

**STATEMENT OF ACTIVITIES**

Years Ended June 30, 2008 and 2007 (in thousands)

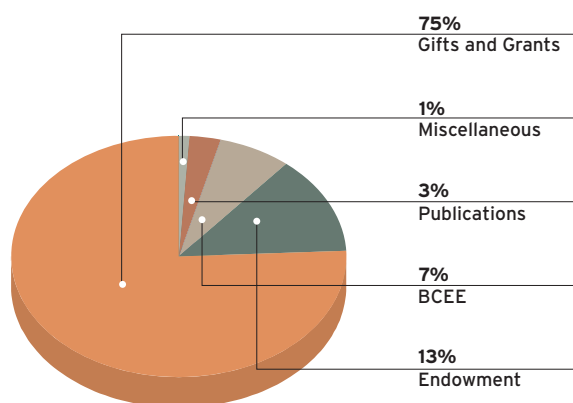
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2008 TOTAL	2007 TOTAL
<b>OPERATING REVENUES</b>					
Investment return designated for operations	\$ 10,171	\$ 2,260		\$ 12,431	\$ 11,496
Grants and contracts	1,713	48,374		50,087	64,164
Contributions	5,141	5,922		11,063	8,779
Conferences	5,283			5,283	3,956
Brookings Press	2,654			2,654	2,482
Interest and dividends	114	123		237	268
Rental income, net	(92)			(92)	59
Facility revenue	914			914	978
Other income	182			182	161
Net assets released from restrictions—					
Satisfaction of program restrictions	51,923	(51,923)			
Total Operating Revenue and Support	78,003	4,756		82,759	92,343
<b>OPERATING EXPENSES</b>					
Program services:					
Economic Studies	11,924			11,924	9,786
Foreign Policy	17,112			17,112	12,850
Global Economy and Development	6,914			6,914	5,336
Governance Studies	2,409			2,409	2,297
Metropolitan Policy Program	9,551			9,551	7,006
Other research	2,094			2,094	935
Center for Executive Education	5,316			5,316	5,528
Brookings Press	3,141			3,141	2,835
Communications	3,582			3,582	2,243
Total Program Services	62,043			62,043	48,816
Supporting services:					
Management and General	15,341			15,341	10,406
Fundraising	2,640			2,640	2,412
Total Operating Expenses	80,024			80,024	61,634
Change in net assets before non-operating activities	(2,021)	4,756		2,735	30,709
<b>NON-OPERATING ACTIVITIES</b>					
Investment return in excess of amounts designated for operations					
Realized gain on sale of investments	12,162			12,162	20,203
Unrealized gain (loss) from investments	(24,676)			(24,676)	28,207
Interest and dividends, net	1,094			1,094	1,424
Investment income allocation	(12,431)			(12,431)	(11,496)
Total investment return (loss) in excess of amounts designated for operations	(23,851)			(23,851)	38,338
Contributions for endowment	—		5,366	5,366	7,538
Total Non-Operating Activities	(23,851)		5,366	(18,485)	45,876
Change in net assets before the effect of adoption of SFAS No. 158 and post-retirement related changes other than net periodic post-retirement benefit cost	(25,872)	4,756	5,366	(15,750)	76,585
Effect of adoption provisions of SFAS No. 158	—	—	—	—	1,610
Post-retirement related changes other than net periodic post-retirement benefit cost	(119)			(119)	
CHANGE IN NET ASSETS	(25,991)	4,756	5,366	(15,869)	78,195
Net assets at the Beginning of the Year	243,472	74,235	52,920	370,627	292,432
Net assets at the End of the Year	\$217,481	\$78,991	\$58,286	\$354,758	\$370,627

## STATEMENT OF FINANCIAL POSITION

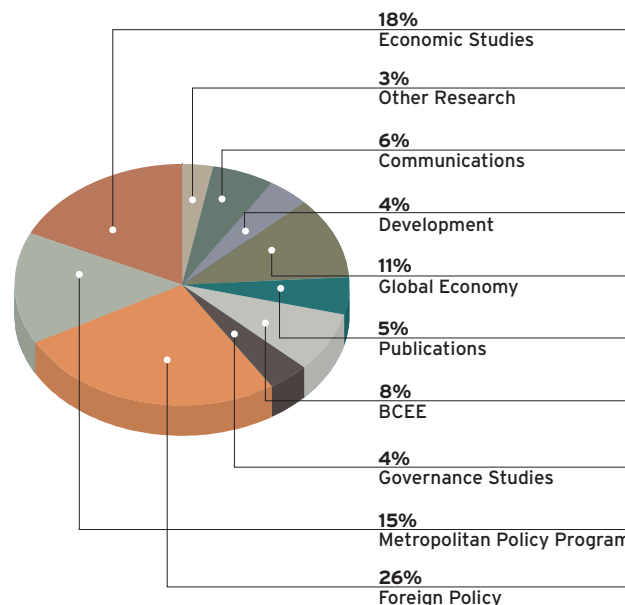
As of June 30, 2008 and 2007 (in thousands)

	2008	2007
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,604	\$ 8,294
Accounts receivable, net	1,594	2,461
Grants and contributions receivable, net	68,762	63,713
Accrued investment income	330	321
Inventory	481	538
Investments, at fair value	277,455	291,704
Property and equipment, net	43,122	13,828
Other assets	649	750
<b>TOTAL ASSETS</b>	<b>\$397,997</b>	<b>\$381,609</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 8,846	\$ 5,386
Accrued compensated leave	2,409	1,884
Lines of credit and note payable	28,031	28
Accrued post-retirement benefit obligation	3,340	3,071
Deferred revenue	613	613
<b>TOTAL LIABILITIES</b>	<b>43,239</b>	<b>10,982</b>
<b>NET ASSETS</b>		
Unrestricted	217,481	243,472
Temporarily restricted	78,991	74,235
Permanently restricted	58,286	52,920
<b>Total Net Assets</b>	<b>354,758</b>	<b>370,627</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$397,997</b>	<b>\$381,609</b>

### Operating Revenues



### Program Services Expenses



Notes:

As a nonprofit and scientific organization, Brookings is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Institution also qualifies as a publicly supported organization under section 170(b)(1)(A)(vi) of the code.

The Brookings policy is to make an annual investment spending allocation for the support of operations. This amount is calculated based on 70% of the prior year's spending adjusted for inflation and 30% of 5% of the market value of the investments as of December 31 of the prior fiscal year. Certain reclassifications of prior year balances have been made to conform to the current year presentation.

A copy of the Institution's audited financial statements is available by request.