

Form **990**

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2002

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

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

A For the 2002 calendar year, or tax year period beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	C Name of organization AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH		D Employer identification number 53-0218495
		Number and street (or P O box if mail is not delivered to street address) Room/suite 1150 SEVENTEENTH STREET, NW		E Telephone number 202-862-5800
		City or town, state or country, and ZIP + 4 WASHINGTON, DC 20036-4670		F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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

G Web site **WWW.AEI.ORG**

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

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? N/A Yes No (If "No," attach a list)

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(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Enter 4-digit GEN

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 **17736441.**

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

Revenue	1 Contributions, gifts, grants, and similar amounts received				
	a Direct public support	1a	15512175.		
	b Indirect public support	1b			
	c Government contributions (grants)	1c	7500.		
	d Total (add lines 1a through 1c) (cash \$ 14639233. noncash \$ 880442.)	1d			15519675.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			1260100.
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4			17997.
	5 Dividends and interest from securities	5			348497.
	6 a Gross rents	6a			
	b Less rental expenses	6b			
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7 Other investment income (describe)	7				
8 a Gross amount from sale of assets other than inventory	(A) Securities		(B) Other		
	530441.	8a	4734.		
	b Less cost or other basis and sales expenses	8b			
	537284.	8b			
c Gain or (loss) (attach schedule) EXHIBIT A	8c	-6843.	4734.		
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d			-2109.	
9 Special events and activities (attach schedule)					
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				
10 a 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			54997.	
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12			17199157.	
Expenses	13 Program services (from line 44, column (B))	13		11401900.	
	14 Management and general (from line 44, column (C))	14		5398272.	
	15 Fundraising (from line 44, column (D))	15		760659.	
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses (add lines 16 and 44, column (A))	17			17560831.
18 Excess or (deficit) for the year (subtract line 17 from line 12)	18			-361674.	
Net Assets	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		41433896.	
	20 Other changes in net assets or fund balances (attach explanation) EXHIBIT C	20		-4553459.	
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21			36518763.

SEE SCHEDULE B

RECEIVED NOV 05 2002 OGDEN, UT

SCANNED NOV 05 '03

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 21 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 \$ _____ noncash \$ _____)	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc	25	1167500	85000	1082500
26 Other salaries and wages	26	7594965	5473553	1633337
27 Pension plan contributions	27	677044	444896	186403
28 Other employee benefits	28	769241	512615	221721
29 Payroll taxes	29	577877	376545	164845
30 Professional fundraising fees	30			
31 Accounting fees	31	31815		31815
32 Legal fees	32	6900		6900
33 Supplies	33	416381	406737	(5315)
34 Telephone	34	180193	133544	48059
35 Postage and shipping	35	315426	186347	112912
36 Occupancy	36	1980537	888316	1011057
37 Equipment rental and maintenance	37	133142	278050	(166914)
38 Printing and publications	38	852544	958789	(106375)
39 Travel	39	249142	195209	44972
40 Conferences, conventions, and meetings	40	1012365	626224	382571
41 Interest	41	17591	1463	16128
42 Depreciation, depletion, etc (attach schedule) D	42	451167		451167
43 Other expenses not covered above (itemize) a Ins	43a	53052		53052
b Scholar Fees	43b	328419	280419	48000
c Honoraria/Author Fees, Prof Fees	43c	745530	554193	181437
d	43d			
e	43e			
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B) (D), carry these totals to lines 13-15	44	17560831	11401900	5398272

Joint Costs Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ (ii) the amount allocated to Program services \$ _____,
 (iii) the amount allocated to Management and general \$ _____ and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See page 24 of the instructions)

What is the organization's primary exempt purpose? Educational Research	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)
a Economic Policy Scholars in areas of general economics, fiscal & monetary policy, international trade, financial markets, regulation & health conduct research to further understanding of the functioning of free economics, disseminating results through conferences and publications (Grants and allocations \$ _____)	4684304
b Foreign & Defense Policy Scholars analyze relations between US and allies, security threats globally, transition to democratic capitalism in developing and post-Communist countries, terrorism, and performance of international organizations (Grants and allocations \$ _____)	2343314
c Social & Political Policy Scholars' studies include constitutional law & theory, public opinion, political campaign analysis, government, the underclass and its struggles, and the relation between religion and ordered liberty (Grants and allocations \$ _____)	3161481
d The American Enterprise 8 - issue per year magazine offering statistics on social & economic indicators, digest of recently published policy studies and articles focusing on timely issues in the public policy arena (Grants and allocations \$ _____)	1212801
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	11401900

Part IV Balance Sheets (See page 24 of the 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		1374884	45	1527687
	46	Savings and temporary cash investments			46	
	47a	47a	340891			
	b	47b	0	601599	47c	340891
	48a	48a	7483679			
	b	48b	0	12635228	48c	7483679
	49	Grants receivable			49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)			50	
	51a	Other notes and loans receivable (attach schedule)				
	b	51b			51c	
	52	Inventories for sale or use		398726	52	273864
	53	Prepaid expenses and deferred charges		126476	53	75801
	54	Investments—securities (attach schedule) Exhibit F <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		26814080	54	27970759
	55a	Investments—land, buildings and equipment basis				
b	55b			55c		
56	Investments—other (attach schedule)			56		
57a	Land, buildings, and equipment basis		5340844			
b	57b	3419308	667003	57c	1921536	
58	Other assets (describe ▶ _____)			58		
59	Total assets (add lines 45 through 58) (must equal line 74)		42617996	59	39594217	
Liabilities	60	Accounts payable and accrued expenses		532544	60	807377
	61	Grants payable			61	
	62	Deferred revenue		423079	62	1958118
	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 ▶ Accr Vacation & Post-Retirement)		228477	65	309959	
66	Total liabilities (add lines 60 through 65)		1184100	66	3075454	
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		2224840	67	513792
	68	Temporarily restricted		32984942	68	28749767
	69	Permanently restricted		6224114	69	7255204
	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			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)		41433896	73	36518763
	74	Total liabilities and net assets / fund balances (add lines 66 and 73)		42617996	74	39594217

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 26 of the instructions)

a	Total revenue, gains and other support per audited financial statements ▶	a	15364862
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments \$ (1781396)		
(2)	Donated services and use of facilities \$		
(3)	Recoveries of prior year grants \$		
(4)	Other (specify)		
	\$		
	Add amounts on lines (1) through (4) ▶	b	(1781396)
c	Line a minus line b ▶	c	17146258
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) Realized Inv Loss -6832 PARTNERSHIP INCOME \$ 59731		
	Add amounts on lines (1) and (2) ▶	d	52899
e	Total revenue per line 12, Form 990 (line c plus line d) ▶	e	17199157

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

a	Total expenses and losses per audited financial statements ▶	a	20279995
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 \$ 121861		
(3)	Losses reported on line 20, Form 990 \$ 2590471		
(4)	Other (specify)		
	\$		
	Add amounts on lines (1) through (4) ▶	b	2712332
c	Line a minus line b ▶	c	17567663
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) Realized Inv Loss \$ (6832)		
	Add amounts on lines (1) and (2) ▶	d	(6832)
e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	17560831

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see page 26 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
Christopher C DeMuth 1150 Seventeenth Street, NW WDC 20036	President/Trustee (40)	520000	26000	0
David Gerson 1150 Seventeenth Street, NW WDC 20036	Executive VP (40)	283750	25855	0
Montgomery Brown 1150 Seventeenth Street, NW WDC 20036	Vice President (40)	101250	17204	0
Danielle Pletka 1150 Seventeenth Street, NW WDC 20036	Vice President (40)	85000	10632	0
Margaret C Barth 1150 Seventeenth Street, NW WDC 20036	CFO (40)	102500	14082	0
Elizabeth Bowen 1150 Seventeenth Street, NW WDC 20036	Board Secretary (40)	75000	11373	0
SEE ATTACHED BOARD LISTING		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 page 26 of the instructions

Part VI Other Information (See page 27 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		<input checked="" type="checkbox"/>
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		<input checked="" type="checkbox"/>
78a	Did the organization have unrelated business gross income of \$1 000 or more during the year covered by this return?	<input checked="" type="checkbox"/>	
b	If "Yes," has it filed a tax return on Form 990-T for this year?	<input checked="" type="checkbox"/>	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		<input checked="" type="checkbox"/>
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?		<input checked="" type="checkbox"/>
b	If "Yes," enter the name of the organization ▶ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instructions		
b	Did the organization file Form 1120-POL for this year?		<input checked="" type="checkbox"/>
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?		<input checked="" type="checkbox"/>
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)		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	<input checked="" type="checkbox"/>	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	<input checked="" type="checkbox"/>	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		<input checked="" type="checkbox"/>
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c	Dues, assessments, and similar amounts from members		
d	Section 162(e) lobbying and political expenditures		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
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?		
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12		
b	Gross receipts, included on line 12, for public use of club facilities		
87	501(c)(12) orgs Enter a Gross income from members or shareholders		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
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		<input checked="" type="checkbox"/>
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 ▶ _____, section 4912 ▶ _____, section 4955 ▶ _____		
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		<input checked="" type="checkbox"/>
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0 00
d	Enter Amount of tax on line 89c, above, reimbursed by the organization		0 00
90a	List the states with which a copy of this return is filed ▶ New York, New Jersey, Washington, DC		
b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b	135
91	The books are in care of ▶ Margaret C Barth Telephone no ▶ (202) 862-5930 Located at ▶ 1150 Seventeenth Street, NW Washington, DC ZIP + 4 ▶ 20036-4670		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		

Part VII Analysis of Income-Producing Activities (See page 31 of the instructions)

	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					661767
a Educational Seminar/Conference/Outreach					
b Sale of Research Publications & Materials	541800	49523			524802
c Royalties from sale of Publications			15	23389	
d Mailing List Rental			13	619	
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	17997	
96 Dividends and interest from securities			14	348497	
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	900000	4734	18	(6843)	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b PARTNERSHIP INCOME	900000	54997			
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		109254		383659	1186569
105 Total (add line 104, columns (B), (D), and (E))					1679482

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 32 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 attached Exhibit "B"

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 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	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 33 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 8870 and Form 4720 (see instructions)

Please Sign Here
 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.
 Signature of officer: David Gerson Date: 10/30/03
 Type or print name and title: David Gerson, Executive Vice President

Paid Preparer's Use Only
 Preparer's signature: [Signature] Date: 10/22/03 Check if self-employed: Preparer's SSN or PTIN (See Gen. Inst. W-7): 000363583
 Firm's name (or yours if self-employed) address and ZIP + 4: Deloitte & Touche, LLP EIN: [Blank]
 Phone no: (403) 251-1000

Deloitte & Touche, LLP
 1750 Tysons Blvd.
 McLean, VA 22102
 Tax ID 13-3891517
 Form 990 (2002)

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

2002

Supplementary Information—(See separate instructions)

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

American Enterprise Institute for Public Policy Research

Employer identification number

53 0218495

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
Kevin Hassett 1150 17th Street, NW WDC 20036	Scholar (40)	141250	28116	0
J Gregory Sidak 1150 17th Street, NW WDC 20036	Scholar (40)	140000	29733	0
Eric Engen 1150 17th Street, NW WDC 20036	Scholar (40)	131250	23109	0
Douglas Besharov 1150 17th Street, NW WDC 20036	Scholar (40)	130000	29449	0
Karl Zinsmeister 1150 17th Street, NW WDC 20036	Scholar (40)	125000	23436	0
Total number of other employees paid over \$50,000 ▶	48			

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
Dore Gold Jerusalem, Israel	Scholar	96000
Allan Meltzer Pittsburgh, PA	Scholar	72501
Peter Germanis Washington, DC	Consultant	57392
John Makin Darren, CT	Scholar	56000
.....		
Total number of others receiving over \$50,000 for professional services ▶	0	

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

Yes No

1 During the year has the organization attempted to influence national state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes" enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI A or line 1 of Part VI B)

		✓
1		

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		✓
-----------	--	---

b Lending of money or other extension of credit?

2b		✓
-----------	--	---

c Furnishing of goods, services, or facilities?

2c		✓
-----------	--	---

d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? *See Part V, Page 4*

2d	✓	
-----------	---	--

e Transfer of any part of its income or assets?

2e		✓
-----------	--	---

3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below)

3		✓
----------	--	---

4 Do you have a section 403(b) annuity plan for your employees? Pension Plan

4	✓	
----------	---	--

Note Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments

Part IV Reason for Non-Private Foundation Status (See pages 3 through 5 of the instructions)

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

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

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

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

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

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

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

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

11b A community trust Section 170(b)(1)(A)(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 5 of the instructions)

AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC

Schedule A (Form 990 or 990-EZ) 2002 **POLICY RESEARCH**

53-0218495 Page 3

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) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)	18022564.	18142437.	15666145.	15398197.	67229343.
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	1520138.	1120437.	1204700.	1115098.	4960373.
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	551145.	900520.	452570.	284870.	2189105.
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.					
23 Total of lines 15 through 22	20093847.	20163394.	17323415.	16798165.	74378821.
24 Line 23 minus line 17	18573709.	19042957.	16118715.	15683067.	69418448.
25 Enter 1% of line 23	200938.	201634.	173234.	167982.	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24				26a 1388369.
	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 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the sum of all these excess amounts.				26b 16387271.
	c Total support for section 509(a)(1) test. Enter line 24, column (e).				26c 69418448.
	d Add: Amounts from column (e) for lines 18 <u>2189105.</u> 19 _____ 22 _____ 26b <u>16387271.</u>				26d 18576376.
	e Public support (line 26c minus line 26d total)				26e 50842072.
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator))				26f 73.2400%
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.				N/A
	(2001)	(2000)	(1999)	(1998)	
	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.				N/A
	(2001)	(2000)	(1999)	(1998)	
	c Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____				27c N/A
	d Add: Line 27a total _____ and line 27b total _____				27d N/A
	e Public support (line 27c total minus line 27d total)				27e N/A
	f Total support for section 509(a)(2) test. Enter amount on line 23, column (e).				27f N/A
	g Public support percentage (line 27e (numerator) divided by line 27f (denominator))				27g N/A %
	h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))				27h N/A %
28 Unusual Grants	For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, 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.				None

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

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

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

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

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

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) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots nontaxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

Part VI-B Lobbying Activity by Nonelecting Public Charities
 (For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum through the use of

	Yes	No	Amount
a Volunteers		✓	
b Paid staff or management (Include compensation in expenses reported on lines c through h)		✓	
c Media advertisements		✓	
d Mailings to members, legislators, or the public		✓	
e Publications or published or broadcast statements		✓	
f Grants to other organizations for lobbying purposes		✓	
g Direct contact with legislators their staffs, government officials, or a legislative body		✓	
h Rallies demonstrations, seminars conventions, speeches, lectures, or any other means		✓	
i Total lobbying expenditures (Add lines c through h)			0 00

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 page 12 of the 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?
- a** Transfers from the reporting organization to a noncharitable exempt organization of
 - (i) Cash
 - (ii) Other assets
 - b** Other transactions
 - (i) Sales or exchanges of assets with a noncharitable exempt organization
 - (ii) Purchases of assets from a noncharitable exempt organization
 - (iii) Rental of facilities, equipment, or other assets
 - (iv) Reimbursement arrangements
 - (v) Loans or loan guarantees
 - (vi) Performance of services or membership or fundraising solicitations
 - c** Sharing of facilities, equipment, mailing lists, other assets, or paid employees
 - 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.

	Yes	No
51a(i)		✓
a(ii)		✓
b(i)		✓
b(ii)		✓
b(iii)		✓
b(iv)		✓
b(v)		✓
b(vi)		✓
c		✓

(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



AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH
FEDERAL ID# 53-0218495
ATTACHMENT TO FORM 990 EXHIBIT A
JANUARY 1, 2002 THROUGH DECEMBER 31, 2002

Part I, Page 1, Line 8 (a) - (c)

Sale of Marketable Securities

Gross Receipts on Sale	\$	530,441
Basis		534,233
Sales Expense		3,051
		<hr/>
Net Gain	\$	<u><u>(6,843)</u></u>
Net Capital Gain from Caxton Select LLC 22-3626105	\$	<u><u>4,734</u></u>

**AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH
FEDERAL ID# 53-0218495
ATTACHMENT TO FORM 990 EXHIBIT B
JANUARY 1, 2002 THROUGH DECEMBER 31, 2002**

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes

- 93 a AEI Seminars/Conferences/Outreach bring together scholars, politicians, and the general public and media to address, discuss, and debate public policy issues and options in the areas of economic, health, environmental, regulatory, foreign, political, and social policy**
- 93 b AEI publications provide sources of original non-partisan, practical research on economic, health, environmental, regulatory, foreign, political, and social policy**

AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH
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ATTACHMENT TO FORM 990 EXHIBIT C
JANUARY 1, 2002 THROUGH DECEMBER 31, 2002

Part I. Page 1, Line 20

Unrealized Depreciation on Investments	\$ (1,781,396)
Write down publication costs	(121,861)
Write off Prior Year Pledges Receivable	(2,268,320)
Write off Uncollectible Other Receivables	<u>(322,151)</u>
Taxable Partnership Income	<u>(59,731)</u>
 Net Loss	 <u>\$ (4,553,459)</u>

**AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH
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ATTACHMENT TO FORM 990 EXHIBIT D
JANUARY 1, 2002 THROUGH DECEMBER 31, 2002**

Part II, Page 2, Line 42

DEPRECIATION SCHEDULE - ASSETS

<u>Description of Property</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Furniture & Equipment	3,019,743	374,464		3,394,207
Leasehold Improvements	1,462,958	76,703	1,514,560	25,101
	<u>4,482,701</u>	<u>451,167</u>	<u>1,514,560</u>	<u>3,419,308</u>

**AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH
FEDERAL ID# 53-0218495
ATTACHMENT TO FORM 990 EXHIBIT E
JANUARY 1, 2002 THROUGH DECEMBER 31, 2002**

Part IV, Page 3, Line 54

INVESTMENTS – SECURITIES

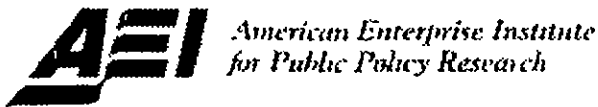
	<u>Dec 31, 2002</u>	<u>Dec 31, 2001</u>
Paloma Partners	\$ 4,732,523	\$ 4,422,006
Ariel Fund	0	3,392,217
Caxton Select LLP	10,137,175	2,530,232
Prudential Securities	13,053	1,387,811
Stock		31,155
Vanguard Group	<u>13,088,008</u>	<u>15,050,659</u>
TOTAL	\$ <u>27,970,759</u>	\$ <u>26,814,080</u>

Carrying value approximates market or fair value at December 31, 2002 and 2001, respectively

AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH
FEDERAL ID# 53-0218495
ATTACHMENT TO FORM 990 EXHIBIT F
JANUARY 1, 2002 THROUGH DECEMBER 31, 2002

Part IV. Page 3, Line 57.b

LAND, BUILDINGS AND EQUIPMENT	Beginning Balance Dec. 31, 2001	Additions	Retirements	Ending Balance Dec. 31, 2002
Furniture & Equipment	3,642,050	717,631	0	4,359,681
Leasehold Improvements	1,507,654	988,069	1,514,560	981,163
Total	5,149,704	1,705,700	1,514,560	5,340,844
Accumulated Depreciation	3,019,743	374,464		3,394,207
Accumulated Amortization	1,462,958	76,703	1,514,560	25,101
Total	4,482,701	451,167	1,514,560	3,419,308
Net	667,003			1,921,536



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Exxon Mobil Corporation

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Pepperdine University

You can find this online at http://www.aei.org/about/msgkey_20038142214500073,pageID_73/default.asp

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 American Enterprise Institute for Public Pol.	Employer identification number 53 0218405
	Number, street, and room or suite no. If a P.O. box see instructions 1150 17th Street, NW	For IRS use only
	City, town or post office, state, and ZIP code For a foreign address, see instructions Washington, DC 20036	

Check type of return to be filed (File a separate application for each return)

- Form 990 Form 990-EZ Form 990-T (sec 401(a) or 408(a) trust) Form 1041-A Form 5227 Form 8870
 Form 990-BL Form 990-PF Form 990-T (trust other than above) Form 4720 Form 6069

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

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until November 15, 2003
- 5 For calendar year 2002 or other tax year beginning _____, 20____ and ending _____, 20____
- 6 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period
- 7 State in detail why you need the extension Late receipt of K-1 for major portion of investment portfolio and slow response to confirmation requests has delayed the completion of our annual audit. Audit should be completed late August allowing return to be complete
- 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 with 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 \$ _____

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 Margaret C. Booth Title Chief Financial Officer Date 08/11/03

Notice to Applicant—To Be Completed by the IRS

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

EXTENSION APPROVED
AUG 20 2003
 LINDA WEISKOPF, FIELD DIRECTOR
 COLLECTION PROCESSING, OGDEN

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)