,782)
Net revenues from special events	500,882			500,882	1,056,998
Membership fees	327,275			327,275	259,076
Other revenue	395,330		1,047	396,377	404,984
Voluntary services	121,460			121,460	140,870
Unusual item - gain on sale of building, net					9,616,553
	162,589,026	7,395,339	585,024	170,569,389	172,973,080
<i>Net assets released from restrictions</i>	6,095,554	(6,095,554)			
Total revenues	168,684,580	1,299,785	585,024	170,569,389	172,973,080
Expenses					
Sponsored programs					
International exchange of students and scholars	151,103,865			151,103,865	141,332,550
Development training and assistance	5,768,256			5,768,256	6,764,400
Short-term international visitors	3,945,626			3,945,626	4,128,193
Educational services	5,375,166			5,375,166	4,497,213
Total sponsored programs	166,192,913			166,192,913	156,722,356
Institute, educational and information services					
Overseas and regional office activities	423,170			423,170	745,570
Research, publications and information services	1,054,359			1,054,359	910,619
Total institute, educational and information services	1,477,529			1,477,529	1,656,189
Total program services	167,670,442			167,670,442	158,378,545
Supporting services					
Management and general	5,397,739			5,397,739	4,699,969
Fund raising	1,097,723			1,097,723	1,942,433
Total supporting services	6,495,462			6,495,462	6,642,402
Total expenses	174,165,904			174,165,904	165,020,947
(Decrease) increase in net assets	(5,481,324)	1,299,785	585,024	(3,596,515)	7,952,133
Net assets, beginning of year	19,327,143	42,163,622	4,909,774	66,400,539	58,448,406
Net assets, end of year	\$ 13,845,819	\$ 43,463,407	\$ 5,494,798	\$ 62,804,024	\$ 66,400,539

The accompanying notes are an integral part of these financial statements

Institute of International Education Inc

Statement of Functional Expenses

For the year ended September 30, 2002, with comparative totals for the year ended September 30, 2001

	Sponsored Programs				Institute, Educational and Arts Services			Total	Management and General	Fund Raising	Total	2002 Total Expenses	2001 Total Expenses
	Interchange of Periods	Scientific Cooperatives Activities	Short Term Internships Visitors	Assistance to Colleges and Universities	Overseas and Regional Office Activities	Research, Publications and Information Services	Total						
Sponsored direct expenses													
Tuition	\$ 32,777,478	\$ (20,200)	\$ 3,139	\$ 200,532	\$ 32,960,949							\$ 32,960,949	\$ 36,164,701
Travel and field trips	12,298,169	134,114	371,987	261,842	13,066,112							13,066,112	10,516,722
Grantee insurance	56,965,156	116,083	2,162,739	64,003	59,307,981							59,307,981	55,009,594
Salaries and related benefits of scientific staff	263,363	40		448	263,851							263,851	1,139,381
Grantee book allowances	1,983,668		71,343	61,366	2,116,377							2,116,377	1,765,796
Procurement of equipment and supplies	849,723	1,690,289		75,913	2,615,925							2,615,925	2,811,238
Insurance	710,501	2,303		2,470	715,274							715,274	547,057
Freight shipment and storage	116,344	2,644	30	116,100	235,118							235,118	217,151
Other	13,009,604	2,935,684	46,833	1,145,798	17,137,919							17,137,919	13,373,028
	<u>118,974,006</u>	<u>4,860,957</u>	<u>2,656,071</u>	<u>1,928,472</u>	<u>128,419,506</u>							<u>128,419,506</u>	<u>121,544,668</u>
Other institute expenses													
Salaries and related benefits	20,314,201	572,541	911,922	1,933,186	23,731,855	\$ 250,211	\$ 337,825	\$ 594,036	\$ 2,676,494	\$ 616,319	\$ 4,480,905	28,212,760	24,705,180
Occupancy	2,408,207	91,624	147,592	238,562	2,885,985	34,173	16,845	51,018	678,728	20,233	800,997	3,683,982	3,757,940
Outside services	3,603,827	54,309	59,723	591,855	4,309,714	46,497	405,791	452,288	901,167	195,293	2,001,036	6,310,750	6,666,648
Travel	977,840	76,590	20,989	108,339	1,183,758	8,887	27,405	36,376	101,536	76,376	250,516	1,434,274	1,347,518
Communications	445,829	14,945	20,083	49,108	529,965	17,103	44,960	62,063	162,640	9,351	149,737	679,702	641,817
Printing and supplies	745,692	6,023	7,115	57,681	816,511	10,201	20,158	30,359	16,007	8,464	85,189	901,700	899,110
Information services	223,510	6,392	2,573	10,768	243,243	6,027	60,189	66,216	(4,865)	9,846	137,413	632,560	625,637
Reception and meetings	231,715	4,144	2,868	23,068	261,795	5,816	33,639	39,455	59,996	51,127	190,033	311,452	391,064
Equipment rentals and repairs	309,842	17,001	8,247	64,151	399,241	6,377	4,195	10,572	59,249	2,881	74,274	468,515	426,469
Stationery and supplies	474,404	12,688	22,245	90,221	599,558	13,501	9,592	23,093	43,122	11,660	100,968	700,926	871,597
Other	383,857	16,193	22,001	87,847	510,898	14,572	91,083	105,655	203,556	94,835	509,201	1,020,699	1,376,072
	<u>30,993,952</u>	<u>871,128</u>	<u>1,240,103</u>	<u>3,280,542</u>	<u>35,985,725</u>	<u>419,371</u>	<u>1,053,456</u>	<u>1,472,827</u>	<u>4,793,597</u>	<u>1,096,405</u>	<u>8,815,656</u>	<u>44,821,381</u>	<u>43,030,504</u>
Depreciation and amortization	1,355,906	36,170	49,453	166,154	1,607,683	3,798	905	4,703	604,141	1,318	614,865	2,402,550	1,453,775
Total	\$ 151,103,866	\$ 5,168,255	\$ 3,945,627	\$ 5,375,108	\$ 166,192,916	\$ 423,169	\$ 1,054,361	\$ 1,472,530	\$ 5,397,738	\$ 1,097,723	\$ 9,450,521	\$ 175,943,437	\$ 165,020,947

The accompanying notes are an integral part of these financial statements

Institute of International Education, Inc.

Statement of Cash Flows

For the year ended September 30, 2002 with comparative totals
for the year ended September 30, 2001

	2002	2001
Cash flows from operating activities:		
(Decrease) increase in net assets provided by operating activities	\$ (3,596,515)	\$ 7,952,133
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	2,397,847	1,455,775
Amortization of gain on sale of building	(238,060)	(2,354,806)
Amortization of discount on bonds	11,343	
Realized gain on sale of investments	(591,555)	(2,742,462)
Unrealized depreciation on investments and other	4,856,118	8,160,757
Allowance for uncollectible amounts under contracts in progress		400,000
Contributions restricted for long-term investment	(51,047)	(5,197)
Change in operating assets and liabilities		
Reimbursable expenditures under contracts in progress	(11,443,559)	3,854,976
Contributions receivable	2,677,028	(8,740,181)
Prepaid expenses and other assets	2,161,477	(1,396,831)
Accounts payable and accrued expenses	4,855,024	(3,227,689)
Sponsored funds received in advance	(7,222,068)	3,229,309
Deferred income	(50,115)	(7,225,484)
Net cash used in operating activities	<u>(6,234,082)</u>	<u>(639,700)</u>
Cash flows from investing activities:		
Purchase of investments	(26,262,556)	(38,468,844)
Proceeds from sale of investments	29,174,121	41,870,053
Purchase of fixed assets	(5,242,044)	(25,846,221)
Net proceeds from sale of building		12,000,000
Increase in restricted cash	(1,451,048)	
Net cash used in investing activities	<u>(3,781,527)</u>	<u>(10,445,012)</u>
Cash flows from financing activities:		
Payment of note payable	(22,602,452)	
Proceeds from note payable		22,602,452
Proceeds from issuance of bonds	17,004,670	
Payment of bonds payable	(195,000)	
Contributions restricted for long-term investment	51,047	5,197
Net cash (used in) provided by financing activities	<u>(5,741,735)</u>	<u>22,607,649</u>
Net (decrease) increase in cash and cash equivalents	(15,757,344)	11,522,937
Cash and cash equivalents at beginning of year	19,055,658	7,532,721
Cash and cash equivalents at end of year	<u>\$ 3,298,314</u>	<u>\$ 19,055,658</u>
Supplemental information		
Cash paid for interest	<u>\$ 633,149</u>	<u>\$ 187,821</u>

The accompanying notes are an integral part of these financial statements

Institute of International Education, Inc.

Notes to Financial Statements

1. Description of Organization

The Institute of International Education, Inc (the "Institute") develops and administers programs of international educational exchange and technical assistance under renegotiable contracts with *governments, international organizations, corporations, foundations, colleges and universities in the United States and abroad*. The Institute is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization which is not a private foundation under Section 509(a).

Services to students, teachers, and other professionals from more than 170 countries are provided by the Institute's New York headquarters, regional offices and overseas offices. The Institute also administers educational assistance to universities and foreign countries, sponsors conferences and seminars and provides procurement services on behalf of certain sponsors.

In addition, through general support, the Institute conducts counseling and information services, issues publications, assists international programs in the performing and visual arts and conducts conferences, seminars and other special projects which provide assistance to individuals, colleges, universities and other organizations on matters of international education and cultural exchange.

International Fellowships Fund, Inc.

In February 2001, the Institute created and incorporated in the State of Delaware the International Fellowships Fund, Inc ("IFF"), a not-for-profit organization to administer and support the activities of the Institute's International Fellowships Program. The International Fellowships Program provides educational opportunities for individuals from disadvantaged populations. IFF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is designated as a Type 1 supporting organization. IFF commenced operations with funding received from the Ford Foundation in the amount of \$275,526,718 in September 2001. The Board of Trustees of IFF comprises two members of the Institute's management, two members of the Institute's Board of Trustees and three members from the Ford Foundation. IFF is controlled by the Institute and exists for the benefit of the Institute. Accordingly, IFF's financial position, changes in net assets and cash flows should be consolidated with that of the Institute in accordance with accounting principles generally accepted in the United States of America. However, in the accompanying financial statements the Institute has elected to exclude that information in order to provide a clearer presentation of its own financial position, changes in net assets and cash flows on a stand-alone basis. The Institute provides administrative services to IFF and charges an annual management fee. The management fee charged to IFF for the years ended September 30, 2002 and 2001 was \$270,000 and \$110,000, respectively.

Institute of International Education, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies

Basis of Presentation

The Institute is required to report revenues, support, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Institute are classified and reported as follows:

Permanently Restricted

Net assets that are subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Institute are reported as permanently restricted. These net assets include funds which have been designated by the donor to be held and invested in perpetuity, but permit the Institute to use the income and gains for specified and unspecified purposes.

Temporarily Restricted

Contributions that are received with donor stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Institute pursuant to those stipulations are considered temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unrestricted

Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Institute are considered unrestricted. Unrestricted net assets include board-designated net assets which are used to account for all resources over which the Board of Trustees has discretionary control. Revenues are reported as increases in unrestricted net assets unless the related asset is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expenses are reported as decreases in unrestricted net assets.

Support and Revenue

Revenues from sponsored programs are recognized as the Institute incurs the related expenditures. Cash received before the related expenditures are incurred is recorded as sponsored funds received in advance. To the extent that expenditures are made in excess of cash receipts, reimbursable expenditures on contracts in progress are recorded to the level of anticipated funding in a sponsored program.

Contributions are recorded as revenue when the Institute has an unconditional right to receive those funds. Contributions are recorded in a net asset classification based upon the existence or absence of donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Institute of International Education, Inc.

Notes to Financial Statements

Reimbursable Expenditures Under Contracts in Progress

Reimbursable expenditures under contracts in progress represent bona fide receivables in which the Institute has earned revenue on certain U S government contracts. Typically, these receivables are liquidated in a few days.

Cash Equivalents

All highly liquid investments having an original maturity of 90 days or less at time of purchase, including money market accounts, are considered to be cash equivalents.

Fixed Assets

Fixed assets are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Leasehold improvements are amortized over the shorter of estimated useful lives or the term of the lease. Depreciation and amortization expense for fiscal years 2002 and 2001 was \$2,397,847 and \$1,455,775, respectively.

Beneficial Interest in Perpetual Trust Held by Third Parties

The Institute is an income beneficiary of various trusts funds held by others in perpetuity. As a result, the Institute has recorded as an asset the net present value of the income estimated to be received from these trusts based upon multiplying the fair value of the underlying assets by the Institute's ownership percentages. Changes in fair value to the Institute's beneficial interests are recognized as gains or losses in the permanently restricted net asset category. According to the original donors' stipulation, distributions of net income from these trusts are to be made to the Institute and are to be spent for specified purposes. During fiscal years 2002 and 2001, distributions from these trusts in the amount of \$86,806 and \$107,499, respectively, were recorded as temporarily restricted contributions.

Retirement Benefits

Retirement benefits coverage is available for substantially all employees provided through individual contributory annuities with selected financial institutions. The Institute's contributions for fiscal years 2002 and 2001 under the provisions of this defined contribution plan were \$1,154,996 and \$952,133, respectively.

Functional Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Costs functionalized as "sponsored direct expenses" include all grantee pass-thru expenditures (e.g., tuition, grantee maintenance) and costs functionalized as "other institute expenses" include all operational costs (e.g., salaries, occupancy).

Volunteer Services/In-Kind Contributions

Contributed time from volunteers with specialized skills and contributed property are reflected as contributions revenue and volunteer service/in-kind contribution expense at their estimated market value as permitted by accounting principles generally accepted in the United States of America.

Institute of International Education, Inc.

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The accompanying statements of activities and functional expenses are presented with prior year summarized financial information in total, but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements as of and for the year ended September 30, 2001, from which the summarized information was derived.

Reclassifications

Certain amounts in the fiscal year 2001 financial statements have been reclassified to conform with the fiscal year 2002 presentation.

3. Investments

Investments as of September 30 consisted of the following:

	2002		2001	
	Fair Value	Cost Basis	Fair Value	Cost Basis
Cash and cash equivalents held for reinvestment	\$ 164,457	\$ 164,457	\$ 1,275,489	\$ 1,275,489
Corporate and government fixed income	14,772,608	14,654,014	15,996,658	15,555,181
Equities	20,958,006	31,120,234	25,392,761	31,432,824
	<u>\$ 35,895,071</u>	<u>\$ 45,938,705</u>	<u>\$ 42,664,908</u>	<u>\$ 48,263,494</u>

The Institute records investments in equity securities with readily determinable fair values and all investments in debt securities at fair value determined on the basis of quoted market values. Investments are recorded on a trade-date basis. Realized gains and losses are determined on the basis of average cost.

Institute of International Education, Inc.

Notes to Financial Statements

4. Fixed Assets

Fixed assets as of September 30 consisted of the following

	Estimated Useful Lives	2002	2001
Building	30 Years	\$ 18,705,321	\$ 18,379,215
Furniture	7 Years	1,794,558	1,534,691
Equipment	4 Years	8,820,155	3,150,550
Software development costs	3-6 Years	2,934,565	7,400,043
Leasehold improvements	3-25 Years	<u>5,770,181</u>	<u>2,332,891</u>
		38,024,780	32,797,390
Less - Accumulated depreciation		<u>(6,777,506)</u>	<u>(4,394,313)</u>
		31,247,274	28,403,077
Less - Unamortized deferred credit		<u>(6,903,755)</u>	<u>(7,141,815)</u>
		<u>\$ 24,343,519</u>	<u>\$ 21,261,262</u>

In July of 2001, the Institute exercised its right of first refusal and repurchased a significant portion of its New York headquarters building at 809 United Nations Plaza. The building is now a condominium with the Institute repurchasing 10 of the 12 available floors. The purchase price was \$22,750,000. In September of 2001, the Institute sold two of the repurchased floors to a foreign government for \$12,000,000. The Institute's basis in the two sold floors was \$4,788,875 and resulted in a gain on sale of \$7,251,030. A portion of the deferred credit associated with the Institute's sale and leaseback of the building in 1998 was assigned to the two floors sold and recognized in the current year. The remaining balance of the deferred credit has been netted with the Institute's fixed assets balance and is being amortized over a 30-year period.

5. Bonds Payable

On November 1, 2001, the Institute issued \$17,345,000 in tax exempt term bonds (the "Series 2001 bonds") through the New York City Industrial Development Agency ("IDA") to provide funds for the acquisition, equipping and improvement of the New York City office (the "Facility"). The bonds outstanding were issued, net of original issuance discount of \$340,330. In connection with the issuance of bonds, the Institute incurred costs that are being amortized over the term of the bond (30 years). Total deferred financing costs of \$473,119, net of accumulated amortization \$11,343 at September 30, 2002, are included in prepaid expenses and other assets.

The Institute has segregated a portion of the bond proceeds, for use in connection with certain capital expenditures, as restricted cash.

Institute of International Education, Inc.

Notes to Financial Statements

The Facility is owned by the Institute and leased by the Institute to the IDA and subleased by the IDA to the Institute pursuant to a lease agreement (the "Agreement") The Series 2001 bonds are payable by the IDA through a third party trustee solely from the lease rentals payable by the Institute pursuant to the Agreement, and are not secured by any mortgage lien or security interest in the Institute's ownership interest in the Facility The Series 2001 bonds are secured by a security interest in the Institute's gross revenues In addition, payment of the principal and interest on the Series 2001 bonds when due is insured The Series 2001 bonds mature in various amounts, ranging from \$280,000 to \$1,100,000 per year, through 2031 The fair market value of the Series 2001 bonds at September 30, 2002 was \$17,441,000 The nominal interest rates attributable to the Series 2001 bonds range from 4% to 5%

Principal payments on the Series 2001 bonds for the next 5 years are due as follows

Fiscal year:	
2003	\$ 280,000
2004	\$ 295,000
2005	\$ 305,000
2006	\$ 320,000
2007	\$ 330,000

In accordance with the Agreement, the Institute must comply with certain administrative requirements

6. Note Payable

During fiscal year 2001, the Institute entered into a note payable agreement for \$22,602,452 The note was obtained out as short-term financing in connection with the reacquisition of the New York City building (see Note 4) and subsequently repaid in December 2001, partially by proceeds from the Series 2001 bonds and partially by invested assets The note bore an average interest rate of 4.5%

7. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at September 30

	2002	2001
International exchange of students and scholars	\$ 33,463,407	\$ 32,632,076
Ford Foundation grant available for unrestricted purposes five years after funds were matched by the Institute	10,000,000	9,531,546
	<u>\$ 43,463,407</u>	<u>\$ 42,163,622</u>

Institute of International Education, Inc.

Notes to Financial Statements

Temporarily restricted net assets were released from restrictions for the year ended September 30 for the following purposes

	2002
International exchange of students and scholars	<u>\$ 6,095,554</u>

8. Permanently Restricted Net Assets

Permanently restricted net assets at September 30 were as follows

	2002	2001
Beneficial interest in perpetual trusts held by third parties	\$ 2,784,347	\$ 2,376,145
Endowment funds, investment return restricted to international exchange of students and scholars	1,419,360	1,369,360
Other	<u>1,291,091</u>	<u>1,164,269</u>
	<u>\$ 5,494,798</u>	<u>\$ 4,909,774</u>

9. Sponsored Program Revenue

Sponsored program revenue for fiscal year 2002 and 2001 was derived from the following major sponsor categories

	2002	2001
U S government agencies	\$ 126,475,920	\$ 109,104,699
Foundations and research organizations	22,803,695	28,949,473
Corporations	5,638,148	5,259,035
Foreign governments and international organizations	<u>8,212,715</u>	<u>8,899,330</u>
	<u>\$ 163,130,478</u>	<u>\$ 152,212,537</u>

Institute of International Education, Inc.

Notes to Financial Statements

10. Commitments and Contingencies

Rental expense was \$3,319,273 and \$3,548,411 for the years ended September 30, 2002 and 2001, respectively. The Institute leases space for its regional and certain overseas offices on a noncancelable, long-term basis. These agreements, expiring at various dates through 2005, permit the Institute to sublease such space at its option.

Minimum future lease commitments are as follows at September 30, 2002:

Fiscal year:	
2003	\$ 2,179,335
2004	1,616,710
2005	798,233
2006	11,258
	<u>\$ 4,605,536</u>

The Institute, from time to time, is involved in litigation concerning its business affairs. Management believes that the resolution of all pending litigation will not have a material adverse effect on the Institute's financial statements.

The Institute receives funding from governmental agencies for various activities which are subject to audit. Although such audits may result in disallowance of certain expenditures which would be absorbed by the Institute, in management's opinion the ultimate outcome of such audits would not have a significant effect on the financial condition, changes in net assets or cash flows of the Institute.

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box **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	Name of Exempt Organization Institute of International Education	Employer identification number 13 1624046
	Number, street and room or suite no. If a P O box, see instructions 809 United Nations Plaza	For IRS use only
	City, town or post office, state and ZIP code For a foreign address see instructions New York, NY 10017	

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

- 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

- I request an additional 3-month extension of time until August 15, 2003
- For calendar year _____ or other tax year beginning October 1, 2001 and ending September 30 2002
- If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period
- State in detail why you need the extension Additional time is needed to gather appropriate documentation to prepare the tax return.

- 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 \$ _____
- 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 \$ _____
- 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 \$ _____

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 [Signature] Title Assistant Controller Date May 2, 2002

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 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	Name
	Number and street (include suite, room, or apt no.) Or a P O box number
	City or town, province or state, and country (including postal or ZIP code)

EXTENSION APPROVED
MAY 16 2003
 LINDA WEISKOPF, FIELD DIRECTOR,
 SUBMISSION PROCESSING, OGDEN