

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)

2003

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 2003 calendar year, or tax year beginning 10/1/2003, and ending 9/30/2004

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

C Name of organization: INSTITUTE OF INTERNATIONAL EDUCATION
D Employer identification number: 13-1624046
E Telephone number: 212-883-8200
F Accounting method: Accrual
City or town: NEW YORK, State or country: NEW YORK, ZIP + 4: 10017-3580

G Website: WWW.IIE.ORG

J Organization type (check only one) [X] 501(c)(3) [] 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.

H and I are not applicable to section 527 organizations
H(a) Is this a group return for affiliates? [] Yes [X] No
H(b) If "Yes," enter number of affiliates: N/A
H(c) Are all affiliates included? [] Yes [] No N/A

H(d) Is this a separate return filed by an organization covered by a group ruling? [] Yes [X] No
I Group Exemption Number: N/A

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 190,527,756

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

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

Table with 21 rows and 4 columns: Description, Sub-column, Amount, Total. Includes sections for Revenue (lines 1-12) and Expenses (lines 13-21). Total revenue: 182,278,019. Total expenses: 171,664,337. Net assets at end of year: 76,633,805.

ENVELOPE AUG 09 2005 POSTMARK DATE

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Part I 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 page 22 of the instructions)

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 \$ 112,107,910 noncash \$ 0)	112,107,910	112,107,910		SEE PAGE 13
23	Specific assistance to individuals (attach schedule)	10,783,668	10,783,668		SEE PAGE 3
24	Benefits paid to or for members (attach schedule)	-0-	-0-		
25	Compensation of officers, directors, etc.	1,674,279		1,674,279	
26	Other salaries and wages	21,627,671	20,541,304	843,678	242,689
27	Pension plan contributions	1,303,419	1,237,857	50,833	14,729
28	Other employee benefits	2,370,786	2,251,535	92,461	26,790
29	Payroll taxes	1,597,433	1,516,883	62,140	18,410
30	Professional fundraising fees	-0-	-0-	-0-	-0-
31	Accounting fees	303,459	-0-	303,459	-0-
32	Legal fees	187,468		187,468	
33	Supplies	537,948	505,125	32,314	509
34	Telephone	1,162,633	1,056,804	101,166	4,663
35	Postage and shipping	850,133	818,068	23,341	8,724
36	Occupancy	3,709,357	3,127,697	573,074	8,586
37	Equipment rental and maintenance	326,649	300,018	24,321	2,310
38	Printing and publications	466,317	457,448	1,963	6,906
39	Travel	1,143,345	1,035,711	98,684	8,950
40	Conferences, conventions, and meetings	316,821	253,459	44,374	18,988
41	Interest	0			
42	Depreciation, depletion, etc. (attach schedule)	3,523,865	2,315,493	1,208,184	188
43	Other expenses not covered above (itemize): a	0			
b	OUTSIDE SERVICES	6,181,170	5,522,260	250,798	408,112
c	OTHER EXPENSES SEE PAGE 4	1,490,006	1,358,578	131,428	-0-
d		0			
e		0			
f		0			
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	171,664,337	165,189,818	5,703,965	770,554

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 \$ N/A ; (ii) the amount allocated to Program services \$ N/A ;
 (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

Part II Statement of Program Service Accomplishments (See page 25 of the instructions.)

What is the organization's primary exempt purpose? > SEE PAGE 2	Program Service Expenses Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts, but optional for others
a INTERNATIONAL EXCHANGE OF STUDENTS & SCHOLARS SEE PAGE 18 (Grants and allocations \$ 105,571,608)	150,990,750
b DEVELOPMENT TRAINING & ASSISTANCE SEE PAGE 19 (Grants and allocations \$ 483,252)	1,504,328
c SHORT - TERM INTERNATIONAL VISITORS SEE PAGE 20 (Grants and allocations \$ 3,341,479)	4,878,189
d EDUCATIONAL SERVICES SEE PAGE 21 (Grants and allocations \$ 2,711,571)	6,814,065
e Other program services (attach schedule) (Grants and allocations \$ SEE PAGE 11)	1,002,486
f Total of Program Service Expenses (should equal line 44, column (B), Program services) >	165,189,818

Part IV Balance Sheets (See page 25 of the instructions.)

				(A)		(B)	
				Beginning of year		End of year	
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only							
Assets	45	Cash—non-interest-bearing		10,274,720	45	11,295,110	
	46	Savings and temporary cash investments		-0-	46	-0-	
	47 a	Accounts receivable	47a	0			
	b	Less: allowance for doubtful accounts	47b	0	18,653,139	47c	16,515,246
	48 a	Pledges receivable	48a	0			
	b	Less: allowance for doubtful accounts	48b	0	6,551,932	48c	10,772,705
	49	Grants receivable		-0-	49	-0-	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)		0	50	0	
	51 a	Other notes and loans receivable (attach schedule)	51a	0			
	b	Less: allowance for doubtful accounts	51b	0	0	51c	0
	52	Inventories for sale or use		-0-	52	-0-	
	53	Prepaid expenses and deferred charges		664,705	53	826,585	
	54	Investments—securities (attach schedule) Page 12 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		23,204,424	54	49,059,841	
	55 a	Investments—land, buildings, and equipment: basis	55a	0			
	b	Less: accumulated depreciation (attach schedule)	55b	0	-0-	55c	0
56	Investments—other (attach schedule)		17,076,395	56	-0-		
57 a	Land, buildings, and equipment: basis	57a	34,643,757				
b	Less: accumulated depreciation (attach schedule) See Page 10	57b	13,031,306	24,323,118	57c	21,612,451	
58	Other assets (describe <input type="checkbox"/> SEE PAGE 7)		3,891,410	58	3,944,202		
59	Total assets (add lines 45 through 58) (must equal line 74)		104,639,843	59	114,026,140		
Liabilities	60	Accounts payable and accrued expenses		7,536,498	60	8,044,959	
	61	Grants payable		18,575,770	61	12,903,627	
	62	Deferred revenue		41,433	62	25,047	
	63	Loans from officers, directors, trustees, and key employees (attach schedule) See Page 24		0	63	150,000	
	64 a	Tax-exempt bond liabilities (attach schedule) See Page 15		16,552,358	64a	16,268,702	
	b	Mortgages and other notes payable (attach schedule)		0	64b	0	
	65	Other liabilities (describe <input type="checkbox"/>)		0	65	0	
66	Total liabilities (add lines 60 through 65)		42,706,059	66	37,392,335		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.						
	67	Unrestricted		21,158,790	67	21,187,711	
	68	Temporarily restricted		35,788,011	68	50,292,847	
	69	Permanently restricted		4,986,983	69	5,153,247	
	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)		61,933,784	73	76,633,805		
74	Total liabilities and net assets / fund balances (add lines 66 and 73)		104,639,843	74	114,026,140		

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 IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 27 of the instructions.)	
a Total revenue, gains, and other support per audited financial statements ▶	a 186,364,358
b Amounts included on line a but not on line 12, Form 990:	
(1) Net unrealized gains on investments . . . \$ 4,086,339	
(2) Donated services and use of facilities . . . \$ -0-	
(3) Recoveries of prior year grants \$ -0-	
(4) Other (specify):	
----- \$	
----- \$	
Add amounts on lines (1) through (4) . . . ▶	b 4,086,339
c Line a minus line b ▶	c 182,278,019
d Amounts included on line 12, Form 990 but not on line a:	
(1) Investment expenses not included on line 6b, Form 990 . . . \$	
(2) Other (specify):	
----- \$	
----- \$	
Add amounts on lines (1) and (2) . . . ▶	d 0
e Total revenue per line 12, Form 990 (line c plus line d) ▶	e 182,278,019

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return	
a Total expenses and losses per audited financial statements ▶	a 171,664,337
b Amounts included on line a but not on line 17, Form 990:	
(1) Donated services and use of facilities . . . \$	
(2) Prior year adjustments reported on line 20, Form 990 \$	
(3) Losses reported on line 20, Form 990 . . . \$	
(4) Other (specify):	
----- \$	
----- \$	
Add amounts on lines (1) through (4) . . . ▶	b 0
c Line a minus line b ▶	c 171,664,337
d Amounts included on line 17, Form 990 but not on line a:	
(1) Investment expenses not included on line 6b, Form 990 \$	
(2) Other (specify):	
----- \$	
----- \$	
Add amounts on lines (1) and (2) . . . ▶	d 0
e Total expenses per line 17, Form 990 (line c plus line d) ▶	e 171,664,337

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see page 27 of the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
Name SEE PAGES Str 9, 16 & 17	Title			
City ST ZIP	Hr/WK	1,674,279	112,115	0
Name Str	Title			
City ST ZIP	Hr/WK			
Name Str	Title			
City ST ZIP	Hr/WK			
Name Str	Title			
City ST ZIP	Hr/WK			
Name Str	Title			
City ST ZIP	Hr/WK			
Name Str	Title			
City ST ZIP	Hr/WK			
Name Str	Title			
City ST ZIP	Hr/WK			
Name Str	Title			
City ST ZIP	Hr/WK			

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ▶ Yes No
 If "Yes," attach schedule—see page 28 of the instructions.

Part VII Other Information (See page 28 of the instructions.)		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		X
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.		X
78a	78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
78b	78b If "Yes," has it filed a tax return on Form 990-T for this year?		N/A
79	79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
80a	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?	X	
	80b If "Yes," enter the name of the organization <u>INTERNATIONAL FELLOWSHIPS FUND INC.</u> and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81a	81a Enter direct and indirect political expenditures. See line 81 instructions <u>81a -0-</u>		
81b	81b Did the organization file Form 1120-POL for this year?		X
82a	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?		X
	82b 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.) <u>82b -0-</u>		
83a	83a Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	83b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	84a Did the organization solicit any contributions or gifts that were not tax deductible?		X
84b	84b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		N/A
85a	85a 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		N/A
85b	85b 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.		N/A
85c	85c Dues, assessments, and similar amounts from members <u>N/A</u>		
85d	85d Section 162(e) lobbying and political expenditures <u>N/A</u>		
85e	85e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices <u>N/A</u>		
85f	85f Taxable amount of lobbying and political expenditures (line 85d less 85e) <u>N/A</u>		
85g	85g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		N/A
85h	85h 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?		N/A
86a	86a 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 <u>N/A</u>		
86b	86b Gross receipts, included on line 12, for public use of club facilities <u>N/A</u>		
87a	87a 501(c)(12) orgs. Enter: a Gross income from members or shareholders <u>N/A</u>		
87b	87b b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) <u>-0-</u>		
88	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		X
89a	89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>> -0-</u> ; section 4912 <u>> -0-</u> ; section 4955 <u>> -0-</u>		
89b	89b 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		X
	89c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>> -0-</u>		
	89d Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>> -0-</u>		
90a	90a List the states with which a copy of this return is filed <u>> NEW YORK, NEW JERSEY, CALIFORNIA, ILLINOIS, COLORADO</u>		
90b	90b b Number of employees employed in the pay period that includes March 12, 2003 (See instructions.) <u>380</u>		
91	91 The books are in care of <u>> Name JEFF, LEIST- INST. OF INT'L EDUCATION</u> Telephone no <u>> 212-883-8200</u> Located at <u>> 809 UNITED NATIONS PLAZA</u> City <u>NEW YORK</u> ST <u>NY</u> Zip + 4 <u>> 10017</u>		
92	92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041— Check here <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the tax year <u>> 92</u>		

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

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					5,651,522
b PUBLICATION SALES					124,295
c CONFERENCE FEES					1,872
d STATISTICAL REPORTS					9,625
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments			03	372,839	
95 Interest on savings and temporary cash investments				-0-	
96 Dividends and interest from securities			14	1,183,196	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-945,508	
101 Net income or (loss) from special events			01	805,691	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a CURRENCY GAIN			18	12,167	
b MISCELLANEOUS INCOME					249,198
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		1,428,385	6,036,512
105 Total (add line 104, columns (B), (D), and (E))					7,464,897

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 page 34 of the instructions.)

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).
▽	
	SEE PAGE 1

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

(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
N/A	%		0	0
	%		0	0
	%		0	0
	%		0	0

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

- (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 8879 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

Date 8 August 2005

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

OMB No 1545-0047

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

2003

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

Employer identification number

INSTITUTE OF INTERNATIONAL EDUCATION

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
Name BRIAN CHEN Str 809 UNITED NATIONS PLAZA City NEW YORK ST NY Zip 10017 Country USA	Director Inf. Technology Title Avg hr/wk 45	146,300	10,598	-0-
Name JAY CHEN Str 809 UNITED NATIONS PLAZA City NEW YORK ST NY Zip 10017 Country USA	General Counsel Title Avg hr/wk 32	120,000	375	-0-
Name ROBERT SLATTERY Str 809 UNITED NATIONS PLAZA City NEW YORK ST NY Zip 10017 Country USA	Director Admin. Services Title Avg hr/wk 33	119,892	11,200	-0-
Name DANIELA Z KAISTH Str 809 UNITED NATIONS PLAZA City NEW YORK ST NY Zip 10017 Country USA	Director Program Dev. Title Avg hr/wk 30	113,000	7,725	-0-
Name THOMAS E. HARVEY Str 809 UNITED NATIONS PLAZA City NEW YORK ST NY Zip 10017 Country USA	Snr. Counselor Title Avg hr/wk 20	109,976	8,248	-0-
Total number of other employees paid over \$50,000	116			

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
Name SIEMENS BUSINESS SERVICES Str P.O. BOX 777-W 501879 City PHILADELPHIA, PA ST PA ZIP 19175-1879 Country USA	Check here if a business <input checked="" type="checkbox"/> TECHNICAL SERVICES	1,153,771
Name WILLIAM BYRNE & ASSOCIATES Str 1819 CLARKSON ROAD, SUITE 200 City CHESTERFIELD ST MO ZIP 63017 Country USA	Check here if a business <input checked="" type="checkbox"/> INFORMATION TECHNOLOGY	216,046
Name PRICEWATERHOUSECOOPERS, LLP Str P.O. BOX 7247-8001 City PHILADELPHIA ST PA ZIP 19170-8001 Country USA	Check here if a business <input checked="" type="checkbox"/> ACCOUNTING FIRM	183,459
Name ADVANCE SOFTWARE SYSTEMS, INC. Str 115 ROWELL COURT City FELLOWS CHURCH ST VA ZIP 22046 Country USA	Check here if a business <input checked="" type="checkbox"/> CONSULTING-INF. TECHNOLOGY	165,526
Name RJL RESOURCES Str 60 EAST 42ND STREET SUITE 1262 City NEW YORK ST NY ZIP 10165 Country USA	Check here if a business <input checked="" type="checkbox"/> TEMPORARY HELP	90,895
Total number of others receiving over \$50,000 for professional services	5	

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 ▷ \$ <u>0</u> (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B.)		X
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?		X
b.	Lending of money or other extension of credit?		X
c.	Furnishing of goods, services, or facilities?		X
d.	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PAGE 9	X	
e.	Transfer of any part of its income or assets?		X
3 a.	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.) See Page 14	X	
b.	Do you have a section 403(b) annuity plan for your employees?	X	
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X

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 ▷ _____ City _____ ST _____ Country _____
- 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.)
- 11 a. 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.)
- 11 b. A community trust. Section 170(b)(1)(A)(vi). (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 IVA 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) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	153,438,463	170,122,775	163,884,067	140,431,572	627,876,877
16 Membership fees received	369,792	327,275	259,076	304,136	1,260,279
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	4,301,434	4,221,479	4,319,234	3,520,776	16,362,923
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	1,150,463	1,616,114	1,983,686	2,015,124	6,765,387
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
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					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	-990,725	-983,596	930,351	2,282,539	1,238,569
23 Total of lines 15 through 22	158,269,427	175,304,047	171,376,414	148,554,147	653,504,035
24 Line 23 minus line 17	153,967,993	171,082,568	167,057,180	145,033,371	637,141,112
25 Enter 1% of line 23	1,582,694	1,753,040	1,713,764	1,485,541	
26 Organizations described on lines 10 or 11:					
a Enter 2% of amount in column (e), line 24					26a 12,742,822
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 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 42,508,311
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 637,141,112
d Add: Amounts from column (e) for lines:					
18 6,765,387	19	0			
22 1,238,569	26b	42,508,311			
e Public support (line 26c minus line 26d total)					26e 586,628,845
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 92.07%
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:					
(2002) _____ (2001) _____ (2000) _____ (1999) _____					
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:					
(2002) _____ (2001) _____ (2000) _____ (1999) _____					
c Add: Amounts from column (e) for lines:					
15 0	16	0			
17 0	20	0	21	0	
d Add: Line 27a total 0 and line 27b total 0					27c 0
e Public support (line 27c total minus line 27d total)					27d 0
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)					27e 0
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27f 0
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27g 0.00%
					27h 0.00%
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, 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.)		

34 a 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

(The term "expenditures" means amounts paid or incurred.)

		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
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	0 0
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	0 0
41	Lobbying nontaxable amount. Enter the amount from the following table—		
	If the amount on line 40 is—		
	The lobbying nontaxable amount is—		
	Not over \$500,000 20% of the amount on line 40		
	Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000 . . . \$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000 . . \$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000 \$1,000,000		
41		41	0 0
42	Grassroots nontaxable amount (enter 25% of line 41)	42	0 0
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	0 0
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	0 0

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) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45	Lobbying nontaxable amount				0
46	Lobbying ceiling amount (150% of line 45(e))				0
47	Total lobbying expenditures				0
48	Grassroots nontaxable amount				0
49	Grassroots ceiling amount (150% of line 48(e))				0
50	Grassroots lobbying expenditures				0

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		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i Total lobbying expenditures (Add lines c through h.)			0

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 VII and Part VIII

- 93(a) Income represents reimbursement of costs to produce reports and administration fees for participants of 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.
- 103(b) Miscellaneous excess program funds restricted for educational exchange activities in which the Institute participates.

Institute of International Education 13-1624046

Form 990, Part III

September 30, 2004

Primary Exempt Purpose:

The Institute of International Education, Inc. (the "Institute") was founded in 1919 and incorporated in 1928 in the State of New York. 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 the Section 501©(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.

Institute of International Education 13-1624046

Schedule for Form 990, Part II, Line 23

September 30, 2004

	International Exchange of Students and <u>Scholars</u>	Development Training and <u>Assistance</u>	Short-Term International <u>Visitors</u>	Educational <u>Services</u>	Other Program <u>Services</u>	
Per Diem	\$198,052	\$8,365	\$1,070	\$35,671	\$0	
Fees & Honoraria	2,307,731	98,074	12,544	418,240	0	
Working Lunch/Meetings	495,170	20,913	2,675	89,185	0	
Security Guard Allowance	6,109	258	33	1,100	0	
Advances - Grantee	222,042	9,378	1,199	39,992	0	
Printing	173,468	7,326	937	31,243	0	
Meetings and Conferences	1,560,703	65,915	8,431	281,099	0	
Rental of Meeting Space	129,882	5,485	702	23,393	0	
Medical Expenses & Examinations	118,594	5,009	641	21,360	0	
Bank Charges	7,175	303	39	1,292	0	
Loan Repayment	-546,697	-23,089	2,953	-98,466	0	
Freight, Shipping and Storage	52,312	613		84,487	0	
Emergency Loans	11	0	0	2	0	
Communication Expenses	77,808	3,286	420	14,014	0	
Translation Expenses	68,968	2,913	373	12,422	0	
Group Cultural Events	110,279	4,658	596	19,862	0	
Interpreters	44,621	1,885	241	8,037	0	
Consultant	2,429,485	102,608	13,124	437,576	0	
Translation Expenses - CIES	38,137	1,611	206	6,869	0	
Project Office And Administration	507,914	21,451	2,744	91,481	0	
Advertising	108,314	4,575	585	19,508	0	
Selection Committee	4,137	175	22	745	0	
Evaluation	975	41	5	176	0	
Miscellaneous Expenses	<u>601,255</u>	<u>25,394</u>	<u>3,248</u>	<u>108,292</u>	<u>5,615</u>	
Total to Form 990, Part II, Line 23	<u>\$8,716,443</u>	<u>\$367,145</u>	<u>\$46,882</u>	<u>\$1,647,582</u>	<u>\$5,615</u>	\$10,783,668

Institute of International Education - 13-1624046

Schedule for Form 990, Part II, Line 43C

September 30, 2004

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Books & Magazines	\$24,375	\$9,264	\$33,639
Membership Dues & Conference Fees	39,469	69,561	109,030
Insurance	24,331	316,221	340,552
Bank Charges	10,925	118,274	129,199
Storage	-	564	564
Loss on Foreign Exchange	1,093	-	1,093
Freight	8,272	-	8,272
Investment Management Fees	7,033	-	7,033
Meals	5,560	357	5,917
Bond Interest	-	864,692	864,692
Allocation Transfer	1,205,817	(1,205,817)	-
Capital Expenses - Auto	-	-	-
Capital Expenses - Computer	15,083	3,269	18,352
Capital Expenses - Furniture	1,061	-	1,061
Miscellaneous Expenses	<u>15,559</u>	<u>(44,957)</u>	<u>(29,398)</u>
 Total Form 990, Part II, Line 43c	 <u>\$ 1,358,578</u>	 <u>\$ 131,428</u>	 <u>\$ 1,490,006</u>

Institute of International Education - 13-1624046

Sale of Assets
990, Part I, Line 8
September 30, 2004

	<u>Proceeds from sale</u>	<u>Cost</u>	<u>Gain on sale</u>
Common and Preferred Stocks	6,847,385	7,792,893	(945,508)
Total to Line 8(a)	<input type="text" value="\$6,847,385"/>		
Total to Line 8(b)		<input type="text" value="\$7,792,893"/>	
Total to Line 8(d)			<input type="text" value="(\$945,508)"/>

Institute of International Education - 13-1624046

Schedule for Form 990
Part I, line 9

Description	Gross Revenue 9a	Direct Expenses 9b	Net Income 9c
Chicago benefit	\$141,664	\$50,896	\$90,768
Denver benefit	113,510	77,036	36,474
Houston benefit	288,681	36,038	252,643
San Francisco benefit	139,410	120,226	19,184
Trustee Benefit Dinner	579,270	172,648	406,622
Totals	\$1,262,535	\$456,844	\$805,691

Institute of International Education - 13-1624046
Schedule of Other Assets
Form 990, Part IV, Line 58
September 30, 2004

Beneficial interest in perpetual trusts held by third parties	\$ 3,243,145
Deposits-Other	57,967
Bond Issuance Costs	425,808
Advances Employees	28,878
Advance - Overseas Offices	161,478
Book Inventory	7,419
Publication Receivable	6,477
Other	13,030
Total Part IV, Line 58 Other Assets	\$3,944,202

Institute of International Education - 13-1624046
Schedule for 990, Part I, Line 20
September 30, 2004

Unrealized (Loss) at September 30, 2003	- \$3,611,278	
Unrealized Gain at September 30, 2004	<u>308,797</u>	
Change in Unrealized Gain		3,920,075
Market value of Third Party Investments September 30, 2003	3,076,881	
Market value of Third Party Investments September 30, 2004	<u>3,243,145</u>	
Unrealized Gain		166,264
Total to Form 990, Part I, Line 20		<u><u>\$4,086,339</u></u>

List of Officers, Directors and Trustees
 Form 990, Part V
September 30, 2004

	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 54	320,000	15,750
Patti McGill Peterson 3007 Tilden Street Washington, DC 20008	Vice President Council for International Education 43	156,560	11,742
Joan Rosalie Dassin 809 United Nations Plaza New York, NY 10017	Executive Director Ford Foundation 33	153,666	11,481
Edith Cecil 1400 K Street Washington, DC 20005	Vice President Professional Exchange 47	144,200	11,252
Mary Kirk 809 United Nations Plaza New York, NY 10017	Vice President Student Exchange 47	144,200	13,699
James Lapple 1400 K Street, NW Washington, DC 20005	Snr Vice President Admin & Finance 45	143,718	7,718
Ahmad Ghamarian 1400 K Street, NW Washington, DC 20005	Director 35	138,859	12,954
John Lever 809 United Nations Plaza New York, NY 10017	Director Admin & Finance 50	130,108	8,505
Joan Wall 1400 K Street, NW Washington, DC 20005	Deputy Vice president Office of President 42	125,000	10,000
Peggy Blumenthal 809 United Nations Plaza New York, NY 10017	Vice President Educational Services 24	110,468	9,014
Tina A Ravitz 809 United Nations Plaza New York, NY 10017	Executive Vice President 56	107,500	0
Totals to 990 Part V		1,674,279	112,115

Institute of International Education
Form 990, Part IV, Line 57a, Line 57b & Line 57c
September 30, 2004

Description of Property	Estimated Useful Lives	Cost Basis 9/30/04	Accumulated Depreciation at 10/1/03	Depreciation Current Period	Disposals Current Period	Accumulated Depreciation at 9/30/04
Building	30 Years	<u>18,846,730</u>	<u>1,405,299</u>	<u>628,224</u>		<u>2,033,523</u>
Furniture	7 Years	<u>1,996,294</u>	<u>853,495</u>	<u>244,416</u>		<u>1,097,911</u>
Equipment	2-4 Years					
Office Equipment		591,007	392,372	59,284		451,656
Auto		7,023	7,023			7,023
Computer Software		4,054,091	1,303,692	678,328		1,982,020
Computer Hardware		4,826,685	2,967,659	1,027,692		3,995,351
Other - Donated artwork		10,702	-	-		-
Total equipment		<u>9,489,508</u>	<u>4,670,746</u>	<u>1,765,304</u>		<u>6,436,050</u>
Software development costs	3-7 Years					
Grantee Insurance		40,000		14,544		14,544
IFP Fellowship		160,000		50,537		50,537
NSEP		200,000		59,570		59,570
Grantax		20,000		4,665		4,665
Energy Financial		160,000		38,576		38,576
IFP Financial		120,000		28,930		28,930
SEVIS		360,000		85,527		85,527
Cairo Ioms		27,757		8,582		8,582
IHRIP		160,000		25,989		25,989
PEP		280,000		40,000		40,000
PEP Financial		40,000		4,527		4,527
Fulbright Reports		72,000		4,076		4,076
CIP Consultants IT Reengineering		14,397				-
CIP Hardware IT Reengineering		88,915				-
CIP Software IT Reengineering		76,494				-
CIP Travel Exps IT Reengineering		19,079				-
Financial Systems Development		1,734,023	1,444,286	144,674		1,588,960
Fulbright Computer System		197,558	197,549			197,549
Total software development costs		<u>3,770,223</u>	<u>1,641,835</u>	<u>510,197</u>		<u>2,152,032</u>
Leasehold improvements	3-25 Years	6,963,326	963,304	348,486		1,311,790
CIP Mexico Renovation		5,311	-	-		-
Total leasehold improvements		<u>6,968,637</u>	<u>963,304</u>	<u>348,486</u>		<u>1,311,790</u>
Total		<u>41,071,392</u>	<u>9,534,679</u>	<u>3,496,627</u>		<u>13,031,306</u>
Reconciliation						
Total cost basis		41,071,392				
Less accumulated depreciation		<u>(13,031,306)</u>				
Sub-total		28,040,086				
Less unamortized deferred credit		<u>(6,427,635)</u>				
Total fixed assets, net		<u>21,612,451</u>				

Institute of International Education - 13-1624046

Schedule for Form 990, Part III, Line e
September 30, 2004

Other Program Services

Research, publications and information services (See page 22)	\$606,929
Overseas and Regional Office activities (See Page 23)	<u>395,557</u>
Total Part III, Line e	<u>\$1,002,486</u>

Institute of International Education - 13-1624046

Schedule for Form 990 Part IV, Line 54

September 30, 2004

Investments

Cash and cash equivalents

Fiduciary Trust - Cash account	\$280,579
Neuberger Berman	<u>1,064,458</u>
Sub-total	\$1,345,037

Fixed Income

Commercial Paper	\$5,750
Fiduciary Trust - Israel Bonds	29,332
State Street Passive Bond	<u>18,045,513</u>
Sub-total	\$18,080,595

Equities

State Street Russell 2000	\$3,662,261
State Street Russell 1000	18,459,509
State Street EAFE Int'l Fund	3,481,912
Neuberger Berman	<u>4,030,527</u>
Sub-total	\$ 29,634,209

Total to form 990, Part IV, Line 54	<u>\$ 49,059,841</u>
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Institute of International Education - 13-1624046

Schedule for Form 990 , Part II Line 22

September 30, 2004

Tuition	25,229,130
Travel and Field Trips	13,127,556
Grantee maintenance	61,458,554
Grantee Book Allowance	1,909,992
Procurement of equipment and supplies	1,199,181
Insurance	500,858
Grants	<u>8,682,639</u>
Total to 990, Part II, Line 22	<u>\$112,107,910</u>

Institute of International Education - 13-1624046

Statement in Support of Form 990, Schedule A, Part III, Line 3a

September 30, 2004

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.

Foreign students are selected by a Selection Committee in their home country. The committee is made up a Foreign Service Officer (Cultural or Public Affairs), an academics in the candidates field of study, professionals in their field and Alumni who have returned home. It is required that the program have open competition, so publicity is made through major broadcasting or printed media. Applicants are then screened for competitiveness based on their academic and professional records. Those that make it through the first round are invited to an interview. The final panel is then selected and presented to IIE.

Institute of International Education – 13-1624046

Schedule for Form 990, Part IV, Line 64 a

September 30, 2004

Tax-exempt Bond Liabilities

In November 2001, the Institute of International Education issued \$17,345,000 in tax exempt term 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 amount outstanding as at September 30, 2004 is \$16,268,702 .

**INSTITUTE OF INTERNATIONAL EDUCATION
BOARD OF TRUSTEES
2004**

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Mr. George J. Donnelly President and CEO San Jacinto Museum of History	3	Dr. Henry A. Kissinger Kissinger Associates, Inc.	1
Mr. Jeffrey E. Epstein Chairman & CEO The Financial Trust Company	2	Mr. E. Michel Kruse	6
		Mr. Benjamin F. Lenhardt, Jr.	1
		Mr. Don Marshall Regional President Wells Fargo	4

The Hon. Donald F. McHenry
Distinguished Professor of Diplomacy and
International Affairs
Georgetown University 3
School of Foreign Service

Ms. Linda R. Meier 4

Mr. Minoru Mori
President and CEO 1
Mori Building Co., Ltd

Mr. Karlheinz Muhr
Managing Director 3
& Global Product Head
Credit First Suisse Boston

Mrs. Diane J. Paton 6

Dr. George Rupp 1
President
International Rescue Committee

Mr. Thomas A. Russo 6
Vice Chairman and Chief Legal Officer
Lehman Brothers Inc.

Mr. Frank Savage 1
Chief Executive Officer
Savage Holdings LLC

Mr. John Sexton
President 2
New York University

Mr. Peter R. Thompson 6
VP & CFO – Latin America
PepsiCo

Mr. Henrik N. Vanderlip 4
Chairman
Viking Capital Partners

Ms. Linda Vester 3
Anchor
Fox News Channel

LIFE TRUSTEES:

Mr Fentress Bracewell 1

Robin Chandler Duke 2

Miss Madeline H. McWhinney 1

Mr. Martin Meyerson 1
Emeritus President and University Professor
University of Pennsylvania

SIGNIFICANT PROGRAM SERVICE ACTIVITIES

Form 990, Part III (a)
September 30, 2004

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. Department of State, 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 \$150,990,750

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SIGNIFICANT PROGRAM SERVICE ACTIVITIES

Form 990, Part III (b)
September 30, 2004

Development Training and Assistance

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

Support 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. Department of State.

Total	\$1,504,328
	=====

SIGNIFICANT PROGRAM SERVICE ACTIVITIES

Form 990, Part III (c)
September 30, 2004

Short-term International Visitors

Activities of this type involve the administration of programs which establish travel and appointment itineraries for visitors. 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 Department of State.
- 2) Fulbright Scholars.
- 3) Various Ford Foundation sponsored non-academic grants.

Total \$4,878,189

=====

INSTITUTE OF INTERNATIONAL EDUCATION 13-1624046

SIGNIFICANT PROGRAM SERVICE ACTIVITIES

Form 990, Part III (d)
September 30, 2004

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	\$6,814,065
	=====

INSTITUTE OF INTERNATIONAL EDUCATION 13-1624046

SIGNIFICANT PROGRAM SERVICE ACTIVITIES

Form 990, Part III (e)
September 30, 2004

Research, Publications and Information Services

As an integral part of the organization'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, the Institute 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 \$606,929

SIGNIFICANT PROGRAM SERVICE ACTIVITIES

Form 990, Part III (e)
September 30, 2004

Overseas and Regional Office Activities

To facilitate the movement of students in the broad field of international education, the Institute has established overseas offices in Mexico City, Mexico; Hong Kong, Bangkok, Thailand, Jakarta, Indonesia, Budapest, Hungary, Cairo, Egypt, Moscow, Vietnam and Beijing. In addition, the Institute 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	\$395,557
	=====

Institute of International Education
9/30/2004
Form 990
Part IV
Line 63

Lender's name	Thomas Russo	Lawrence Hite	Henry Jarecki	
Lender's title	Trustee	Chair SRF Outreach Cte	Trustee	Total
Original amount	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000
Balance due	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000
Date of note	8/5/2004	8/5/2004	8/5/2004	
Maturity date	See Note 1	See Note 1	See Note 1	
Repayment terms	See Note 1	See Note 1	See Note 1	
Interest rate	0.00%	0.00%	0.00%	
Security provided by the borrower	None	None	None	
Purpose of the loan	See Note 2	See Note 2	See Note 2	
Description of and fair market value of the consideration furnished by the lender	Cash - \$50,000	Cash - \$50,000	Cash - \$50,000	

Note 1: The Institute will repay the principal amount of the loan, without interest, on the first anniversary of the date of hire of the Development Officer (the "Loan Termination Date"). However, should the Institute not receive contributions or pledges for the Scholar Rescue Fund by the Loan Termination Date of at least \$150,000, the principal amount due shall be reduced by one-third (1/3) such deficit. In addition, on the Loan Termination Date, the lenders may determine whether to forgive all or a portion of their loan.

Note 2: The purpose of the loan is to fund a Development Officer for the Scholar Rescue Fund.

Note 3: The reasons an outside lender was not used for these loans is that this was a unique situation that was initiated by the three (3) Trustees. Also the Institute would not have been able to secure such favorable repayment terms and interest rate from an outside lender.

Line 90a (990) - States with which a copy of this return is filed

<input type="checkbox"/>	Armed Forces the Americas	<input type="checkbox"/>	Louisiana	<input type="checkbox"/>	Palau
<input type="checkbox"/>	Armed Forces Europe	<input type="checkbox"/>	Massachusetts	<input type="checkbox"/>	Rhode Island
<input type="checkbox"/>	Alaska	<input type="checkbox"/>	Maryland	<input type="checkbox"/>	South Carolina
<input type="checkbox"/>	Alabama	<input type="checkbox"/>	Maine	<input type="checkbox"/>	South Dakota
<input type="checkbox"/>	Armed Forces Pacific	<input type="checkbox"/>	Marshall Islands	<input type="checkbox"/>	Tennessee
<input type="checkbox"/>	Arkansas	<input type="checkbox"/>	Michigan	<input type="checkbox"/>	Texas
<input type="checkbox"/>	American Samoa	<input type="checkbox"/>	Minnesota	<input type="checkbox"/>	Utah
<input type="checkbox"/>	Arizona	<input type="checkbox"/>	Missouri	<input type="checkbox"/>	Virginia
<input checked="" type="checkbox"/>	California	<input type="checkbox"/>	Commonwealth of the Northern Mariana Islands	<input type="checkbox"/>	U.S. Virgin Islands
<input checked="" type="checkbox"/>	Colorado	<input type="checkbox"/>	Mississippi	<input type="checkbox"/>	Vermont
<input type="checkbox"/>	Connecticut	<input type="checkbox"/>	Montana	<input type="checkbox"/>	Washington
<input type="checkbox"/>	District of Columbia	<input type="checkbox"/>	North Carolina	<input type="checkbox"/>	Wisconsin
<input type="checkbox"/>	Delaware	<input type="checkbox"/>	North Dakota	<input type="checkbox"/>	West Virginia
<input type="checkbox"/>	Florida	<input type="checkbox"/>	Nebraska	<input type="checkbox"/>	Wyoming
<input type="checkbox"/>	Federated States of Micronesia	<input type="checkbox"/>	New Hampshire		
<input type="checkbox"/>	Georgia	<input checked="" type="checkbox"/>	New Jersey		
<input type="checkbox"/>	Guam	<input type="checkbox"/>	New Mexico		
<input type="checkbox"/>	Hawaii	<input type="checkbox"/>	Nevada		
<input type="checkbox"/>	Iowa	<input checked="" type="checkbox"/>	New York		
<input type="checkbox"/>	Idaho	<input type="checkbox"/>	Ohio		
<input checked="" type="checkbox"/>	Illinois	<input type="checkbox"/>	Oklahoma		
<input type="checkbox"/>	Indiana	<input type="checkbox"/>	Oregon		
<input type="checkbox"/>	Kansas	<input type="checkbox"/>	Pennsylvania		
<input type="checkbox"/>	Kentucky	<input type="checkbox"/>	Puerto Rico		

**Institute of International
Education, Inc.**

**Financial Statements
September 30, 2004**

Institute of International Education, Inc.
Financial Statements
September 30, 2004
Index

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Statement of Functional Expenses with comparative totals for the year ended September 30, 2003	4
Statements of Cash Flows	5
Notes to Financial Statements	6

Report of Independent Auditors

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, 2004, 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 summarized comparative information has been derived from the Institute's 2003 financial statements, and in our report, dated December 5, 2003, we expressed a qualified opinion on those financial statements.

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, 2004, 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.

April 19, 2005
New York, New York

PricewaterhouseCoopers LLP

Institute of International Education, Inc.
Statements of Financial Position
As of September 30, 2004 and 2003

	2004	2003
Assets		
Cash and cash equivalents	\$ 11,166,955	\$ 10,093,091
Reimbursable expenditures under contracts in progress	16,515,246	18,653,139
Contributions receivable, net	10,772,705	6,551,932
Investments, at fair value	49,059,841	40,280,819
Prepaid expenses and other assets	1,527,642	1,479,234
Fixed assets, net	21,612,451	24,323,118
Restricted cash	128,155	181,629
Beneficial interest in perpetual trusts held by third parties	<u>3,243,145</u>	<u>3,076,881</u>
 Total assets	 <u>\$ 114,026,140</u>	 <u>\$ 104,639,843</u>
 Liabilities and Net Assets		
Liabilities		
Bonds payable, net	\$ 16,268,702	\$ 16,552,358
Accounts payable and accrued expenses	8,194,959	7,536,498
Sponsored funds received in advance	12,903,627	18,575,770
Deferred income	<u>25,047</u>	<u>41,433</u>
Total liabilities	<u>37,392,335</u>	<u>42,706,059</u>
 Commitments and contingencies		
 Net assets		
Unrestricted	21,187,711	21,158,790
Temporarily restricted	50,292,847	35,788,011
Permanently restricted	<u>5,153,247</u>	<u>4,986,983</u>
Total net assets	<u>76,633,805</u>	<u>61,933,784</u>
 Total liabilities and net assets	 <u>\$ 114,026,140</u>	 <u>\$ 104,639,843</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, 2004 with comparative totals for the year ended
September 30, 2003

	2004			2003 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues				
Sponsored programs	\$ 144,666,187			\$ 144,666,187
Contributions	772,155	\$ 34,713,592		35,485,747
Investment return	3,207,333	950,430	\$ 166,264	4,324,027
Sales of publications	124,295			124,295
Special events				
Contributions	1,575,245			1,575,245
Direct costs	(456,844)			(456,844)
Net revenues from special events	1,118,401			1,118,401
Membership fees	372,839			372,839
Other revenue	272,862			272,862
	150,534,072	35,664,022	166,264	186,364,358
Net assets released from restrictions	21,159,186	(21,159,186)		
Total revenues	171,693,258	14,504,836	166,264	186,364,358
Expenses				
Program services				
Sponsored programs				
International exchange of students and scholars	150,990,750			150,990,750
Development training and assistance	1,504,328			1,504,328
Short-term international visitors	4,878,189			4,878,189
Educational services	6,814,065			6,814,065
Total sponsored programs	164,187,332			164,187,332
Institute, educational and information services:				
Overseas and regional office activities	395,557			395,557
Research, publications and information services	606,929			606,929
Total institute, educational and information svcs	1,002,486			1,002,486
Total program services	165,189,818			165,189,818
Supporting services				
Management and general	5,703,965			5,703,965
Fund raising	770,554			770,554
Total supporting services	6,474,519			6,474,519
Total expenses	171,664,337			171,664,337
Increase (decrease) in net assets	28,921	14,504,836	166,264	14,700,021
Net assets, beginning of year	21,158,790	35,788,011	4,986,983	61,933,784
Net assets, end of year	\$ 21,187,711	\$ 50,292,847	\$ 5,153,247	\$ 76,633,805

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, 2004 with comparative totals for the year ended September 30, 2003

	Program Services										Supporting Services					
	International Exchange of Students and Scholars		Development Training and Assistance		Short-Term International Visitors		Educational Services		Overseas and Regional Office Activities		Research, Publications and Information Services		Management and General		Fund Raising	
Sponsored direct expenses																
Tuition	\$ 24,643,972		\$ 7,135	\$ 578,023	\$ 25,229,130											
Travel and field trips	11,895,383	\$ 78,779	637,874	515,520	13,127,556											
Grantee maintenance	58,779,020	66,710	2,612,824		61,458,554											
Salaries and related benefits of scientific staff	916,069			23,000	939,069											
Grantee book allowances	1,783,572		83,646	42,774	1,909,992											
Procurement of equipment and supplies	925,231	123,563		150,387	1,199,181											
Insurance	498,765			2,093	500,858											
Freight, shipment and storage	52,312	613		84,487	137,412											
Other	15,738,242	665,718	84,483	2,834,836	19,323,279	\$ 5,615										
	115,232,566	935,383	3,425,962	4,231,120	123,825,031	5,615										
Other institute expenses																
Salaries and related benefits	21,415,470	294,779	988,907	1,406,248	24,105,404	237,045	\$ 266,061	\$ 503,106	\$ 2,723,391	\$ 302,618	\$ 3,026,009	\$ 27,634,519	\$ 27,048,673			
Occupancy	2,667,211	64,671	200,547	158,554	3,090,983	29,867	6,847	36,714	573,074	8,586	581,660	3,709,357	3,674,321			
Outside services	4,687,446	62,945	52,381	462,405	5,265,177	45,917	211,167	257,084	741,725	408,112	1,149,837	6,672,098	7,100,120			
Travel	824,491	66,962	25,868	78,126	995,447	11,230	29,034	40,264	98,684	8,950	107,634	1,143,345	1,048,830			
Communication	430,690	10,042	21,529	28,252	490,513	8,713	6,703	15,416	26,976	4,663	31,639	537,568	551,732			
Postage	742,411	3,612	9,674	47,188	802,885	6,151	9,032	15,183	23,341	8,724	32,065	850,133	929,026			
Printing and supplies	407,522	1,005	9,937	10,412	428,876	4,874	23,698	28,572	1,963	6,906	8,869	466,317	590,798			
Information services	492,188	7,266	17,543	32,384	549,381	651	843	1,494	74,190	74,190	74,190	625,065	531,973			
Receptions and meetings	176,956	8,587	4,451	32,841	222,835	8,762	21,862	30,624	44,374	18,988	63,362	316,821	314,059			
Equipment rentals and repairs	246,297	3,477	6,645	31,197	287,616	7,295	5,107	12,402	24,321	2,310	26,631	326,649	307,473			
Stationery and supplies	420,880	5,847	12,297	45,977	485,001	12,218	7,906	20,124	32,314	509	32,823	537,948	596,803			
Other	1,203,615	12,918	34,556	79,875	1,330,964	9,567	18,047	27,614	131,428	131,428	131,428	1,490,006	2,593,754			
	33,715,177	542,111	1,384,335	2,413,459	38,055,082	382,290	606,307	988,597	4,495,781	770,366	5,266,147	44,309,826	45,287,562			
Depreciation and amortization	2,043,007	26,834	67,892	169,486	2,307,219	7,652	622	8,274	1,208,184	188	1,208,372	3,523,865	2,784,289			
Total	\$ 150,990,750	\$ 1,504,328	\$ 4,878,189	\$ 6,814,065	\$ 164,187,332	\$ 395,557	\$ 606,929	\$ 1,002,486	\$ 5,703,965	\$ 770,554	\$ 6,474,519	\$ 171,664,337	\$ 165,920,867			

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

Institute of International Education, Inc.
Statements of Cash Flows
For the years ended September 30, 2004 and 2003

	2004	2003
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 14,700,021	\$ (870,240)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	3,512,521	2,772,945
Amortization of gain on sale of building	(238,060)	(238,060)
Amortization of discount on bonds	11,344	11,344
Contributed investments	(5,039,973)	
Net realized losses on sales of investments	945,508	460,142
Net unrealized gains on investments and other	(4,086,339)	(6,729,670)
Contributions restricted for long-term investment		(62,074)
Change in operating assets and liabilities		
Reimbursable expenditures under contracts in progress	2,137,893	(1,823,270)
Contributions receivable, net	(4,220,773)	3,187,079
Prepaid expenses and other assets	(64,300)	(193,695)
Accounts payable and accrued expenses	658,461	(2,288,378)
Sponsored funds received in advance	(5,672,143)	12,991,349
Deferred income	(16,386)	(550,951)
Net cash provided by operating activities	<u>2,627,774</u>	<u>6,666,521</u>
Cash flows from investing activities		
Purchase of investments	(7,611,867)	(4,430,982)
Proceeds from sale of investments	6,847,385	6,006,455
Purchase of fixed assets	(547,902)	(2,498,710)
Use of restricted cash	53,474	1,269,419
Net cash (used in) provided by investing activities	<u>(1,258,910)</u>	<u>346,182</u>
Cash flows from financing activities		
Payment of bonds payable	(295,000)	(280,000)
Contributions restricted for long-term investment		62,074
Net cash used in financing activities	<u>(295,000)</u>	<u>(217,926)</u>
Net increase in cash and cash equivalents	1,073,864	6,794,777
Cash and cash equivalents at beginning of year	<u>10,093,091</u>	<u>3,298,314</u>
Cash and cash equivalents at end of year	<u>\$ 11,166,955</u>	<u>\$ 10,093,091</u>
Supplemental information		
Cash paid for interest	<u>\$ 864,692</u>	<u>\$ 802,938</u>

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

Institute of International Education, Inc.
Notes to Financial Statements
September 30, 2004, with comparative totals for September 30, 2003

1. Description of Organization

The Institute of International Education, Inc. (the "Institute") was founded in 1919 and incorporated in 1928 in the State of New York. 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 Directors 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, 2004 and 2003 was \$217,566 and \$291,650, respectively.

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.

Institute of International Education, Inc.

Notes to Financial Statements

September 30, 2004, with comparative totals for September 30, 2003

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. In the event the Institute were unable to fulfill their purposes, all funds would be remitted back to the donors.

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.

Reimbursable Expenditures Under Contracts in Progress

Reimbursable expenditures under contracts in progress represent bona fide receivables in which the Institute has earned revenue primarily on government contracts.

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 on fixed assets for fiscal years 2004 and 2003 was \$3,496,629 and \$2,757,173, respectively.

Institute of International Education, Inc.
Notes to Financial Statements
September 30, 2004, with comparative totals for September 30, 2003

Beneficial Interests in Perpetual Trusts 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 2004 and 2003, distributions from these trusts in the amount of \$85,587 and \$80,412, 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 2004 and 2003 under the provisions of this defined contribution plan were \$1,302,568 and \$1,219,452, 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 at their estimated market value as permitted by accounting principles generally accepted in the United States of America.

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, 2003, from which the summarized information was derived.

Reclassifications

Certain amounts in the fiscal year 2003 financial statements have been reclassified to conform with the fiscal year 2004 presentation.

Institute of International Education, Inc.
Notes to Financial Statements
September 30, 2004, with comparative totals for September 30, 2003

3. Contributions Receivable, Net

Contributions receivable consist of the following at September 30:

	2004	2003
Due in		
Less than one year	\$ 6,028,212	\$ 3,874,448
One to five years	<u>5,360,296</u>	<u>2,707,895</u>
	11,388,508	6,582,343
Less - Net present value discount (3.00% in 2004 and 1.15% in 2003)	<u>615,803</u>	<u>30,411</u>
Total contributions receivable, net	<u>\$ 10,772,705</u>	<u>\$ 6,551,932</u>

4. Investments

Investments as of September 30 consist of the following:

	2004		2003	
	Fair Value	Cost Basis	Fair Value	Cost Basis
Cash and cash equivalents held for reinvestment	\$ 1,345,037	\$ 1,345,037	\$ 209,258	\$ 209,258
Corporate and government fixed income	18,080,595	18,007,748	16,862,137	16,666,587
Equities	<u>29,634,209</u>	<u>29,398,259</u>	<u>23,209,424</u>	<u>27,016,252</u>
Total investments	<u>\$ 49,059,841</u>	<u>\$ 48,751,044</u>	<u>\$ 40,280,819</u>	<u>\$ 43,892,097</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.

Investment return consisted of the following for the years ended September 30, 2004 and 2003:

	2004	2003
Interest and dividends	\$ 1,205,101	\$ 1,216,194
Net realized losses	(945,508)	(1,609,900)
Net unrealized gains	<u>4,086,339</u>	<u>6,729,670</u>
	4,345,932	6,335,964
Less - Investment management fees	<u>(21,905)</u>	<u>(66,436)</u>
Total investment return	<u>\$ 4,324,027</u>	<u>\$ 6,269,528</u>

Institute of International Education, Inc.
Notes to Financial Statements
September 30, 2004, with comparative totals for September 30, 2003

5. Fixed Assets, Net

Fixed assets as of September 30 consist of the following:

	Estimated Useful Lives	2004	2003
Building	30 Years	\$ 18,846,730	\$ 18,846,730
Furniture	7 Years	1,996,294	1,895,509
Equipment	2-4 Years	9,489,508	9,290,041
Software development costs	3-7 Years	3,770,223	3,622,111
Leasehold improvements	3-25 Years	6,968,637	6,869,099
		<u>41,071,392</u>	<u>40,523,490</u>
Less - Accumulated depreciation		<u>(13,031,306)</u>	<u>(9,534,677)</u>
		28,040,086	30,988,813
Less - Unamortized deferred credit		<u>(6,427,635)</u>	<u>(6,665,695)</u>
Total fixed assets, net		<u>\$ 21,612,451</u>	<u>\$ 24,323,118</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 is being amortized annually. 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.

6. Bonds Payable, Net

Bonds payable as of September 30 consist of the following:

	2004	2003
Series 2001 bonds	\$ 16,575,000	\$ 16,870,000
Less - Unamortized discount on Series 2001 bonds	<u>306,298</u>	<u>317,642</u>
Total bonds payable, net	<u>\$ 16,268,702</u>	<u>\$ 16,552,358</u>

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"). 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 of \$47,311 at September 30, 2004, 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
September 30, 2004, with comparative totals for September 30, 2003

The Facility is owned by the Institute and leased by the Institute to the IDA and subleased by the IDA back 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 collateralized 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, 2004 was \$17,753,682. 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 five years are due as follows:

Fiscal year		
2005	\$	305,000
2006	\$	320,000
2007	\$	330,000
2008	\$	345,000
2009	\$	360,000

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

7. Temporarily Restricted Net Assets

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

	2004	2003
International exchange of students and scholars	\$ 40,292,847	\$ 25,788,011
Ford Foundation grant available for unrestricted purposes five years after funds were matched by the Institute (2005)	<u>10,000,000</u>	<u>10,000,000</u>
Total temporarily restricted net assets	<u>\$ 50,292,847</u>	<u>\$ 35,788,011</u>

Temporarily restricted net assets were released from restrictions for the year ended September 30, 2004 for the following purposes:

International exchange of students and scholars	<u>\$ 21,159,186</u>
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Institute of International Education, Inc.
Notes to Financial Statements
September 30, 2004, with comparative totals for September 30, 2003

8. Permanently Restricted Net Assets

Permanently restricted net assets at September 30 were as follows:

	2004	2003
Beneficial interest in perpetual trusts held by third parties	\$ 3,243,145	\$ 3,076,881
Endowment funds, investment return restricted to international exchange of students and scholars	1,910,102	1,910,102
Total permanently restricted net assets	<u>\$ 5,153,247</u>	<u>\$ 4,986,983</u>

9. Sponsored Program Revenue

Sponsored program revenue for fiscal years 2004 and 2003 was derived from the following major sponsor categories:

	2004	2003
U.S. government agencies	\$ 117,456,919	\$ 117,416,839
Foundations and research organizations	13,504,129	14,158,722
Corporations	6,761,985	6,633,128
Foreign governments and international organizations	6,943,154	7,497,014
Total sponsored program revenue	<u>\$ 144,666,187</u>	<u>\$ 145,705,703</u>

10. Commitments and Contingencies

Rental expense was \$3,376,086 and \$3,401,998 for the years ended September 30, 2004 and 2003, respectively. The Institute leases space for its regional and certain overseas offices on a non-cancelable, long-term basis. These agreements, expiring at various dates through 2010, permit the Institute to sublease such space at its option.

Minimum future lease commitments are as follows at September 30, 2004:

Fiscal year	
2005	1,618,076
2006	382,068
2007	298,630
2008	236,490
2009	152,373
2010	21,688
	<u>\$ 2,709,325</u>

Institute of International Education, Inc.
Notes to Financial Statements
September 30, 2004, with comparative totals for September 30, 2003

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 possible 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 File by the extended due date for filing the return. See instructions.	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):

- | | | |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 4720 | |

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

- The books are in the care of _____
Telephone No. (_____) _____ FAX No. (_____) _____
- 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, 2005.
- For calendar year _____, or other tax year beginning October 1, 2003, and ending September 30, 2004.
- 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.

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

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

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

RECEIVED
MAY 04 2005
527
OGDEN, UT

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 April 25, 2005

Notice to Applicant—To Be Completed by the IRS

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

Director _____ By _____ Date _____

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

Type or print	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)

ENVELOPE APR 27 2005 POSTMARK USA IF APR 27 2005