

Return of Organization Exempt From Income Tax

2007

Open to Public Inspection

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)

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

A For the 2007 calendar year, or tax year beginning _____, and ending _____

- B** Check if applicable:
- Address change
 - Name change
 - Initial return
 - Termination
 - Amended return
 - Application pending

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

C Name of organization
PETER G. PETERSON INSTITUTE FOR INTERNATIONAL ECONO
Number and street (or P O box if mail is not delivered to street address) Room/suite
1750 MASSACHUSETTS AVENUE
City or town State or country ZIP + 4
WASHINGTON, DC 20036

D Employer identification number
52-1226967
E Telephone number
202-328-9000
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
I Group Exemption Number _____

G Website: **www.ii.com**

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

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000 A return is not required, but if the organization chooses to file a return, be sure to file a complete return

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

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 **21,077,173**

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

		Revenue		Expenses		Net Assets	
1	Contributions, gifts, grants, and similar amounts received						
a	Contributions to donor advised funds	1a					
b	Direct public support (not included on line 1a)	1b	7,800,648				
c	Indirect public support (not included on line 1a)	1c					
d	Government contributions (grants) (not included on line 1a)	1d					
e	Total (add lines 1a through 1d) (cash \$ 5,225,255 noncash \$ 2,575,393)	1e					7,800,648
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2					23,359
3	Membership dues and assessments	3					
4	Interest on savings and temporary cash investments	4					452,790
5	Dividends and interest from securities	5					235,323
6a	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					
8a	Gross amount from sales of assets other than inventory	(A) Securities	12,333,169	8a			
b	Less: cost or other basis and sales expenses		11,879,470	8b			
c	Gain or (loss) (attach schedule)		453,699	8c			
d	Net gain or (loss) Combine line 8c, columns (A) and (B)			8d			453,699
9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>						
a	Gross revenue (not including \$ _____ of contributions reported on line 1b)	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	230,526				
b	Less: cost of goods sold	10b	110,981				
c	Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a	10c					119,545
11	Other revenue (from Part VII, lines _____)	11					1,358
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12					9,086,722
13	Program services (from line 12, column (B))	13					8,035,856
14	Management and general (from line 12, column (C))	14					674,654
15	Fundraising (from line 12, column (D))	15					344,927
16	Payments to affiliates (attach schedule)	16					
17	Total expenses. Add lines 16 and 14, column (A)	17					9,055,437
18	Excess or (deficit) for the year. Subtract line 17 from line 12	18					31,285
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19					64,747,340
20	Other changes in net assets or fund balances (attach explanation)	20					1,067,137
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21					65,845,762

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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. (See 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 a	Grants paid from donor advised funds (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22 b	Other grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25 a	Compensation of current officers, directors, key employees, etc listed in Part V-A	25a	615,274	440,105	154,007
b	Compensation of former officers, directors, key employees, etc listed in Part V-B	25b			
c	Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c			
26	Salaries and wages of employees not included on lines 25a, b, and c	26	3,908,383	3,219,820	533,741
27	Pension plan contributions not included on lines 25a, b, and c	27	486,582		486,582
28	Employee benefits not included on lines 25a - 27	28	478,992	31,967	447,025
29	Payroll taxes	29	271,008		271,008
30	Professional fundraising fees	30			
31	Accounting fees	31			
32	Legal fees	32			
33	Supplies	33	51,581	4,035	47,529
34	Telephone	34			
35	Postage and shipping	35	64,205	41,262	21,874
36	Occupancy	36			
37	Equipment rental and maintenance	37	41,892		41,892
38	Printing and publications	38	196,602	186,770	9,832
39	Travel	39			
40	Conferences, conventions, and meetings	40	426,321	396,198	22,080
41	Interest	41	263,939		263,939
42	Depreciation, depletion, etc (attach schedule)	42	482,686		482,686
43	Other expenses not covered above (itemize)				
a	SEE ATTACHED SCHEDULE	43a	1,767,972	3,715,699	-2,107,541
b	-----	43b			
c	-----	43c			
d	-----	43d			
e	-----	43e			
f	-----	43f			
g	-----	43g			
44	Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	9,055,437	8,035,856	674,654

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 IV Balance Sheets (See the instructions.)

				(A)		(B)	
				Beginning of year		End of year	
<i>Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only</i>							
Assets	45	Cash—non-interest-bearing			45		
	46	Savings and temporary cash investments		4,145,244	46	9,854,722	
	47 a	Accounts receivable	47a	309,392			
	b	Less: allowance for doubtful accounts	47b		312,780	47c	309,392
	48 a	Pledges receivable	48a				
	b	Less: allowance for doubtful accounts	48b			48c	
	49	Grants receivable		29,359,124	49	17,668,407	
	50 a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)			50a		
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)			50b		
	51 a	Other notes and loans receivable (attach schedule)	51a				
	b	Less: allowance for doubtful accounts	51b			51c	
	52	Inventories for sale or use		232,125	52	265,772	
	53	Prepaid expenses and deferred charges		135,583	53	155,257	
	54 a	Investments—publicly-traded securities	<input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	21,358,175	54a	28,349,776	
	b	Investments—other securities (attach schedule)			54b		
	55 a	Investments—land, buildings, and equipment: basis	55a				
	b	Less: accumulated depreciation (attach schedule)			55b	55c	
	56	Investments—other (attach schedule)			56		
	57 a	Land, buildings, and equipment: basis	57a	19,947,024			
b	Less: accumulated depreciation (attach schedule)			57b	3,118,885		
58	Other assets, including program-related investments (describe <input type="checkbox"/> See attached statement <input checked="" type="checkbox"/>)		1,139,366	58	1,195,418		
59	Total assets (must equal line 74) Add lines 45 through 58		73,850,222	59	74,626,883		
Liabilities	60	Accounts payable and accrued expenses		1,078,448	60	947,753	
	61	Grants payable			61		
	62	Deferred revenue		36,635	62		
	63	Loans from officers, directors, trustees, and key employees (attach schedule)			63		
	64 a	Tax-exempt bond liabilities (attach schedule)		7,000,000	64a	6,800,000	
	b	Mortgages and other notes payable (attach schedule)			64b		
	65	Other liabilities (describe <input type="checkbox"/> DIRECTOR'S LIFE INSURANCE <input checked="" type="checkbox"/>)		987,799	65	1,033,368	
66	Total liabilities. Add lines 60 through 65		9,102,882	66	8,781,121		
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		22,398,088	67	29,415,370	
	68	Temporarily restricted		27,636,715	68	20,009,155	
	69	Permanently restricted		14,712,537	69	16,421,237	
	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 and column (B) must equal line 21)		64,747,340	73	65,845,762		
74	Total liabilities and net assets/fund balances. Add lines 66 and 73.		73,850,222	74	74,626,883		

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions)

a	Total revenue, gains, and other support per audited financial statements		a	10,264,840
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1 1,067,137		
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify)	b4		
	Add lines b1 through b4		b	1,067,137
c	Subtract line b from line a		c	9,197,703
d	Amounts included on Part I, line 12, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify) <u>COST OF GOODS SOLD</u>	d2 -110,981		
	Add lines d1 and d2		d	-110,981
e	Total revenue (Part I, line 12) Add lines c and d		e	9,086,722

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

a	Total expenses and losses per audited financial statements		a	9,166,418
b	Amounts included on line a but not on Part I, line 17:			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify): <u>COST OF GOODS SOLD</u>	b4 110,981		
	Add lines b1 through b4		b	110,981
c	Subtract line b from line a		c	9,055,437
d	Amounts included on Part I, line 17, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify)	d2		
	Add lines d1 and d2		d	
e	Total expenses (Part I, line 17). Add lines c and d		e	9,055,437

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated) (See 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 plans	(E) Expense account and other allowances
Name FRED C BERGST Str 1750 MASSACHUSE City WASHINGTON ST DC ZIP 20036	Title PRESIDENT Hr/WK 53	225,006	33,752	
Name J. BRADFORD JEI Str 1750 MASSACHUSE City WASHINGTON ST DC ZIP 20036	Title DEPUTY DIREC Hr/WK 45	139,881	21,901	
Name ADAM POSEN Str 1750 MASSACHUSE City WASHINGTON ST DC ZIP 20036	Title DEPUTY DIREC Hr/WK 45	169,334	25,400	
Name SEE ATTACHED Str	Title			
City ST ZIP	Hr/WK			
Name N/A Str	Title			
City ST ZIP	Hr/WK			
Name N/A Str	Title			
City ST ZIP	Hr/WK			
Name N/A Str	Title			
City ST ZIP	Hr/WK			
Name N/A Str	Title			
City ST ZIP	Hr/WK			
Name N/A Str	Title			
City ST ZIP	Hr/WK			

Part V-A Current Officers, Directors, Trustees, and Key Employees <i>(continued)</i>	Yes	No
75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶ 44		
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b	X
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization" ▶ If "Yes," attach a statement that includes the information described in the instructions.	75c	X
d Does the organization have a written conflict of interest policy?	75d	X

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				
Name <u>N/A</u> Str _____ City _____ ST ZIP _____				

Part VI Other Information <i>(See the instructions.)</i>	Yes	No
76 Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	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
78 a 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	N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a 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 ▶ _____ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a Enter direct and indirect political expenditures (See line 81 instructions)	81a	N/A
b Did the organization file Form 1120-POL for this year?	81b	X

Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
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 N/A		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83 b	Did the organization comply with the disclosure requirements relating to <i>quid pro quo</i> contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
84 b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
85 a	501(c)(4), (5), or (6) Were substantially all dues nondeductible by members?	N/A	
85 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.	N/A	
85 c	Dues, assessments, and similar amounts from members	N/A	
85 d	Section 162(e) lobbying and political expenditures	N/A	
85 e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	N/A	
85 f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	N/A	
85 g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	
85 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?	N/A	
86 a	501(c)(7) orgs Enter: a Initiation fees and capital contributions included on line 12	N/A	
86 b	Gross receipts, included on line 12, for public use of club facilities	N/A	
87 a	501(c)(12) orgs Enter: a Gross income from members or shareholders	N/A	
87 b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	N/A	
88 a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
88 b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
89 a	501(c)(3) organizations Enter: Amount of tax imposed on the organization during the year under: section 4911 <input type="checkbox"/> ; section 4912 <input type="checkbox"/> ; section 4955 <input type="checkbox"/>		
89 b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
89 c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="checkbox"/> N/A		
89 d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/> N/A		
89 e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89 f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89 g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
90 a	List the states with which a copy of this return is filed <input type="checkbox"/>		
90 b	Number of employees employed in the pay period that includes March 12, 2007 (See instructions)	48	
91 a	The books are in care of <input type="checkbox"/> Name THE CORPORATION Telephone no <input type="checkbox"/> (202) 328-9000 Located at <input type="checkbox"/> 1750 MASSACHUSETTS AVE. City WASHINGTON ST DC ZIP + 4 <input type="checkbox"/> 20036		
91 b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country <input type="checkbox"/> SEE ATTACHED See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts	X	

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? Yes No
 If "Yes," enter the name of the foreign country ▶

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 N/A

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

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a ROYALTY					23,359
b					
c					
d					
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	452,790	
96 Dividends and interest from securities			14	235,323	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	453,699	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					119,545
103 Other revenue a MISCELLANEOUS INCOM					1,358
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				1,141,812	144,262
105 Total (add line 104, columns (B), (D), and (E))					1,286,074

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See 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)
93	ROYALTY FROM PUBLICATIONS ON INTERNATIONAL ECONOMIC ISSUES
102	SALES OF PUBLICATIONS ON INTERNATIONAL ECONOMIC ISSUES
103a	MISCELLANEOUS INCOME FROM PUBLICATION PRODUCTION

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See 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
NONE				

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

Part XI

Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

106	Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
			X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a			
b			
c			
Totals				

107	Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	Yes	No
			X

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a			
b			
c			
Totals				

108	Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?	Yes	No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Please Sign Here

Signature of officer: Adam Posen Date: 8/13/08

Type or print name and title: Deputy Director Adam Posen

Paid Preparer's Use Only	Preparer's signature: <u>J. E. Stokes CPA</u>	Date: <u>7/31/08</u>	Check if self-employed: <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen Inst X): <u>P00114333</u>
	Firm's name (or yours if self-employed), address, and ZIP + 4: <u>STOKES & COMPANY, P.C</u> <u>1201 15TH STREET, NW # 340, WASHINGTON, DC 20005-2</u>	EIN: <u>52-1190469</u>	Phone no: <u>202-293-9000</u>	

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

Yes No

<p>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)</p> <p>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</p>	<p>1</p>		<p>X</p>
<p>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)</p>			
<p>a Sale, exchange, or leasing of property?</p>	<p>2a</p>		<p>X</p>
<p>b Lending of money or other extension of credit?</p>	<p>2b</p>		<p>X</p>
<p>c Furnishing of goods, services, or facilities?</p>	<p>2c</p>		<p>X</p>
<p>d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V, Form 990</p>	<p>2d</p>	<p>X</p>	
<p>e Transfer of any part of its income or assets?</p>	<p>2e</p>		<p>X</p>
<p>3 a Did the organization make grants for scholarships, fellowships, student loans, etc? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments)</p>	<p>3a</p>		<p>X</p>
<p>b Did the organization have a section 403(b) annuity plan for its employees?</p>	<p>3b</p>	<p>X</p>	
<p>c Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement</p>	<p>3c</p>		<p>X</p>
<p>d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?</p>	<p>3d</p>		<p>X</p>
<p>4 a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g</p>	<p>4a</p>		<p>X</p>
<p>b Did the organization make any taxable distributions under section 4966?</p>	<p>4b</p>		
<p>c Did the organization make a distribution to a donor, donor advisor, or related person?</p>	<p>4c</p>		
<p>d Enter the total number of donor advised funds owned at the end of the tax year ► _____</p>			
<p>e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ► _____</p>			
<p>f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ► _____</p>			<p>NONE</p>
<p>g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ► _____</p>			<p>NONE</p>

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is (Please check only ONE applicable box.)

- 5 A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6 A school Section 170(b)(1)(A)(ii) (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8 A federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9 A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state City ST Country
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A.)
- 11 a An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A.)
- 11 b A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization
 Type I Type II Type III-Functionally Integrated Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					

- 14 An organization organized and operated to test for public safety Section 509(a)(4) (See page 8 of the 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) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total	
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	14,006,536	7,419,007	7,490,525	6,562,689	35,478,757	
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	297,830	342,031	260,632	259,914	1,160,407	
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	268,110	236,314	190,458	157,612	852,494	
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	100,503	26,424	750	9,886	137,563	
23 Total of lines 15 through 22	14,672,979	8,023,776	7,942,365	6,990,101	37,629,221	
24 Line 23 minus line 17	14,375,149	7,681,745	7,681,733	6,730,187	36,468,814	
25 Enter 1% of line 23	146,730	80,238	79,424	69,901		
26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24				26a	729,376
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 2003 through 2006 exceeded the amount shown in line 26a Do not file this list with your return. Enter the total of all these excess amounts					26b	9,711,866
c Total support for section 509(a)(1) test Enter line 24, column (e)					26c	36,468,814
d Add Amounts from column (e) for lines 18 852,494 19 22 137,563 26b 9,711,866					26d	10,701,923
e Public support (line 26c minus line 26d total)					26e	25,766,891
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f	70.65%
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					
(2006) _____ (2005) _____ (2004) _____ (2003) _____						
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 11b, 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						
(2006) _____ (2005) _____ (2004) _____ (2003) _____						
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 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant Do not file this list with your return. Do not include these grants in line 15						

Part V Private School Questionnaire (See page 9 of the instructions.)
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

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

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

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

Limits on Lobbying Expenditures

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

		(a) Affiliated group totals	(b) To be completed for all electing organizations
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
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—		
	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	41	
	\$225,000 plus 5% of the excess over \$1,500,000		
	\$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 on page 13 of the instructions)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(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 14 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

- 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.)

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

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	

PETER G PETERSON INSTITUTE FOR INTERNATIONAL ECONOMICS
52-1228987
TAX SCHEDULE
DECEMBER 31,2007

FORM 990, PART I, LINE 8C GAIN OR (LOSS) FROM SALE OF INVESTMENTS

SALE AND MATURITIES OF SECURITIES

GROSS SALE PRICE	\$	12,333,169
COST OF INVESTMENTS		<u>11,879,470</u>
NET GAIN OR (LOSS)	\$	<u>453,699</u>

FORM 990, PART I, LINE 10C GROSS PROFIT FROM SALES OF INVENTORY

SALES OF PUBLICATIONS

GROSS SALE PRICE	\$	230,526
COST OF GOODS SOLD		<u>110,981</u>
GROSS PROFIT	\$	<u>119,545</u>

FORM 990, PART I, LINE 20 OTHER CHANGES IN NET ASSETS

UNREALIZED GAIN ON INVESTMENTS	\$	<u>1,067,137</u>
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FORM 990, PART II, LINE 42 DEPRECIATION

	DEPRECIATION
	<u>EXPENSE</u>
PROPERTY & EQUIPMENT	\$ 475,149
AMORTIZATION OF BOND ORIGINATION COSTS	<u>7,537</u>
	\$ <u>482,686</u>