

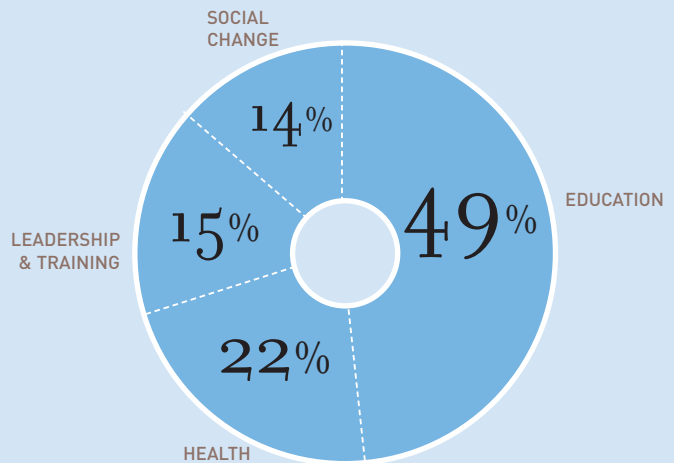
Financial Statements

The Academy for Educational Development is an independent, nonprofit, charitable organization that is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. Contributions to AED for its exempt purposes and mission are tax deductible.

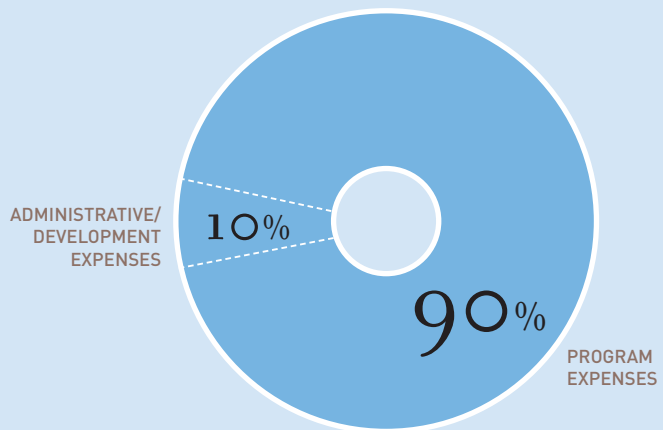
AED is also registered with the U.S. Agency for International Development as a private voluntary organization. Approximately 80% of AED's programs are implemented internationally, 20% in the United States. A careful and efficient steward of donor resources, AED maintains very low administrative costs, with 90 percent of our expenses going toward programs and 10 percent allocated for administration and development.

AED's financial statements are audited on an annual basis by KPMG PEAT MARWICK LLP. This Statement of Financial Position as of December 31, 2006, and Statement of Activities for the year ending December 31, 2006, are part of AED's financial statement. The complete audited statements are available upon request to AED's chief financial officer.

PROGRAMS BY SECTOR



ALLOCATION OF FUNDS



AED, consistent with its mission to measurably improve the world we live in, has in place high standards of ethical conduct and fiscal responsibility. These standards guide all of the decisions and judgments we make. In particular, we have instituted numerous measures for safeguarding the integrity of our financial resources. We encourage alerts of any unethical conduct. The number of the toll-free **Ethics and Compliance Hotline**, which operates 24 hours a day, seven days a week, is: **1-800-318-7153**.

STATEMENT OF FINANCIAL POSITION: Year Ending December 31, 2006

ASSETS	
Total current assets	\$59,168,755
Property and equipment, net	7,620,361
Long-term investments	20,193,480
Other assets	794,696
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TOTAL ASSETS	\$87,777,292
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LIABILITIES	
Total current liabilities	\$53,138,800
Accrued rent abatement	567,813
Net assets-unrestricted	33,419,093
Net assets-Board-designated	107,000
Net assets- temporarily restricted	544,586
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TOTAL LIABILITIES AND NET ASSETS	\$87,777,292

STATEMENT OF ACTIVITIES: Year Ending December 31, 2006

REVENUE	
Studies and projects	\$328,642,824
Investments	2,059,824
Restricted contributions	4,332,983
Other	0
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TOTAL REVENUE	\$335,035,631
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EXPENSES	
Program services	\$292,300,315
Management and administration	26,278,020
Program development	7,039,294
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TOTAL EXPENSES	\$325,617,629
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CHANGE IN NET ASSETS	
Unrestricted	\$9,942,395
Temporarily restricted	(524,393)
Net assets, beginning of year	24,652,677
Net assets, end of year	34,070,679