

financial statements

George Obrenski



James H. Lapple, Vice President for Finance and Administration is photographed in the historic Alvar Aalto-designed Kaufmann Conference Center at IIE Headquarters across from the United Nations in New York City. With him are (from left): Nancy Kong, Director, Internal Audit; Joan Wall, Director, Human Resources; and, Brian Chen, Director, Information Technology.

IIE's financial statements are audited on an annual basis by PricewaterhouseCoopers LLP. The statements of financial position, as of September 30, 2002, and the related statement of activities for the year ended September 30, 2002 are presented in the next few pages. The complete audited financial statements are available upon request. Please contact the Controller at the Institute of International Education, 809 United Nations Plaza, New York NY 10017, 212-984-5427.

The following briefly describes the work of IIE in the major functional areas appearing in the audited financial statements. IIE's work in these areas is also more fully described in the narrative text in this report.

INTERNATIONAL EXCHANGE OF PERSONS

IIE brings foreign nationals to the US for academic study and/or practical training and arranges for US nationals to study, provide technical assistance, conduct research or serve as business advisers abroad. IIE also arranges training in third countries. IIE conducts the nationwide competition for Fulbright grants for US scholars and graduate students. IIE's programs are supported by individuals, corporations, foundations, US government agencies, foreign governments, nongovernmental organizations and educational and cultural institutions.

SCIENTIFIC COOPERATION ACTIVITIES

IIE provides international purchasing services to a number of international institutions as well as to developing-country universities and nongovernmental organizations.

SHORT-TERM INTERNATIONAL VISITORS

IIE arranges US visits for foreign leaders from the public and private sectors. Sponsors include agencies of the US government, foreign governments and a wide range of private institutions.

ASSISTANCE TO COLLEGES AND UNIVERSITIES

Various of IIE's international offices administer or provide support services for the administration of tests of English-language competence and other standardized US university admissions tests.

INSTITUTE EDUCATIONAL SERVICES

IIE's Research Division tracks international student flows and, with US government support, publishes its findings annually in *Open Doors*. IIE also publishes comprehensive directories of study-abroad programs (available at www.iiepassport.org) and provides information on international study through its website (www.iie.org). IIE also offers more targeted information to international educators on IIE member campuses.

OVERSEAS OFFICE AND REGIONAL CENTER ACTIVITIES

IIE offices abroad 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. IIE's Regional Centers in the US develop and conduct locally supported exchanges and support national IIE programs and projects.

SUPPORTING SERVICES

This function includes the expense of running IIE as a whole. IIE has continued this past year to invest in equipment, maintenance and staff development to better prepare it to provide service in the years ahead. Fundraising is devoted to raising unrestricted funds from individuals, corporations and foundations to support IIE educational services. Program development includes identifying needs and developing IIE initiatives to meet them, as well as coordinating efforts to find support for those initiatives.

IIE Statement of Financial Position

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

	2002	2001
ASSETS		
Cash and cash equivalents	\$ 3,298,314	\$ 19,055,658
Reimbursable expenditures under contracts in progress, net	16,829,869	5,386,310
Contributions receivable	9,739,011	12,416,039
Investments, at fair value	35,895,071	42,644,908
Prepaid expenses and other assets	1,285,539	3,447,016
Building, furniture, equipment and leasehold improvements, net	24,343,519	21,261,262
Restricted cash	1,451,048	
Beneficial interests in perpetual trusts held by third parties	<u>2,784,347</u>	<u>3,190,638</u>
Total assets	<u>\$ 95,626,718</u>	<u>\$ 107,421,831</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Note payable		\$ 22,602,452
Bonds payable	\$ 16,821,013	
Accounts payable and accrued expenses	9,824,876	4,969,852
Sponsored funds received in advance	5,584,421	12,806,489
Deferred income	<u>592,384</u>	<u>642,499</u>
Total liabilities	<u>32,822,694</u>	<u>41,021,292</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	13,845,819	19,327,143
Temporarily restricted	43,463,407	42,163,622
Permanently restricted	<u>5,494,798</u>	<u>4,909,774</u>
Total net assets	<u>62,804,024</u>	<u>66,400,539</u>
Total liabilities and net assets	<u>\$ 95,626,718</u>	<u>\$ 107,421,831</u>

Consolidation of Affiliate

In February, 2001, the Institute created and incorporated the International Fellowships Fund, Inc. (IFF), a not-for-profit organization to administer and support the activities of the International Fellowships Program. IFF is exempt from Federal income taxes under Section 501(C)(3) of the Internal Revenue Code and is designated as a Type I supporting organization to the Institute. IFF commenced operations with funding received from the Ford Foundation in the amount of \$275,526,718 in September 2001. IFF is a "depleting endowment" with a 10-year pay-out objective. IIE appoints four of the seven IFF board members thereby maintaining controlling interest. In accordance with accounting principles generally accepted in the United States of America, IIE is required to present a consolidated financial statement including its affiliate (IFF). Reported assets and liabilities include pending trades in marketable securities being purchased or sold by IFF as of September 30th, 2002 and settled in early October 2002. A fiscal year 2002 consolidation summary is presented below:

	IIE only	IFF only	Consolidated IIE
Net Investments, at Market	\$35,895,071	\$278,768,916	\$314,663,987
Total Assets	95,626,718	452,090,036	547,716,754
Total Liabilities	32,822,694	182,116,044	214,631,470
Unrestricted Net Assets	13,845,819		14,153,087
Temporarily Restricted Net Assets	43,463,407	269,973,992	313,437,399
Permanently Restricted Net Assets	5,494,798		5,494,798
Total Revenue	170,569,389	12,341,813	182,044,224
Total Expenses	174,165,905	16,290,910	189,282,577
Decrease Net Assets	(\$3,596,515)	(\$3,949,106)	(\$7,238,353)

IIE Statement of Activities

For the year ended September 30, 2002

	2002			2001	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUES					
Sponsored programs	\$ 163,130,478			\$ 163,130,478	\$ 152,212,537
Contributions	947,889	\$ 9,082,842	\$ 50,000	10,080,731	14,355,536
Investment income	517,225	74,330		591,555	2,742,462
Unrealized (depreciation) appreciation in fair market value of investments	(3,628,262)	(1,761,833)	533,977	(4,856,118)	(8,160,757)
Sales of publications	276,749			276,749	344,821
Special events:					
Contributions	1,105,874			1,105,874	1,175,780
Direct costs	(604,992)			(604,992)	(118,782)
Net revenues from special events	500,882			500,882	1,056,998
Membership fees	327,275			327,275	259,076
Unusual item:					
Gain on sale of building					9,616,553
Other revenue	395,330		1,047	396,377	404,984
Voluntary services	121,460			121,460	140,870
	162,589,026	7,395,339	585,024	170,569,389	172,973,080
Net assets released from restrictions	6,095,554	(6,095,554)			
Total revenues	<u>\$ 168,864,580</u>	<u>\$ 1,299,785</u>	<u>\$ 585,024</u>	<u>\$ 170,569,389</u>	<u>\$ 172,973,080</u>
EXPENSES					
Sponsored programs:					
International exchange of students and scholars	\$ 151,103,865			\$ 151,103,865	\$ 141,332,550
Development training and assistance	5,768,256			5,768,256	6,764,400
Short-term international visitors	3,945,626			3,945,626	4,128,193
Educational services	5,375,166			5,375,166	4,497,213
Total sponsored programs	166,192,913			166,192,913	156,722,356
Institute, education and information services:					
Research, publications and information services	1,054,359			1,054,359	910,619
Overseas and regional office activities	423,170			423,170	745,570
Total institute, educational and information services	1,477,529			1,477,529	1,656,189
International Fellowship Program:					
Total program services	167,670,442			167,670,442	158,378,545
Supporting services:					
Management and general	5,397,739			5,397,739	4,699,969
Fund raising	1,097,723			1,097,723	1,942,433
Total supporting services	6,495,462			6,495,462	6,642,402
Total expenses	174,165,904			174,165,904	165,020,947
(Decrease) increase in net assets	(5,481,324)	1,299,785	585,024	(3,596,515)	7,952,133
NET ASSETS, beginning of year	19,327,143	42,163,622	4,909,774	66,400,539	58,448,406
NET ASSETS, end of year	<u>\$ 13,845,819</u>	<u>\$ 43,463,407</u>	<u>\$ 5,494,798</u>	<u>\$ 62,804,024</u>	<u>\$ 66,400,539</u>

iie staff

SENIOR MANAGEMENT GROUP

Allan E. Goodman
President and Chief Executive Officer

David D. Arnold
Executive Vice President and Chief Operating Officer

Peggy Blumenthal
Vice President
Educational Services

Edith Cecil
Vice President
Professional Exchange and Community Outreach

Polly Donaldson
Director
Program Development

Ahmad Ghamarian
Executive Director
The Energy Group

Thomas E. Harvey
Senior Counsel for Governmental Affairs

Daniela Kaisth
Director
Development and Corporate Partnerships

Mary Kirk
Vice President
Student Exchanges

James H. Lapple
Vice President
Finance and Administration

Patti McGill Peterson
Vice President
Scholar Exchanges and Executive Director Council for International Exchange of Scholars

W. Stacy Rhodes
Vice President
Global Development Center

Mara Symes
Director
Office of the President and Corporate Secretary

Joan Wall
Director
Human Resources

DIVISION/PROGRAM DIRECTORS

Alan Adelman
IIE/Latin America

Irid Agoes
Indonesian International Education Foundation/Indonesia

Leslie Anderson
U.S. Career Development Programs

Jack Bailey
IIE/Vietnam

Ellen Barclay
Deputy Executive Director
CIES

Chandlee Barksdale
Corporate Services

Gloria Blackwell
Africa Education Programs

Ann Blyberg
International Human Rights

Martha Bohachevsky Chomiak
Fulbright Office/Ukraine

Winston Bowman
EcoLinks/Environmental Partnerships

Chalintorn Burian
IIE/Southeast Asia

Brian Chen
Information Technology

Keith Clemenger
IIE/China-Beijing

William Dant
Hubert H. Humphrey Fellowships

Todd Davis
Higher Education Resource Group

Carl De Angelis
English and Special Services

Karen de Bartolomé
Rocky Mountain Regional Center

Karin Eisele
West Coast Regional Center

Lawrence Ervin
Project Director, Leadership Development Program

Tamara Floyd
Administration/CIES

Katherine Fung-Surya
IIE/China-Hong Kong

Joseph Ghanem
Chief-of-Party
Leadership Development Training/Egypt

Theresa Granza
US Student Programs

Alice Hughes
Special Projects

Jeanette Kesselman
Population Leadership Development

Elizabeth Khalifa
Chief-of-Party
Development Training II/Egypt

Anita Kochhar
IIE/India

Nancy Kong
Internal Audit

Larry Lai
US-Asia Environmental Exchange Program

Patty Lai
START Program

Mark Lazar
International Operations

John Lever
Controller

Christopher Medalis
IIE/Europe

Keith Miceli
Southern Regional Center

Oksana Oracheva
International Fellowships Program/Russia

Nancy Overholt
Professional Exchange Programs

Judy Pehrson
External Relations, CIES

Robert Slattery
Administrative Services

Steven Steigleder
Grants and Contracts

Carol Tegen
Foreign Fulbright Programs

Linda Tobash
Placement Services

Sharon Witherell
Public Affairs

Yolande Zahler
International Fellowships Program

Marjan Zanganeh
Training Director
Development Training II