

## **FINANCIAL STATUS REPORT AS OF NOVEMBER 2006**

### **CORE BUDGET**

#### **Contributions from Member Nations**

The following table shows the status of the contributions received from the member countries as of November 23, 2006.

	Arrears from Previous FYs	Contribution for FY 06/07	Paid Jul-Nov/06	Due as of November 2006
Argentina	175,025.00	50,000.00	(50,000.00)	175,025.00
Bolivia	20,000.00	5,000.00		25,000.00
Brazil	0.00	85,000.00		85,000.00
Canada	0.00	125,000.00		125,000.00
Chile	5,000.00	5,000.00	(15,000.00)	(5,000.00)
Colombia	40,000.00	10,000.00		50,000.00
Costa Rica	1,991.64	5,000.00		6,991.64
Cuba	15,066.56	5,000.00		20,066.56
Dominican Republic	45,000.00	5,000.00		50,000.00
Ecuador	25,000.00	5,000.00		30,000.00
Guatemala	45,000.00	5,000.00		50,000.00
Jamaica	10,000.00	5,000.00		15,000.00
Mexico	(60,000.00)	60,000.00		0.00
Panama	(5,000.00)	5,000.00		0.00
Paraguay	50,000.00	5,000.00		55,000.00
Peru	40,000.00	5,000.00		45,000.00
Uruguay	40,000.00	5,000.00		45,000.00
USA	0.00	595,000.00		595,000.00
Venezuela	166,981.43	30,000.00		196,981.43
	<b>614,064.63</b>	<b>1,015,000.00</b>	<b>(65,000.00)</b>	<b>1,564,064.63</b>

**% Received**

**6%**

As of November 2006, only 6 % of the approved contributions were collected. These contributions were received from two member countries: Argentina (cancelled 1 year of contributions) and Chile (cancelled 3 years of contributions).

Reminder letters, informing the value of the approved contribution and the arrears (if any), were sent to the following member countries:

- Bolivia

- Colombia
- Costa Rica
- Cuba
- Dominican republic
- Ecuador
- Guatemala
- Jamaica
- Paraguay
- Peru
- Uruguay
- Venezuela

These letters were accompanied by a by a brief note detailing the support received by the researchers of the country from IAI.

Individual contacts with country representatives were also made by IAI Officers during business trips. Pls and/or Co-Pls from the country, participating in IAI research programs, also participated in these meetings.

Pls and co-Pls from the following countries also contacted their local authorities in order to give an additional support to the efforts of the Directorate in the collection of the country contributions:

- Bolivia
- Peru
- Colombia
- Paraguay
- Peru
- Uruguay
- Venezuela
- Guatemala

Telephone follow-ups were done with the following countries:

- Canada (Environment Canada)
- Brazil (Ministry of Science and Technology)
- Venezuela (Ministry of Science and Technology and Ministry of Environment)
- Mexico (Instituto Nacional de Ecología, Departamento de Relaciones Internacionales).

Based on the level of contributions received in previous years and in the contacts already made with the member countries, we can expect to collect 90% of the approved contributions for 2006/2007. This is a conservative estimate based on the information collected as of mid November.

The status of the member countries in arrears is shown in Annex I (History of Payments). The following table shows a summary of this status.

	Years in Arrears								
	Current	3	4	5	6	7	9	10	11
Countries	4	1	2	2	1	1	2	2	1

Table 2: Member Countries in Arrears

This table shows that as of November 30, 2006 only 3 countries paid all their contributions and 4 countries only owe the contribution for 2006/2007. 12 countries have from 3 to 11 years of arrears.

#### Operational Expenses

The following table shows the expenses as of November 30, 2006.

	<b>Budget 2006/2007</b>	<b>Expeses. Jul/06-Nov/06</b>	<b>Expenses/Budget</b>
<b>Salaries &amp; Benefits</b>	730,495	245,224	34%
<b>Travel</b>	80,000	22,355	28%
<b>Equipment</b>	10,000	-	0%
<b>Operational Expenses</b>	116,500	48,180	41%
<b>Dissemination</b>	39,000	15,140	39%
<b>Director Fund</b>	36,410	8,218	23%
	<b>1,012,405</b>	<b>339,118</b>	<b>33%</b>

Table 3: Core Budget Expenses Jul-Nov/2006

If we assume a linear distribution of the expenses along the fiscal year, as of November 2006 the ratio Expenses/Budget should be 42%. The lower than expected ratio as of November (33%) is the result of a careful management of the budget as a result of the uncertainties in the collection of the contributions from the member countries.

#### Director Special Fund

The following activities were funded with the Director Special Fund during the period July-November/ 2006:

<b>Activity #</b>	<b>Title</b>	<b>Amount (US dollars)</b>
06DSF01-0284	IV Encuentro RUPSUR	\$4,000
06DSF01-287	First Meeting of the GEWEX/CLIVAR/VAMOS La Plata Basin Implementation Steering Group	\$1,218
06DSF01-0288	IV Workshop on Lidar Measurements in Latin America	\$3,000

## **CASH FLOW AND RESERVES**

Reserves as of November 30, 2006	\$677,000
Expected Incomes Dec/2006 - Jun/2007	\$825,000
Forecast Expenses Dec/2006 – Jun/2007	<u>(\$572,050)</u>
<b>Anticipated Balance as of June 30, 2007</b>	<b>\$929,950</b>
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Table 4: Cash flow and reserves

According to this table, if during the period December 2006 – June 2007 the IAI is able to collect \$825,000 and the total operational expenses amount \$572,500, we can forecast a level of reserves of \$929,950 as of June 30, 2007. The reserves as of June 30, 2006 amounted \$893,364.

With the forecasted amount of reserves as of June 30, 2007 the IAI would cover 11 months of operations at an annual budget of \$1,015,000.

## **STATUS OF THE PROGRAM BUDGET AS OF NOVEMBER 30, 2006**

### **Collaborative Research Network I (CRN - I)**

The following table shows the financial status of the CRN-I Program.

	<b>Original Budget</b>	<b>Expenses</b>	<b>Balance</b>
<b>Approved Projects</b>	9,873,979	9,051,266	822,713
<b>CRN Management</b>	538,400	649,719	(111,319)
<b>CRN Panel</b>	26,976	26,976	0
<b>Dissemination Activities</b>		494,960	(494,960)
<b>Funds not Allocated</b>	46,315		46,315
	<b>10,485,670</b>	<b>10,222,921</b>	<b>262,749</b>

This scientific program was closed on September 30, 2006.

Out of the 14 approved projects for this program:

- 1 project was canceled (CRN-038)
- 1 project is suspended (CRN-062). The Grantee and the PI are working in the preparation of the final technical and financial reports.
- 12 projects have submitted the final technical and financial reports and were approved.

### **Collaborative Research Network II (CRN-II)**

	<b>Original</b>			
	<b>Budget</b>	<b>Initial Payment</b>	<b>Expenses</b>	<b>Balance</b>
<b>Approved Projects</b>	8,013,900	1,462,230		6,551,670
<b>CRN Management</b>	823,946		71,500	752,446
<b>CRN Panel</b>	8,000		7,970	30
<b>Dissemination Activities</b>				0
<b>Funds not Allocated</b>	1,578,100			1,578,100
	<b>10,423,946</b>	<b>1,462,230</b>	<b>79,470</b>	<b>8,882,246</b>

As of November 30, 2006 the 12 approved projects already started activities.

### **Training Institutes on Interdisciplinary Global Environmental Change Sciences in the Americas**

The Seed Grants program has been implemented and seven proposals have been approved. All approved proposals already signed the grant agreement and received the funding.

### **EXTERNAL AUDIT REVIEW OF THE IAI FINANCIAL STATEMENTS AS OF JUNE 30, 2006**

On October 9, 2006, *BDO Trevisan Auditores Independentes*, chosen by the IAI to perform the external audit review of the IAI financial statements for the fiscal years 2005/06, 2006/07 and 2007/08, finished their work and issued their report about the financial statements as of June 30, 2006.

The paragraph 3 of their report states that:

"In our opinion, the financial statements referred to in paragraph 1, present fairly in all material aspects, the equity and financial position of the company as of June 30 2006 and 2005, as well as the result of its operations, changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America".

The result of the independent analysis performed by BDO Trevisan was an opinion without any qualification. As the CRN-I Program was finished by June 30, 2006; the qualifications raised by KPMG (the former external auditors) were solved.

BDO Trevisan also issued a letter of recommendations on internal controls, accounting procedures and asset security, with the following statement:

"As a result of our review, we did not identify situations leading to comments and recommendations on internal controls, accounting procedures and asset security".

This statement, which is self-explanatory, is the result of the efforts made to maintain adequate internal controls.