Form **990**

Department of the Treasury
Internal Revenue Service

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)

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

OMB No 1545-0047

2003

Open to Public Inspection

A For the 2003 calendar year, or tax year beginning , 2003, and ending ,

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

Please use IRS label or print or type. See specific Instructions.

C Name of organization: AMERICAN INSTITUTE FOR ECONOMIC RESEARCH
Number and street (or P.O. box if mail is not delivered to street addr) Room/suite: DIVISION STREET
City, town or country: GREAT BARRINGTON State: MA ZIP code + 4: 01230

D Employer Identification Number: 04-2121305

E Telephone number: (413) 528-1216

F Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) ►

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

H and I are not applicable to section 527 organizations

H (a) Is this a group return for affiliates? ☐ Yes ☒ No
H (b) If 'Yes,' enter number of affiliates ►
H (c) Are all affiliates included? ☐ Yes ☒ No (If 'No,' attach a list. See instructions)
H (d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

G Web site: ► www.aier.org

I Group Exemption Number ►

J Organization type (check only one) ► ☒ 501(c) 3 ◄ (insert no) ☐ 4947(a)(1) or ☐ 527

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

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

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ► 3,264,692.

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

1	Contributions, gifts, grants, and similar amounts received:				
a	Direct public support	1a	1,219,724.		
b	Indirect public support	1b			
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash $ 503,364. noncash $ 716,360.)			1d	1,219,724.
2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	1,026,841.
3	Membership dues and assessments			3	
4	Interest on savings and temporary cash investments			4	
5	Dividends and interest from securities			5	181,737.
6a	Gross rents	6a	148,845.		
b	Less: rental expenses	6b	148,415.		
c	Net rental income or (loss) (subtract line 6b from line 6a)			6c	430.
7	Other investment income (describe ►)			7	

		(A) Securities		(B) Other		
8a	Gross amount from sales of assets other than inventory	675,358.	8a			
b	Less: cost or other basis and sales expenses	684,664.	8b			
c	Gain or (loss) (attach schedule) See L-8 Stmt	-9,306.	8c			
d	Net gain or (loss) (combine line 8c, columns (A) and (B))				8d	-9,306.

9	Special events and activities (attach schedule) If any amount is from **gaming,** check here ► ☐				
a	Gross revenue (not including $ ______ of contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)			9c	
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)			10c	
11	Other revenue (from Part VII, line 103)			11	12,187.
12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	2,431,613.
13	Program services (from line 44, column (B))			13	2,487,824.
14	Management and general (from line 44, column (C))			14	569,868.
15	Fundraising (from line 44, column (D))			15	88,099.
16	Payments to affiliates (attach schedule)			16	
17	**Total expenses** (add lines 16 and 44, column (A))			17	3,145,791.
18	Excess or (deficit) for the year (subtract line 17 from line 12)			18	-714,178.
19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	9,698,296.
20	Other changes in net assets or fund balances (attach explanation)			20	31,418,525.
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21	40,402,643.

(Lines 1–12: REVENUE; lines 13–17: EXPENSES; lines 18–21: NET ASSETS)

SCANNED JUL 27 2004

RECEIVED JUL 22 2004 OGDEN, UT IRS-OSC 726

BAA For Paperwork Reduction Act Notice, see the separate instructions. TEEA0101 11/24/03 G13 Form **990** (2003)

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

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 (att sch) (cash $ 51,630. non-cash $)	22	51,630.	51,630.		
23 Specific assistance to individuals (att sch)	23				
24 Benefits paid to or for members (att sch)	24				
25 Compensation of officers, directors, etc	25	244,984.	93,851.	100,515.	50,618.
26 Other salaries and wages	26	913,378.	705,245.	199,068.	9,065.
27 Pension plan contributions	27	88,762.	61,551.	22,550.	4,661.
28 Other employee benefits	28	88,516.	54,228.	30,302.	3,986.
29 Payroll taxes	29	75,667.	55,836.	17,997.	1,834.
30 Professional fundraising fees	30	0.	0.	0.	0.
31 Accounting fees	31	18,905.	0.	18,905.	0.
32 Legal fees	32	-27,753.	0.	-27,753.	0.
33 Supplies	33	216,205.	210,695.	4,064.	1,446.
34 Telephone	34	9,896.	7,917.	1,979.	0.
35 Postage and shipping	35	569,718.	563,533.	0.	6,185.
36 Occupancy	36	100,497.	67,052.	28,655.	4,790.
37 Equipment rental and maintenance	37	10,819.	10,442.	251.	126.
38 Printing and publications	38	15,296.	15,296.	0.	0.
39 Travel	39	7,820.	4,625.	3,195.	0.
40 Conferences, conventions, and meetings	40	102,608.	102,608.	0.	0.
41 Interest	41	0.	0.	0.	0.
42 Depreciation, depletion, etc (attach schedule)	42	107,753.	75,427.	26,938.	5,388.
43 Other expenses not covered above (itemize):					
a REFUNDS	43a	5,534.	5,534.	0.	0.
b NAME RENTAL	43b	147,334.	147,334.	0.	0.
c MISC.	43c	18,631.	0.	18,631.	0.
d BANK SERVICES	43d	7,992.	7,992.	0.	0.
e See Other Expenses Stmt	43e	371,599.	247,028.	124,571.	0.
44 **Total functional expenses** (add lines 22 - 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	3,145,791.	2,487,824.	569,868.	88,099.

Joint Costs. Check ► ☐ if you are following SOP 98-2.

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

If 'Yes,' enter **(i)** the aggregate amount of these joint costs $ ______; **(ii)** the amount allocated to Program services $ ______; **(iii)** the amount allocated to Management and general $ ______; and **(iv)** the amount allocated to Fundraising $ ______.

Part III Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? ► ECONOMIC RESEARCH

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

	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others.)
a SEE ATTACHED (Grants and allocations $ 0.)	0.
b SEE ATTACHED (Grants and allocations $ 0.)	2,007,213.
c SEE ATTACHED (Grants and allocations $ 0.)	163,528.
d SEE ATTACHED (Grants and allocations $ 51,630.)	51,630.
e Other program services . SEE ATTACHED (Grants and allocations $ 0.)	265,453.
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ►	2,487,824.

Part IV Balance Sheets (See Instructions)

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.*			(A) Beginning of year		(B) End of year
ASSETS 45 Cash – non-interest-bearing				45	
46 Savings and temporary cash investments			735,702.	46	450,715.
47a Accounts receivable	47a	191,793.			
b Less: allowance for doubtful accounts	47b		107,813.	47c	191,793.
48a Pledges receivable	48a				
b Less: allowance for doubtful accounts	48b			48c	
49 Grants receivable				49	
50 Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
51a Other notes & loans receivable (attach sch)	51a				
b Less: allowance for doubtful accounts	51b			51c	
52 Inventories for sale or use			109,402.	52	105,758.
53 Prepaid expenses and deferred charges			89,496.	53	85,356.
54 Investments – securities (attach schedule) L-54 Stmt ► ☐ Cost ☒ FMV			5,579,096.	54	131,609,824.
55a Investments – land, buildings, & equipment: basis	55a				
b Less: accumulated depreciation (attach schedule)	55b			55c	
56 Investments – other (attach schedule)				56	
57a Land, buildings, and equipment: basis	57a	5,241,755.			
b Less: accumulated depreciation (attach schedule) L-57 Stmt	57b	1,068,595.	3,485,054.	57c	4,173,160.
58 Other assets (describe ► DEFERRED COST)			170,426.	58	161,457.
59 **Total assets** (add lines 45 through 58) (must equal line 74)			10,276,989.	59	136,778,063.
LIABILITIES 60 Accounts payable and accrued expenses			17,170.	60	59,465.
61 Grants payable				61	
62 Deferred revenue			459,629.	62	510,821.
63 Loans from officers, directors, trustees, and key employees (attach schedule)				63	
64a Tax-exempt bond liabilities (attach schedule)				64a	
b Mortgages and other notes payable (attach schedule)				64b	
65 Other liabilities (describe ► See Line 65 Stmt)			101,894.	65	95,805,134.
66 **Total liabilities** (add lines 60 through 65)			578,693.	66	96,375,420.
NET ASSETS OR FUND BALANCES **Organizations that follow SFAS 117, check here ►** ☒ and complete lines 67 through 69 and lines 73 and 74.					
67 Unrestricted			9,698,296.	67	11,534,738.
68 Temporarily restricted				68	28,867,905.
69 Permanently restricted				69	
Organizations that do not follow SFAS 117, check here ► ☐ and complete lines 70 through 74.					
70 Capital stock, trust principal, or current funds				70	
71 Paid-in or capital surplus, or land, building, and equipment fund				71	
72 Retained earnings, endowment, accumulated income, or other funds				72	
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)			9,698,296.	73	40,402,643.
74 **Total liabilities and net assets/fund balances** (add lines 66 and 73)			10,276,989.	74	136,778,063.

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 instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	7,398,980.
b	Amounts included on line a but not on line 12, Form 990:		
	(1) Net unrealized gains on investments $ 4,818,952.		
	(2) Donated services and use of facilities $ 0.		
	(3) Recoveries of prior year grants $ 0.		
	(4) Other (specify): RENTAL EXPENSES $ 148,415.		
	Add amounts on lines (1) through (4)	b	4,967,367.
c	Line a minus line b	c	2,431,613.
d	Amounts included on line 12, Form 990 but not on line a:		
	(1) Investment expenses not included on line 6b, Form 990 $ 0.		
	(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	2,431,613.

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements	a	3,294,206.
b	Amounts included on line a but not on line 17, Form 990:		
	(1) Donated services and use of facilities $ 0.		
	(2) Prior year adjustments reported on line 20, Form 990 $ 0.		
	(3) Losses reported on line 20, Form 990 $ 0.		
	(4) Other (specify): RENTAL EXPENSES $ 148,415.		
	Add amounts on lines (1) through (4)	b	148,415.
c	Line a minus line b	c	3,145,791.
d	Amounts included on line 17, Form 990 but not on line a:		
	(1) Investment expenses not included on line 6b, Form 990 $ 0.		
	(2) Other (specify): NOT APPLY N/A $ 0.		
	Add amounts on lines (1) and (2)	d	0.
e	Total expenses per line 17, Form 990 (line c plus line d)	e	3,145,791.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see 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 and deferred compensation	(E) Expense account and other allowances
CHARLES MURRAY, PHD STOCKBRIDGE MA	CEO/PRESIDENT 40	154,920.	20,655.	0.
GAIL ROGER GREAT BARRINGTON MA	COMPTROLLER 40	90,064.	12,760.	0.
SEE ATTACHED LISTING FOR BOARD OF TRUSTEES	TRUSTEES 5	0.	0.	0.

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 instructions

Part VI Other Information (See 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	76		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.	77		X
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		X
b	If 'Yes,' has it filed a tax return on **Form 990-T** for this year?	78b		X
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement	79		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc, to any other exempt or nonexempt organization?	80a	X	
b	If 'Yes,' enter the name of the organization ► AMERICAN INVESTMENT SERVICES, INC. WHOLLY OWNED SUBSIDIARY and check whether it is ☐ exempt or ☒ nonexempt.			
81a	Enter direct and indirect political expenditures. See line 81 instructions — 81a: 0.			
b	Did the organization file **Form 1120-POL** for this year?	81b		X
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		X
b	If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) — 82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		
85	*501(c)(4), (5), or (6) organizations* **a** Were substantially all dues nondeductible by members?	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	85b		
	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.			
c	Dues, assessments, and similar amounts from members — 85c			
d	Section 162(e) lobbying and political expenditures — 85d			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices — 85e			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) — 85f			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		
86	*501(c)(7) organizations* Enter: **a** Initiation fees and capital contributions included on line 12 — 86a			
b	Gross receipts, included on line 12, for public use of club facilities — 86b			
87	*501(c)(12) organizations.* Enter: **a** Gross income from members or shareholders — 87a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) — 87b			
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88	X	
89a	*501(c)(3) organizations.* Enter: Amount of tax imposed on the organization during the year under: section 4911 ► 0. ; section 4912 ► 0. ; section 4955 ► 0.			
b	*501(c)(3) and 501(c)(4) organizations* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' attach a statement explaining each transaction	89b		X

c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ► 0.

d Enter: Amount of tax on line 89c, above, reimbursed by the organization ► 0.

90a List the states with which a copy of this return is filed ► MASSACHUSETTS, PENNSYLVANIA

b Number of employees employed in the pay period that includes March 12, 2003 (See instructions.) 90b 28

91 The books are in care of ► CORPORATION Telephone number ► (413) 528-1216

Located at ► DIVISION STREET, GREAT BARRINGTON MA ZIP + 4 ► 01230

92 *Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of **Form 1041*** – Check here ► ☐

and enter the amount of tax-exempt interest received or accrued during the tax year ► 92

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

Note: Enter gross amounts unless otherwise indicated.	Unrelated business income (A) Business code	Unrelated business income (B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	Excluded by section 512, 513, or 514 (D) Amount	(E) Related or exempt function income
93 Program service revenue:					
a ECONOMIC EDUCATION BULLETINS					466,067.
b RESEARCH REPORTS					560,774.
c					
d					
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts					
96 Dividends & interest from securities			14	181,737.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			14	430.	
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			14	-9,306.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b REIMBURSE SUPP					
c & FACILITIES			03	12,187.	
d					
e					
104 Subtotal (add columns (B), (D), and (E))				185,048.	1,026,841.
105 Total (add line 104, columns (B), (D), and (E)) ►					1,211,889.

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 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).
93A	SALES OF EDUCATIONAL MATERIALS ON SPECIFIC MONETARY AND ECONOMIC
93B	SUBJECTS AS PART OF OVERALL EDUCATIONAL PROGRAM

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See 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
AMERICAN INVESTMENT SERVICES	100.0000 %	INVESTMENT ADVISOR	1,225,648.	763,764.
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions.)

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

b Did the organization, during the year, pay premiums, directly or ind [redacted]

Note: *If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions)* [redacted]

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including [redacted] true, correct, and complete Declaration of preparer (other than officer) is based [redacted]

► Gail S Roger [redacted]

Signature of officer

► GAIL S ROGER, COMPTROLLER [redacted]

Type or print name and title

Paid Preparer's Use Only

Preparer's signature ► [illegible] [redacted]

Firm's name (or yours if self-employed) address, and ZIP + 4 ► NELSON E. FURLANO, CPA
386 SOUTH STREET
PITTSFIELD [redacted]

BAA

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information — (See separate instructions.)

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

OMB No 1545-0047

2003

Name of the organization: AMERICAN INSTITUTE FOR ECONOMIC RESEARCH

Employer identification number: 04-2121305

Part I **Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**
(See 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 and deferred compensation	(e) Expense account and other allowances
FRED HARWOOD GREAT BARRINGTON, MA	PLANT MANAGER 40	80,478.	11,593.	
KERRY LYNCH, PHD GREAT BARRINGTON, MA	ASSOC DIR OF RESEARCH 40	85,680.	8,716.	
ELIAS KHALIL, PHD LENOX MA	DIRECTOR BRC 40	82,323.	11,055.	
MORGAN DAVIS GREAT BARRINGTON MA	ECONOMIST 40	78,030.	8,762.	
DR. ROBERT GILMOUR PERU MA	CEO/PRESIDENT (PAST) 40	64,158.	4,311.	
Total number of other employees paid over $50,000 ►	2			

Part II **Compensation of the Five Highest Paid Independent Contractors for Professional Services**
(See 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
NONE		
Total number of others receiving over $50,000 for professional services . . . ► None		

Part III Statements About Activities (See instructions)

		Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ► $ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1		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?	2a		X
b Lending of money or other extension of credit?	2b		X
c Furnishing of goods, services, or facilities?	2c		X
d Payment of compensation (or payment or reimbursement of expenses if more than $1,000)?	2d		X
e Transfer of any part of its income or assets?	2e		X
3a 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 Line 3a Stmt	3a	X	
b Do you have a section 403(b) annuity plan for your employees?	3b		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?	4		X

Part IV Reason for Non-Private Foundation Status (See instructions.)

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

5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).

6 ☐ A school. Section 170(b)(1)(A)(ii) (Also complete Part V.)

7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).

8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).

9 ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ►

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A)

11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A)

11b ☐ A community trust. Section 170(b)(1)(A)(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 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 instructions.)

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

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

Calendar year (or fiscal year beginning in) ►	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	114,909.	666,684.	568,359.	387,249.	1,737,201.
16 Membership fees received					
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	1,210,802.	1,091,124.	1,100,007.	865,931.	4,267,864.
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	190,122.	278,114.	393,172.	266,053.	1,127,461.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule. Do not include gain or (loss) from sale of capital assets	3,531.	12,757.	21,814.	31,446.	69,548.
23 Total of lines 15 through 22	1,519,364.	2,048,679.	2,083,352.	1,550,679.	7,202,074.
24 Line 23 minus line 17	308,562.	957,555.	983,345.	684,748.	2,934,210.
25 Enter 1% of line 23	15,194.	20,487.	20,834.	15,507.	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 ► **26a** 58,684.

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** 489,686.

c Total support for section 509(a)(1) test: Enter line 24, column (e) ► **26c** 2,934,210.

d Add: Amounts from column (e) for lines: 18 1,127,461. 19 ______ 22 69,548. 26b 489,686. ► **26d** 1,686,695.

e Public support (line 26c minus line 26d total) ► **26e** 1,247,515.

f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ► **26f** 42.52 %

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 ______ 16 ______ 17 ______ 20 ______ 21 ______ ► **27c**

d Add: Line 27a total ______ and line 27b total ______ ► **27d**

e Public support (line 27c total minus line 27d total) ► **27e**

f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) ► **27f**

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ► **27g** %

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ► **27h** %

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 instructions.)

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

		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?	29		
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?	30		
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?	31		
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?	32a		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
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?	33a		
b Admissions policies?	33b		
c Employment of faculty or administrative staff?	33c		
d Scholarships or other financial assistance?	33d		
e Educational policies?	33e		
f Use of facilities?	33f		
g Athletic programs?	33g		
h Other extracurricular activities?	33h		
If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b Has the organization's right to such aid ever been revoked or suspended?	34b		
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.	35		

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

NA

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		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table –			
If the amount on line 40 is – / **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	41		
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			
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		
Caution: *If there is an amount on either line 43 or line 44, you must file Form 4720*			

4-Year Averaging Period Under Section 501(h)

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

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ►	**(a)** 2003	**(b)** 2002	**(c)** 2001	**(d)** 2000	**(e)** Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B **Lobbying Activity by Nonelecting Public Charities**
(For reporting only by organizations that did not complete Part VI-A) (See 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.**)			

If 'Yes' to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of:			
(i) Cash	51 a (i)		X
(ii) Other assets	a (ii)		X
b Other transactions:			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b (i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b (ii)		X
(iii) Rental of facilities, equipment, or other assets	b (iii)		X
(iv) Reimbursement arrangements	b (iv)		X
(v) Loans or loan guarantees	b (v)		X
(vi) Performance of services or membership or fundraising solicitations	b (vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

d If the answer to any of the above is 'Yes,' complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ► ☐ Yes ☒ No

b If 'Yes,' complete the following schedule:

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Form 990
Line 8(A) and 8(B)
Statement

Schedule of Gains and Losses from Sale of Assets Other than Inventory

► Attach to return

2003

Name	Employer Identification Number
AMERICAN INSTITUTE FOR ECONOMIC RESEARCH	04-2121305

Part I, Line 8, Column (A) — **Securities**

Public Securities

Description	Gross Sales Price	Basis	
Publicly Traded Securities	675,358.	Cost	684,664.
		Selling Expenses	
		Basis	684,664.

Nonpublic Securities

Description	Date Acquired and Method	Date Sold and to Whom	Gross Sales Price	Cost, other basis or FMV when donated (State which on top)

Total Securities	675,358.		684,664.
Gain or (Loss) from Sale of Securities			-9,306.

Part I, Line 8, Column (B) — **Other Assets**

Description	Date Acquired and Method	Date Sold and to Whom	Gross Sales Price	Cost, other basis or FMV when donated	
				Cost	
				Depreciation	
				Basis	
				Donation FMV	
				Cost	
				Depreciation	
				Basis	
				Donation FMV	
				Cost	
				Depreciation	
				Basis	
				Donation FMV	
				Cost	
				Depreciation	
				Basis	
				Donation FMV	

Total Other Assets			
Gain or (Loss) from Sale of Other Assets			

Additional Information

ATTACHMENT TO PART III

LINE a: Research Reports - Preparation and distribution of biweekly economic reports which discuss selected topics in the areas of fiscal and monetary economics. These reports reflect the ongoing research of the professional staff and are distributed to members and to others. During 2003, approximately 9,900 members and 200 institutions and publishers received the reports. (These represent the average numbers of subscribers to Research Reports)

LINE b: Economic Education Bulletins - Preparation and distribution of occasional booklets in the areas of fiscal and monetary economics, reflecting detailed analysis of particular subjects with some emphasis on personal economic problems. Research and production is integrated with LINE a above. Approximately 118,800 were distributed to sustaining members and 80,000 were sold on an individual basis during 2003.

LINE c: Fellowship Program - Fellows are selected from promising college or graduate level students of economics or finance to attend seminars and conduct independent research and study at AIER as a supplement to their regular curriculum.

LINE d: Fellowship Awards in Absentia - AIER also extends financial aid to qualified students of economics or finance to assist them in their graduate level studies at their regular universities. During 2003, 12 students received this aid.

LINE e: Visiting Senior Fellows - During the summer, the institute invites prominent individuals in the field on fiscal, monetary, and personal economics to lecture and discuss topics in these fields with the summer fellows.

Behavioral Research Council Program -
The BRC Program is directed toward promoting useful inquiry in the behavioral sciences, hosting periodic conferences and seminars that involve leading scholars from here and abroad, and publishes the results of such activities. The third BRC symposium was held in July 2003.

Form 990, Page 2, Part II, Line 43
Other Expenses Stmt

Other expenses not covered above (itemize):	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
TRUSTEE REIMBURSEMENT	10,598.	0.	10,598.	0.
INVENTORY CHANGE	-1,127.	-1,127.	0.	0.
CONSULTING FEES	59,370.	17,110.	42,260.	0.
PROFESSIONAL DEVELOPMENT	9,070.	0.	9,070.	0.
SENIOR VISITING FELLOWS	43,116.	43,116.	0.	0.
ENVIRONMENTAL REMEDIATION	250,572.	187,929.	62,643.	0.
Total	371,599.	247,028.	124,571.	0.

Form 990, Page 3, Part IV, Line 54
Investments - Securities Statement

Line 54 – Investments - Securities:	Beginning of Year	End of Year
AIM SUMMIT MUTUAL FUND	435.	590.
ALLIANT ENERGY	26,480.	39,840.
AMB PROPERTIES	0.	22,030.
AMERICAN ELECTRIC POWER	32,796.	36,612.
ANGLOGOLD	0.	109,278.
ATT CORP	0.	118,755.
BANK CERTIFICATES OF DEPOSIT	0.	380,000.
BARRICK GOLD	31,375.	108,690.
BOSTON PROPERTIES	0.	43,853.
CATERPILLAR INC	73,152.	14,944.
CISCO SYSTEMS	105.	0.
COMMERCIAL NET LEASE REALTY	0.	5,678.
COMMERCIAL PAPER DUE 01-02-03	3,195,823.	0.
COMMERCIAL PAPER DUE 01-13-03	899,226.	0.
CONSOLIDATED EDISON	51,384.	51,612.
COUSINS PROPERTIES	0.	14,443.
DFA 2 YEAR GLOBAL FUND	0.	667,039.
DFA 5 YEAR GLOBAL FUND	0.	1,327,326.
DUKE REALTY	0.	32,891.
DUPONT	35,616.	74,801.
EASTMAN KODAK	56,064.	57,758.
ECHO BAY MINES	126.	0.
EQUITY OFFICE PROPERTY	0.	118,611.
EQUITY RESIDENTIAL	0.	70,883.
EXXON	125,784.	0.
FHLB 5.55% 8-22-2006	307,781.	0.
GENERAL GROWTH PROPERTIES	0.	42,541.
GENERAL MOTORS	58,976.	0.
GEORGIA PACIFIC	194.	0.
GOLD COINS	56,742.	68,994.
GOLD FIELDS	154.	89,369.
HOSPITALITY PROPERTY TRUST	0.	45,862.
HOUSEHOLD INT'L	278.	0.
INTERNATIONAL PAPER	76,934.	0.
JP MORGAN	72,000.	226,440.

Form 990, Page 3, Part IV, Line 54 Continued
Investments - Securities Statement

Line 54 — Investments - Securities:	Beginning of Year	End of Year
KIMCO PROPERTY	0.	45,421.
LIBERTY PROPERTY TRUST	0.	22,368.
MANUFACTURED HOMES	0.	5,911.
MERCK	0.	12,705.
MONEY MARKET ACCOUNT	27,095.	321,389.
NBT BANCORP	16,524.	0.
NEW PLAN EXCEL REALTY	0.	23,560.
NEWMONT MINING	83,926.	140,532.
PARAMETRIC TECHNOLOGY	60.	0.
PLACER DOME	13,662.	122,289.
PROGRESS ENERGY	52,020.	54,312.
PROLOGIS	0.	41,524.
REALTY INCOME CORP	0.	11,040.
REGENCY CENTERS	0.	24,827.
RIO TINTO	150,810.	212,211.
SBC COMMUNICATIONS	0.	174,408.
SIMON PROPERTY GROUP	0.	75,256.
SOUTHERN COMPANY	56,780.	60,500.
SUN COMMUNITIES	0.	5,805.
TECO ENERGY	18,564.	17,292.
US TREASURY BILL	0.	1,496,589.
US TREASURY NOTES	0.	301,078.
VORNADO REALTY TRUST	0.	47,961.
WEINGARTEN REALTY	0.	23,993.
WPS RESOURCES CORP	58,230.	69,345.
RESTRICTED TRUST ASSETS UNDER SPLIT INTEREST AGREEMENTS	0.	124,530,668.
Total	5,579,096.	131,609,824.

Form 990, Page 3, Part IV, Lines 57a & 57b
Land, Buildings and Equipment Statement

	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
EQUIPMENT	976,837.	217,092.	759,745.
BUILDINGS	3,829,438.	600,004.	3,229,434.
DRIVEWAY & SEWER	244,141.	220,826.	23,315.
VEHICLES	48,858.	30,673.	18,185.
LAND	142,481.	0.	142,481.
Total	5,241,755.	1,068,595.	4,173,160.

Form 990, Page 3, Part IV, Line 65

Other Liabilities Statement

Line 65 - Other Liabilities:	Beginning of Year	End of Year
ACCRUED EXPENSES	101,894.	142,371.
LIABILITIES UNDER SPLIT INTEREST AGREEMENTS		95,662,763.
Total	101,894.	95,805,134.

Explanation Statement

Form/Line: Schedule A, Page 2, Part III Line 3a

Explanation of: How We Determine Which Recipients Qualify to Receive Payments

Fellowship Awards in Absentia - AIER extends financial aid to qualified students of economics or finance to assist them in their graduate level studies at their regular universities. During 2003, 12 students received this aid.

Supporting Statement of:

Form 990 p 1/Line 20

Description	Amount
CHANGE IN MARKET VALUES	269,128.
NET INCOME FROM SUBSIDIARY	77,314.
PRIOR YEAR ADJUSTMENT TO USE PRESENT VALUE ACCOUNTING FOR TRUST ASSETS	26,522,260.
NET CHANGE IN PRESENT VALUES OF TRUST ASSET THIS YEAR	4,549,823.
Total	31,418,525.

Supporting Statement of:

Form 990 p 2/Line 32 column (C)

Description	Amount
Reimbursed legal expenses - prior years	-85,000.
Legal expense - current year	57,247.
Total	-27,753.

FORM 990 PART V – LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES

Name and Address	Title and Avg Hrs/Wk	Comp-ensation	Employee Ben Plan Contrib	Expense Account
Mr. V. George Castle Mercer Island WA 98040	Trustee Minimal	0	0	0
Mr. Richard M. Doncaster Harwichport MA 02646	Trustee Minimal	0	0	0
Mr. Joseph Fatony Franklin Lakes NJ 07417	Trustee Minimal	0	0	0
Mrs. Marjorie H. Greer Nottingham NH 03290	Trustee Minimal	0	0	0
Dr. C. Lowell Harriss Bronxville NY 10708	Trustee Minimal	0	0	0
Dr. William S. Peirce Gates Mills OH 44040	Trustee Minimal	0	0	0
Mr. Sidney Rose Salem MA 01970	Trustee Minimal	0	0	0
Mr. Edwin R. Thompson New York NY 10016	Trustee Minimal	0	0	0
Dr. Howard G. Turner Enfield CT 06082	Trustee Minimal	0	0	0
Dr. John M. Wilson Tokeneke Darien CT 06820	Trustee Minimal	0	0	0
Mr. W. Blake Foster Chatham MA 02633	Trustee Minimal	0	0	0
Mr. Peter A. Lee Honolulu HI 96807	Trustee Minimal	0	0	0
Mr. B. V. Brooks Norwalk Ct 06851	Trustee Minimal	0	0	0
TOTALS INCLUDED ON FORM 990, PART V		0	0	0

FORM 990, PAGE 3, PART IV, BALANCE SHEETS LINES 54, 65, 68

CHANGE IN METHOD OF REPORTING SPLIT-INTEREST TRUSTS

During 2003, American Institute for Economic Research changed its method of reporting assets held under split-interest agreements. Using FASB 116 and 117 methods, an actuarial study of beneficiary lives was completed in 2003. The primary purpose of the actuarial study was to calculate the present value of the income stream to beneficiaries of multiple gifts with multiple lives. With the new information from this study, AIER was able to prepare its financial statements in conformity with the generally accepted accounting principles for such gifts as outlined in the FASB 116 and 117.

The net effect was to increase reported assets (assets held in trust under split-interest agreements) by $124,530,668 (Line 54), increase liabilities (present value of income stream due to beneficiaries under split-interest agreements) by $95,662,763 (Line 65), and temporarily restricted assets (actuarial present value of future charitable remainders) by $28,867,905 (Line 68).