

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Interim Statements of Financial Position

As of December 31st, 2008 and 2007

Assets	2008	2007
Cash	\$ 3,979,094	2,754,244
Grants and contracts receivable	1,882,281	2,056,143
Prepaid expenses and other receivables	260,589	208,902
Investments, at fair value (note 2)	77,709,394	116,367,703
Assets under deferred compensation plan	6,219,899	7,558,631
Equipment and leasehold improvements (net of accumulated depreciation and amortization of \$251,689 in 2008 and \$204,737 in 2007)	<u>146,682</u>	<u>183,256</u>
Total assets	\$ <u>90,197,939</u>	<u>129,128,879</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	609,568	550,712
Accrued compensated absences	592,826	627,808
Deferred Rental Liability	283,384	296,918
Grant and contract advances	11,382,710	12,256,417
Liability for deferred compensation plan	<u>6,219,899</u>	<u>7,558,630</u>
Total liabilities	<u>19,088,387</u>	<u>21,290,485</u>
Unrestricted net assets	70,911,617	107,503,337
Temporarily restricted net assets	<u>197,935</u>	<u>335,057</u>
Total net assets	<u>71,109,552</u>	<u>107,838,394</u>
Total liabilities and net assets	\$ <u>90,197,939</u>	<u>129,128,879</u>

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Interim Statements of Activities

For the three months ended December 31st, 2008 and 2007

	2008	2007
UNRESTRICTED ACTIVITIES		
Operations		
Revenue and other support:		
Grants and contracts	\$ 15,569,087	13,393,880
Investment income available for operations (note 3)	2,399,761	2,331,736
Subscriptions and publications	827,403	917,938
Contributions - unrestricted	217,250	229,000
Interest and other income	5,351	15,977
Net assets released from restrictions		<u>30,300</u>
Total revenue and other support	<u>19,018,852</u>	<u>16,918,831</u>
 Expenses:		
Research programs	14,372,256	12,430,294
General and administrative	3,125,968	2,881,912
Fundraising	9,992	10,229
Total expenses	<u>17,508,216</u>	<u>15,322,435</u>
 Increase in unrestricted net assets from operations	<u>1,510,636</u>	<u>1,596,396</u>
 Investment activities		
Realized and unrealized (losses) gains on investments	(28,029,533)	176,529
Interest and dividends	1,563,365	1,286,854
Management fees	(48,387)	(53,090)
Investment income available for operations (note 3)	<u>(2,399,761)</u>	<u>(2,331,736)</u>
 Investment (loss) not available for operations	<u>(28,914,316)</u>	<u>(921,443)</u>
 (Decrease) increase in unrestricted net assets	<u>(27,403,680)</u>	674,953
 TEMPORARILY RESTRICTED ACTIVITIES		
Contributions	5,000	5,000
Net (depreciation) appreciation of investments	(50,829)	3,494
Net Assets released from restrictions		<u>(30,300)</u>
 (Decrease) in temporarily restricted net assets	<u>(45,829)</u>	<u>(21,806)</u>
 (Decrease) increase in net assets	<u>(27,449,509)</u>	653,147
 Net assets at beginning of year	<u>98,559,061</u>	<u>\$107,185,247</u>
 Net assets at end of period	\$ <u>71,109,552</u>	<u>\$107,838,394</u>

Notes to Interim Financial Statements - Quarters ending 12-31-2008 and 12-31-2007

- 1.) Some of the amounts reflected in these financial statements are based on interim estimates that will be refined at fiscal year end.

- 2.) Investments consist of the following at December 31, 2008 and 2007:

	2008	2007
Fixed Income	\$21,958,287	\$30,545,621
Indexed funds - equities	\$51,398,542	\$78,903,340
Real estate investment fund	\$4,352,565	\$6,949,043
	<u>\$77,709,394</u>	<u>\$116,398,004</u>

- 3.) Investment income available for operations is based on 5.25% of a 5-year moving average of unrestricted net assets and is being allocated equally among the four quarters of the fiscal year.