AIR’s experts have tackled some of the toughest behavioral and scientific challenges facing societies, in both the United States and the developing world.

Our work has confronted a host of pressing social concerns, from the growing problem of medical errors in the nation’s hospitals to curing students in the impoverished world of parasitic infections, from addressing the violence and obstreperous behavior plaguing urban schools to devising a benchmark for comparing the performance of U.S. students with their counterparts internationally. In each of these examples — and many more that are cited in this report — AIR’s experts have made significant progress in identifying the underlying dynamics of problems being experienced in education, health care and the workplace. Such progress has led not only to implementing practical solutions, but also to their application globally.

From teachers and school administrators to health care providers and patients, those on the front lines now have a better understanding of how to deal with the challenges they face, thanks to AIR’s efforts. Indeed, the significance of this work is evident in how much it is valued by those for whom we have performed our studies, by Congress and state legislatures, and by leading professional organizations that have once again honored AIR’s experts with some of their more prestigious awards.

Most importantly, the work of our technical support and research teams has improved people’s lives, many of them children, the ill and the dispossessed. These results reaffirm our conviction that AIR employs the most purposeful expertise in human and social research.

That we have achieved extraordinary results in helping to solve social and behavioral problems domestically is satisfying in itself. That we continue to expand the reach of our work to societies across the globe is a source of added pride.

We welcome the challenge.

Patricia B. Gurin
Chair, Board of Directors

Sol H. Pelavin
President and CEO
Statement of Activities
Fiscal Year Ended December 31, 2009

Contract and grant revenue $ 299,093,905
Contract, grant and related costs 282,177,182
Excess of revenue over expenses 16,916,723
Other income (expense) 1,135,058
Increase in net assets $18,051,781
Net assets, beginning of year 72,164,810
Net assets, end of year $90,216,591

Total Revenue
(Millions of Dollars)

<table>
<thead>
<tr>
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<th>FY03</th>
<th>FY05</th>
<th>FY07</th>
<th>FY09</th>
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Balance Sheet
Fiscal Year Ended December 31, 2009

Current assets $71,764,654
Investment in marketable securities 52,276,633
Property and equipment, net 11,386,730
Other noncurrent assets 2,840,751
Total assets $138,268,768

Current liabilities $41,028,030
Long-term debt 0
Noncurrent liabilities 7,024,147
Total liabilities $48,052,177

Net assets 90,216,591
Total liabilities and net assets 138,268,768

Net Assets
(Millions of Dollars)

<table>
<thead>
<tr>
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