

IIE Financial Statements

ABOUT THE IIE FINANCIAL STATEMENTS

The following describes the work of IIE in each functional area appearing in the audited financial statements.

PROGRAM SERVICES: SPONSORED PROGRAMS

INTERNATIONAL EXCHANGE OF PERSONS

IIE brings foreign nationals to the United States for academic study and/or practical training and arranges for US nationals to study, provide technical assistance, conduct research, teach, or serve as teaching assistants and business advisers abroad. IIE also arranges training in third countries and gives courses and seminars in participants' home countries.

For foreign students and professionals, IIE services include technical assistance to sponsors in assessing training needs, identifying or developing appropriate training programs, selecting participants, and arranging for their admission to training programs. Training sources include academic degree and nondegree programs, mid-career and other specialized short courses, internships, orientation visits, study tours, and professional affiliations. IIE disburses sponsor funds; acts as participants' visa sponsor; monitors their progress; provides English-language training when necessary; arranges professional and social enrichment activities; and maintains liaison with the training providers.

For US scholars, students, and young professionals, IIE administers international study and professional development programs for a variety of public and private sponsors, including USIA, USAID, the US Department of State, the US Trade and Development Agency (USTDA), foreign governments, nongovernmental organizations, and educational and cultural institutions. IIE conducts the nationwide competition for the USIA Fulbright grants for US scholars and graduate students, conducts auditions for grants in the performing arts, and administers grants to students and scholars going to countries without Fulbright Commissions.

SCIENTIFIC COOPERATION ACTIVITIES

IIE provides international purchasing services to a number of international agricultural and other research institutes as well as to developing-country universities and nongovernmental organizations.

SHORT-TERM INTERNATIONAL VISITORS

IIE arranges US visits for foreign leaders and specialists, from both the public and private sectors, singly and in groups. Sponsors include the US Information Agency Office of International Visitors, USAID's US-Asia Environmental Partnership, the US Trade and Development Agency, foreign governments, and a wide range of private institutions. Each visit focuses on a specific theme, such as environmental protection, US higher education, the US legal system, or US technological cooperation. IIE

arranges meetings with US leaders and professionals, visits to cultural institutions, and home hospitality to provide a broad view of American life.

ASSISTANCE TO COLLEGES AND UNIVERSITIES

IIE offices in Bangkok, Budapest, Hanoi, Hong Kong, Mexico City, and Moscow (and, through the International Education Foundation, in Jakarta) administer and/or provide support services for the administration of tests of English-language competence and other standardized US university admissions tests. The Educational Testing Service (ETS) and Sylan Prometric provide support for various testing activities in these offices. The Test of English in International Communication (TOEIC) is made available to corporations and government agencies in Indonesia, in cooperation with IEF and the Chauncey Group.

INSTITUTE EDUCATIONAL AND ARTS SERVICES

PUBLICATIONS, CENSUS, COUNSELING, AND REFERENCE SERVICES

IIE's Research Division is a unique source of information on all aspects of international education. IIE's annual census of international student flows, between the United States and other countries, provides 50 years of comprehensive data, published with USIA support in the annual *Open Doors*. IIE also publishes comprehensive directories of study-abroad programs and provides information and advice on international study through its website as well as its New York, regional, and overseas offices. Through its network of almost 700 academic institutions worldwide which are IIE member institutions, the Institute offers more targeted information-sharing to several thousand international educators on IIE member campuses.

OVERSEAS AND REGIONAL OFFICE ACTIVITIES

IIE offices in Bangkok, Budapest, Hanoi, Hong Kong, Mexico City, and Moscow provide information and educational services to students, universities, the business community, and government officials in the regions they serve, in addition to supporting IIE projects in their regions. The International Education Foundation in Jakarta carries out IIE's programs in Indonesia. USIA provides ongoing support to IIE/Hong Kong/China and IIE/Mexico for their advising services to students and professionals seeking US study opportunities, and in FY98 also funded IIE's Regional Educational

Advising Consultancies for Mexico, Central America and the Caribbean, for the Newly Independent States of the former Soviet Union, and for work with advising offices throughout China.

US regional offices in Chicago, Denver, Houston, and San Francisco develop and conduct locally supported exchanges and support national IIE projects, including supervising IIE-related students in their regions, monitoring their progress, and arranging professional enrichment programs, and home hospitality. They also stimulate international awareness through discussion groups, seminars, and school outreach programs. IIE offices in Denver and Houston serve as centers for programming USIA international visitors.

ARTS SERVICES, STUDENT ACTIVITIES, CONFERENCES, AND PROJECTS

This category includes administrative costs of IIE's Arts International program as well as administrative costs of conferences and seminars on key international education issues. IIE maintains an emergency loan fund for foreign students.

SUPPORTING SERVICES

MANAGEMENT AND GENERAL

This function includes expenses of running IIE as a whole, from human resources management to equipment maintenance. IIE continued in 1998 to invest in equipment, maintenance, and staff training to extend and upgrade its worldwide electronic communications capabilities.

FUNDRAISING

This function is devoted to raising unrestricted funds to support IIE educational services to the public and to provide start-up funding for IIE-initiated programs to meet emerging needs. Funds come from individuals, corporations, and foundations as well as from fundraising benefits honoring corporate and civic leaders.

PROGRAM DEVELOPMENT

This function includes developing special IIE initiatives and finding support for them, as well as coordinating development of IIE proposals to obtain grants and contracts from governments, foundations, corporations, academic institutions, nongovernmental organizations, and individuals to implement specific projects. Those IIE implemented in 1998 are described and/or listed in this report.

STATEMENTS OF FINANCIAL POSITION

As of September 30, 1998 with comparative totals for 1997

	1998	1997
ASSETS		
Cash	\$ 2,159,575	\$ 2,831,845
Reimbursable expenditures under contracts in progress	7,613,402	7,269,664
Contributions receivable	7,864,812	1,518,513
Investments, at market value	32,555,131	24,777,928
Prepaid expenses and other current assets	1,537,258	1,880,126
Land, building and equipment, net		
Land	987,491	987,491
Building	4,177,789	4,177,789
Equipment	10,671,383	10,449,874
	<u>15,836,663</u>	<u>15,615,154</u>
Less- Accumulated depreciation	10,778,739	10,826,405
Total land, building and equipment, net	<u>5,057,924</u>	<u>4,788,749</u>
Total assets	<u>\$ 56,788,102</u>	<u>\$ 43,066,825</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 5,460,571	\$ 5,772,061
Deferred income	448,957	614,998
Sponsored funds received in advance	9,260,101	5,045,306
Total liabilities	<u>15,169,629</u>	<u>11,432,365</u>
Net Assets		
Unrestricted	2,109,368	4,383,251
Land, building and equipment	5,057,924	4,788,749
Total unrestricted net assets	<u>7,167,292</u>	<u>9,172,000</u>
Temporarily restricted	30,421,121	18,440,405
Permanently restricted	4,030,060	4,022,055
Total net assets	<u>41,618,473</u>	<u>31,634,460</u>
Total liabilities and net assets	<u>\$ 56,788,102</u>	<u>\$ 43,066,825</u>

IIE's financial statements are audited on an annual basis by Arthur Andersen LLP. The Statements of Financial Position, as of September 30, 1998, and the related Statements of Activities and Statements of Cash Flows for the year ended September 30, 1998 are part of IIE's financial statements. The complete audited financial statements are available upon request. Please contact the Controller, Institute of International Education, 809 United Nations Plaza, New York NY 10017, 212-984-5475.

STATEMENTS OF ACTIVITIES

For the year ended September 30, 1998 with comparative totals for 1997

	1998				1997
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
REVENUES					
Sponsored programs	\$ 101,848,668	\$ —	\$ —	\$ 101,848,668	\$ 96,841,200
Contributions	883,258	15,071,527	—	15,954,785	4,022,284
Investment income	2,208,438	704,377	8,005	2,920,820	1,625,538
Unrealized (depreciation)/appreciation in fair market value of investments	(1,685,802)	(807,009)	—	(2,492,811)	3,031,965
Rental income					
Revenues	462,596	—	—	462,596	1,105,998
Direct costs	243,327	—	—	243,327	558,137
Net revenues from rental	219,269	—	—	219,269	547,861
Sales of publications	403,164	—	—	403,164	420,086
Special events					
Contributions	966,706	—	—	966,706	679,155
Direct costs	154,438	—	—	154,438	148,209
Net revenues from special events	812,268	—	—	812,268	530,946
Membership fees	294,116	—	—	294,116	277,403
Miscellaneous income, net	41,983	—	—	41,983	321,695
Other revenue	—	—	—	—	218,750
Total revenues	105,025,362	14,968,895	8,005	120,002,262	107,837,728
Net assets released from restrictions					
Satisfaction of program restrictions	2,988,179	(2,988,179)	—	—	—
Total revenues and net assets released from restrictions	108,013,541	11,980,716	8,005	120,002,262	107,837,728
EXPENSES					
Sponsored programs					
International exchange of persons	89,756,322	—	—	89,756,322	83,698,893
Scientific cooperation activities	3,582,493	—	—	3,582,493	2,860,302
Short-term international visitors	4,954,805	—	—	4,954,805	5,451,526
Assistance to colleges and universities	3,058,864	—	—	3,058,864	2,770,161
Total sponsored programs	101,352,484	—	—	101,352,484	94,780,882
Institute, educational and arts services					
Publications, census, counseling and reference services	1,292,765	—	—	1,292,765	1,366,691
Overseas and regional office activities	1,089,008	—	—	1,089,008	1,032,148
Art services, student activities, conferences and projects	354,753	—	—	354,753	386,672
Total Institute, educational and arts services	2,736,526	—	—	2,736,526	2,785,511
Total program services	104,089,010	—	—	104,089,010	97,566,393
Supporting services					
Management and general	3,921,000	—	—	3,921,000	3,163,058
Fundraising	537,525	—	—	537,525	494,229
Program development	1,187,638	—	—	1,187,638	1,326,009
Total supporting services	5,646,163	—	—	5,646,163	4,983,296
Volunteer service/in-kind contribution expense					
Total expenses	110,018,249	—	—	110,018,249	102,794,333
Change in net assets before cumulative effect of accounting change	(2,004,708)	11,980,716	8,005	9,984,013	5,043,395
CUMULATIVE EFFECT OF ACCOUNTING CHANGE					
Change in net assets	(2,004,708)	11,980,716	8,005	9,984,013	6,613,860
NET ASSETS, beginning of year	9,172,000	18,440,405	4,022,055	31,634,460	25,020,600
NET ASSETS, end of year	\$ 7,167,292	\$ 30,421,121	\$ 4,030,060	\$ 41,618,473	\$ 31,634,460

STATEMENTS OF CASH FLOWS

For the year ended September 30, 1998 with comparative totals for 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 9,984,013	\$ 6,613,860
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Cumulative effect of accounting change	—	(1,570,465)
Depreciation	684,467	649,810
Increase in reimbursable expenditures under contracts in progress	(343,738)	(1,663,664)
Increase in contributions receivable	(6,346,299)	(745,213)
Decrease (increase) in prepaid expenses and other current assets	342,868	(301,526)
Decrease in accounts payable and accrued expenses	(311,490)	(364,439)
Decrease in deferred income	(166,041)	(5,780,202)
Increase in sponsor funds received in advance	4,214,795	5,045,306
Unrealized depreciation (appreciation) on investments	2,492,811	(3,031,965)
Realized gains on investments	(2,920,820)	(1,625,538)
Net cash provided by (used in) operating activities	<u>7,630,566</u>	<u>(2,774,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(965,044)	(742,254)
Purchase of investments	(25,913,044)	(32,147,986)
Proceeds from sale of investments	<u>18,575,252</u>	<u>36,950,421</u>
Net cash (used in) provided by investing activities	<u>(8,302,836)</u>	<u>4,060,181</u>
Net (decrease) increase in cash and cash equivalents	(672,270)	1,286,145
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,831,845</u>	<u>1,545,700</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,159,575</u>	<u>\$ 2,831,845</u>