

**INTER-AMERICAN INSTITUTE FOR GLOBAL  
CHANGE RESEARCH – IAI**

**FINANCIAL STATEMENTS FOR THE YEARS ENDED  
JUNE 30, 2007 AND 2006**

**INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH – IAI**

**FINANCIAL STATEMENTS FOR THE YEARS  
ENDED JUNE 30, 2007 AND 2006**

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BDO Trevisan Auditores Independentes  
Avenida Shishima Hifumi, 2.911 - Sala 406  
São José dos Campos - SP - Brasil  
12244-000

Tel.: +55 (12) 3949-9300  
Fax.: +55 (12) 3949-9301  
www.bdotrevisan.com.br

## **INDEPENDENT AUDITOR'S REPORT**

To the Executive Council of  
INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH – IAI

We have audited the accompanying balance sheets of INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI (the "Institute"), as of June 30, 2007 and 2006, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute's as of June 30, 2007 and 2006, and the results of its operations, the changes in net assets, and the cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Marcelo Pereira Gonçalves  
Director

  
Mauro de Almeida Ambrosio  
Partner-Accountant

São José dos Campos, Brazil  
September 14, 2007



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## **INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH – IAI**

### **FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006 (In U.S. dollars)**

#### **1. OPERATIONS**

The Inter-American Institute for Global Change Research - IAI is an intergovernmental organization dedicated to supporting global change research, augmenting the scientific capacity of the Americas, and to providing information in a useful and timely manner to policy makers. Its primary objective is to encourage research beyond the scope of national programs by advancing comparative and focused studies based on scientific issues important to the region as a whole.

In recognition of the importance of a regional approach to the study of global change, sixteen countries of the Americas signed the Agreement establishing the IAI on May 13, 1992 in Montevideo, Uruguay. The IAI Conference of the Parties in Mexico City, Mexico, in September 1994, elected the Instituto Nacional de Pesquisas Espaciais ("INPE") in São José dos Campos - São Paulo, Brazil, as the site of the IAI Directorate. The Directorate was inaugurated on March 1, 1996. For financial reporting purposes, the Directorate became fully operational on July 1, 1996. Nineteen countries had ratified the IAI Agreement as of June 30, 2007.

The IAI Director is responsible for implementing the institutional policies and programs determined by the Conference of the Parties, the governing body of the IAI. The Scientific Advisory Committee provides general direction for the development and implementation of the IAI's scientific agenda and oversees a competitive peer review system. The IAI Executive Council assists the Conference of the Parties by providing recommendations related to IAI policies and advancement. The IAI receives voluntary contributions from the member countries to support the operations of the Directorate.

The scientific programs and activities are supported by contributions from IAI member countries as well as from international funding agencies and programs. These funds are used to fund short-term research programs (up to 18 months) and long-term research programs (from 2 to 5 years).

The IAI Research Programs are composed of projects selected through a competitive process that may involve two steps: 1) presentation of a pre-proposal and 2) full-proposal if pre-proposal is approved. The evaluation of the proposals includes scientific and financial reviews.

The financial support provided to the research activities by the IAI has also permitted the different research groups and institutions to increase the contribution received by obtaining additional support within their own countries or from other agencies. In the case of the CRN Program, according to the information collected from the different research groups, support



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for students obtained from other sources almost tripled the support received from IAI.

## **2. BASIS OF PRESENTATION**

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

Although the IAI is based in Brazil, it maintains its official accounting records in U.S. dollars. Most of IAI's transactions are denominated in U.S. dollars; donations received from the Government of the Federative Republic of Brazil (INPE) and expenses in Brazilian Reais were translated at monthly average exchange rates.

The cash and cash equivalents originated in R\$ were translated into U.S. dollars using the official rate of exchange as of June 30, 2007 and 2006.

The official rate of exchange as of June 30, 2007 was R\$ 1.9262 per US\$ 1.00 and R\$ 2.1643 per US\$ 1.00 as of June 30, 2006.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES**

The significant accounting practices adopted to prepare financial statements were as follows:

### Accounting classification

Receivables and payables with maturities of more than 12 months from the balance sheet dates are considered as long-term.

### Cash and cash equivalents

IAI considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

### Allowance for doubtful contributions from member nations

This allowance is calculated at an amount considered adequate by management to cover any losses arising from collection of the requested contributions.

### Property and equipment

Consist of computer hardware recorded at purchase cost, including interest and other finance charges applicable. Depreciation is calculated using the straight-line method over an estimated useful life of five years.

### Receivables and payables



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Receivables and payables are price-level restated according to the exchange rates or indices and interest rates specified in the contracts in force, to reflect amounts accrued through the balance sheet date.

The revenues related to specific projects, and considered as temporarily restricted revenues, are those that have temporary restrictions imposed by the donor. These restrictions permit the use of the assets as specified in the grant agreement and are satisfied either by the passage of time or by the actions of the organization.

#### Recognition of revenue and expenses

Contributions from member countries to the Core Budget, considered as Unrestricted Revenues, are recognized when they are received. The core budget expenses are generally recognized when they are incurred.

Until June 30, 2005, the research expenses and the respective amounts payable to the Research Institutes under the CRN I grants were recognized when the research agreements between the IAI and the Research Institutes were signed.

After that, for all programs, the expenses and the respective amounts payable to the research institute were recognized when the grantee institution meets all the conditions set in the grant agreement. The transfers of funds to the grantees are recorded as advances until the expenses are duly reported and the financial report is approved.

#### Income and social contribution taxes

IAI is exempt from income taxes under Brazilian tax legislation. The contributions to social security (INSS, FGTS, etc.) on the salaries paid to the Brazilian employees are paid and/or accrued in accordance with the Brazilian labor laws.

## **4 CASH AND CASH EQUIVALENTS**

	<u>2007</u>	<u>2006</u>
Petty cash and bank balance	386,582	328,196
Short-term investments	<u>334,475</u>	<u>461,709</u>
	<u>721,057</u>	<u>789,905</u>

The short-term investments are overnight deposits (risk-free) managed by the Bank of America and Banco Itaú.

The bank makes overnight investments of the daily outstanding balances. The interest



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earned is deposited in the accounts at the end of the month.

## **5 SCIENTIFIC PROGRAMS**

The columns for each line item represent the cumulative values as of June of each year. The difference between both columns represents the financial activity during fiscal years 2006 and 2007.

The projects are conducted by grantee institutions that receive the grant and assume legal and financial responsibility and accountability both for the funds awarded and for the performance of the grant-supported activity and by a principal investigator who is the individual designated by the grantee and approved by IAI.

### **5.1 Collaborative Research Network Program – CRN I**

The National Science Foundation (NSF) and the Agencia Nacional de Promoción Científica y Tecnológica de Argentina (ANPCYT) have agreed to make awards to IAI to support the Collaborative Research Network – CRN I, a network for global change research in the Americas.

The CRN I Project started in March 1999 and the total amount of support requested for this project from the National Science Foundation - NSF was approximately US\$ 10,000,000, which would be provided over a period of 5 years. For each year, NSF has sent an amendment to confirm the correct amount that the Institute could recognize in that year.

This award is distributed as follows:

	<u>2007</u>	<u>2006</u>
Scientific awards	9,947,270	9,947,270
Management costs	<u>538,400</u>	<u>538,400</u>
	<u><b>10,485,670</b></u>	<u><b>10,485,670</b></u>

The IAI approved the documentation for fourteen grantee institutions until June 30, 2005 and began transferring funds to the projects in September 1999. Distributions from the NSF to IAI and transfers from the latter to the grantee institutions have been made as follows:



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	<u>2007</u>	<u>2006</u>
<b>CRN I Unallocated Research Funds</b>		
Total National Science Foundation award	10,485,670	10,485,670
Cash distributed to IAI	<u>(10,356,555)</u>	<u>(10,356,555)</u>
Total to be received by IAI	<u><b>129,115</b></u>	<u><b>129,115</b></u>
National Science Foundation Award for research	9,947,270	9,947,270
ANPCyT Award for research	61,370	61,370
Commitments made to grantee institutions	(10,446,439)	(10,446,439)
Reduction of 9% in the approved budgets	567,359	567,359
Payments for CRN I panel	(26,976)	(26,976)
Supplemental funds transferred to management expenses	(111,319)	(111,319)
Closing of program and remaining funds reimbursed by grantees	844,457	529,236
Dissemination Activities of the CRN I Program Results	<u>(386,287)</u>	<u>(182,816)</u>
Total CRN I funds not allocated	<u><b>449,435</b></u>	<u><b>337,685</b></u>
<b>CRN I Payable</b>		
Commitments made to grantee institutions for research	10,446,439	10,446,439
Transfers made by IAI to the grantee institutions	(9,094,882)	(9,023,065)
Reduction of 9% in the approved budgets	(567,359)	(567,359)
Adjustments for projects closed (uncommitted commitments)	<u>(784,198)</u>	<u>(528,915)</u>
Total to be transferred to the grantee institutions - short-term liabilities	<u><b>-</b></u>	<u><b>327,100</b></u>

On April 24, 2007 the National Science Foundation granted an extension of time until November, 2007 without additional funds. These funds will be used to pay publication costs.

## 5.2 Small Grant Program I – SGP I

On August 27, 2002 the National Science Foundation (NSF) awarded a grant of US\$ 360,000 to the IAI to support the Program: "IAI Small Grant Program - SGP".

The IAI approved the documentation for sixteen grantee institutions until June 30, 2003 and began transferring funds to the projects in October 2002. Distributions from the NSF to IAI and transfers from the latter to the grantee institutions have been made as follows:





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	2007	2006
Total National Science Foundation Award	360,000	360,000
Cash distributed to IAI	(339,749)	(339,749)
Grant Reversal (funds not used)	(20,251)	(20,251)
Total to be received by IAI	-	-
Total National Science Foundation Award	360,000	360,000
Commitments made to grantee institutions with NSF funds	(343,000)	(343,000)
Commitments reversed (funds not used by the grantees)	6,388	6,388
Total funds not allocated to any grantee institution	<b>23,388</b>	<b>23,388</b>
	2007	2006
Commitments made to grantee institutions with NSF Funds	343,000	343,000
Commitments - non-Cuban portion of SGP-037	14,768	14,768
Commitments reversed (funds not used by the grantees)	(6,388)	(6,388)
Transfers made by IAI to grantee institutions	(351,380)	(351,380)
Total NSF funds to be transferred to grantee institutions	-	-
Commitments made to grantee institutions - Cuba	40,000	40,000
Commitments - non-Cuban portion of SGP-037	(14,768)	(14,768)
Commitments reversed (funds not used by the grantees)	(967)	(967)
Transfers made by IAI to grantee institutions - Cuba	(24,265)	(24,265)
Total to be transferred to grantee institutions - Cuba	-	-

As of June 30, 2005 the sixteen approved projects had finished their activities.

### 5.3 Small Grant Program II - SGP II

On September 9, 2003 the National Science Foundation (NSF) awarded an initial grant of US\$ 540,400. An additional grant was awarded in fiscal year 2004/2005 in the amount of US\$99,600.

The IAI approved the documentation for twenty-two grantee institutions through June 30, 2005 and began advancing funds to the projects in March 2004. Distributions from the NSF to IAI and transfers from the latter to the grantee institutions have been made as follows:



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	<u>2007</u>	<u>2006</u>
Total National Science Foundation Award	640,000	640,000
Cash distributed to IAI	<u>(640,000)</u>	<u>(640,000)</u>
Total to be received by IAI	<u>-</u>	<u>-</u>
Total National Science Foundation Award	640,000	640,000
SGP II Panel	(9,531)	(9,531)
Project expenses paid (Approved Costs + Final Payments)	(605,789)	(577,598)
Reimbursement from SGP II-078	<u>2,037</u>	<u>2,037</u>
SGP II Funds available	<u><b>26,717</b></u>	<u><b>54,908</b></u>

### 5.4 Initial Science Program (ISP) round III

At the meeting of the IAI Executive Council in November 1997 in Panama City, Panama, sixteen scientific projects were approved, as recommended by the Scientific Advisory Committee. For these projects, an award in the amount of US\$ 1,878,984 has been approved by the NSF (National Science Foundation), distributed as follows:

	<u>2007</u>	<u>2006</u>
Scientific awards	1,576,407	1,576,407
Workshop	227,577	227,577
DIS project	50,000	50,000
Other services	<u>25,000</u>	<u>25,000</u>
	<u><b>1,878,984</b></u>	<u><b>1,878,984</b></u>

The IAI approved the documentation for sixteen grantee institutions and began transferring funds to the projects in May 1998. This program was closed in October 2004. Distributions from the NSF to IAI and transfers from the latter to the grantee institutions have been made as follows:



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	<u>2007</u>	<u>2006</u>
Total National Science Foundation Award	1,878,984	1,878,984
Cash distributed to IAI	<u>(1,878,984)</u>	<u>(1,878,984)</u>
Total to be received by IAI	<u>-</u>	<u>-</u>
Total National Science Foundation Award	1,878,984	1,878,984
Commitments made to grantee institutions	(1,582,884)	(1,582,884)
Commitments reversed (funds not used by the grantees)	51,113	51,113
Payments for workshops	(155,135)	(155,135)
Funds committed for Summer Institutes (LUCC, VACVCC, GWGC)	(42,624)	(42,624)
Payments for DIS	(24,712)	(24,712)
Payments for other costs	<u>(4,518)</u>	<u>(4,518)</u>
Total funds not allocated to any grantee institutions (*)	<u><b>120,224</b></u>	<u><b>120,224</b></u>
Commitments made to Grantee Institutions	1,582,884	1,582,884
Commitments reversed (Funds not Used by the Grantees)	(51,113)	(51,113)
Transfers made by IAI to grantee institutions	(1,481,771)	(1,481,771)
DIS project expenses	<u>(50,000)</u>	<u>(50,000)</u>
Total to be transferred to the grantee institutions	<u>-</u>	<u>-</u>

(\*) The remaining funds from the ISP III Program were committed to support training activities related to the objectives of this program, as follows:

	<u>2007</u>	<u>2006</u>
Urbanization and Global Environmental Change	90,028	88,523
Globalization and Food Systems	<u>50,105</u>	<u>50,012</u>
Summer Institutes (Receivables)	<u><b>140,133</b></u>	<u><b>138,535</b></u>

### 5.5 Collaborative Research Network Program – CRN II

On September 30, 2005 the National Science Foundation approved a renewable grant (continuing grant) to support the “Second Round of the Collaborative Research Network – CRN II”. This grant was approved for approximately 6 years and it is contingent on the availability of funds from the NSF and on the scientific progress of the program.

For the period September 15, 2005 – August 31, 2006 the NSF approved a grant of US\$2,197,289. For the following periods, the funding is expected to be as follows:

September/2006 – August/2007	US\$ 2,011,222
September/2007 – August/2008	US\$ 2,030,835



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September/2008 – August/2009	US\$ 1,988,200
September/2009 – August/2010	US\$ 1,988,200
September/2010 – August/2011	US\$ 208,200

	<u>2007</u>	<u>2006</u>
Funds Received from NSF	2,022,700	440,000
Project expenses (reported expenses year 1)	(289,810)	-
Salaries and Benefits (Program Manager)	(104,524)	(58,187)
CRN II Panel (proposal selection)	(7,971)	(7,971)
Meetings supported by CRN II funds	(6,170)	-
Other Costs of CRN II Panel	(610)	(610)
Unallocated CRN II Funds	<u><u>1,613,615</u></u>	<u><u>373,232</u></u>

Note: Although the financial statements show the total of \$1,613,615 as “Unallocated CRN II Funds”, the “cash flow” of this program as of June 30, 2007 has the following composition:

Unallocated CRN II Funds	1,613,615	373,232
Advances to Grantees	(1,403,987)	(120,810)
Cash “on hand” as of June 30, 2007	<u><u>209,628</u></u>	<u><u>252,422</u></u>

## 5.6 Training Institutes on Interdisciplinary Global Environmental Change in the Americas

On September 22, 2004 the National Science Foundation approved a grant to support the “Training Institutes on Interdisciplinary Global Environmental Change in the Americas”. The original expiration date of the grant, which totaled US\$330,000, was February 28, 2006.

These funds were used to support two Training Institutes, one in Paraguay, another in Jamaica, and a “Seed Grants” Program.

The first advance of funds was requested to the NSF on September 27, 2005.

On February 10, 2006 the NSF approved an extension of the expiration date, without additional funds, until February 28, 2007.



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	<u>2007</u>	<u>2006</u>
Funds Received from the NSF	330,000	170,000
Expenses on TI-Paraguay	(81,794)	(81,794)
Seed Grants – TI Paraguay	(25,298)	-
Expenses on TI-Jamaica	(108,274)	(103,144)
Seed Grants – TI Jamaica	(41,101)	-
Meetings related to the TIs	(46,971)	-
	<u><b>26,562</b></u>	<u><b>(14,938)</b></u>
Unallocated NSF Funds for TI		
Committed funds to TISG Meeting in Peru	(9,760)	-
Advances to Grantees (Seed Grants)	(16,802)	-
	<u><b>-</b></u>	<u><b>-</b></u>
Remaining funds from NSF		
Funds Received from IDRC	26,097	24,247
Expenses on TI-Jamaica	(11,597)	(11,597)
Expenses with Seed Grants – TI Jamaica	(14,500)	-
	<u><b>-</b></u>	<u><b>12,650</b></u>
Unallocated NSF Funds for TI		
Expenses on TI-Paraguay (IHDP Funds)	(2,818)	(2,818)
	<u><b>(2,818)</b></u>	<u><b>(2,818)</b></u>

### 5.7 Small Grant Program – Human Dimensions

On September 15, 2006 the National Science Foundation approved a grant (GEO-0642841) to support the scientific activity entitled: “Small Grant Program for the Human Dimensions SGP-HD.”. This is a grant continuing for approximately 3 years, contingent on the availability of funds and on the scientific progress of the project.

For the period September 15, 2006 – August 31, 2007 the IAI will have US\$400,000 available. The NSF is expected to continue supporting this activity for the FY 2007 / 2008 with another US\$400,000.

	<u>2007</u>	<u>2006</u>
Panel SGP-HD	(4,450)	-
Remaining NSF Funds	<u><b>(4,450)</b></u>	<u><b>-</b></u>



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## 6. CORE BUDGET RECEIVABLE

### 6.1 Status of the requested contributions to the core budget from the member countries

**Core Budget - 2006 / 2007**  
Status of Country Contributions as of June 30, 2007  
Amounts in US\$

	Due as of 30/jun/06	Contribution for FY 06/07	Paid - in 2006/2007 to be applied to:				Due as of 30/jun/07
			Advanced in 05/06	Arrears	Current year	Advances	
Argentina	175.025	50.000	-	(107.654)	-	-	117.371
Bolivia	20.000	5.000	-	-	-	-	25.000
Brazil	-	85.000	-	-	(85.000)	(80.000)	(80.000)
Canada	-	125.000	-	-	(125.000)	-	-
Chile	5.000	5.000	-	(5.000)	(5.000)	(5.000)	(5.000)
Colombia	40.000	10.000	-	(10.000)	-	-	40.000
Costa Rica	1.992	5.000	-	-	-	-	6.992
Cuba	15.067	5.000	-	-	-	-	20.067
Dominican Republic	45.000	5.000	-	-	-	-	50.000
Ecuador	25.000	5.000	-	-	-	-	30.000
Guatemala	45.000	5.000	-	-	-	-	50.000
Jamaica	10.000	5.000	-	-	-	-	15.000
Mexico	(60.000)	60.000	(60.000)	-	-	-	-
Panama	(5.000)	5.000	(5.000)	-	-	-	-
Paraguay	50.000	5.000	-	-	-	-	55.000
Peru	40.000	5.000	-	(10.000)	-	-	35.000
Uruguay	40.000	5.000	-	-	-	-	45.000
USA (*)	595.000	595.000	-	(595.000)	-	-	595.000
Venezuela	167.021	30.000	-	(12.500)	-	-	184.521
<b>Totals</b>	<b>1.209.105</b>	<b>1.015.000</b>	<b>(65.000)</b>	<b>(740.154)</b>	<b>(215.000)</b>	<b>(85.000)</b>	<b>1.183.951</b>

(\*) The contribution from the United States of America is paid through the National Science Foundation (NSF). Every year the NSF approves an award (for the fiscal year 2006/2007 the award number was: GEO-0613166) for the equivalent amount of the USA's voluntary contribution to the IAI. This amount remains available at the NSF and the IAI requests transfers according to its cash needs and the terms of the award.

On June 30, 2007 the IAI did not request any of the awarded funds.

### 6.2 Donated services, utilities and use of fixed assets

According to Annex A of the Agreement between the Government of the Federative Republic of Brazil and the IAI concerning the headquarters of the Institute, the Brazilian Government provides the IAI, at no cost, with the following resources:



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	2007	2006
Vehicle expenses and maintenance	4,470	4,034
Communications	5,677	4,733
Office supplies	1,577	3,201
Premises, equipment and security	80,249	73,765
Support staff	93,804	79,783
	<b>185,777</b>	<b>165,516</b>

## 7. PROPERTY AND EQUIPMENT

		2007	2007	2006
	Annual Depreciation Rates - %	Cost	Accumulated Depreciation	Net
Capital Equipment	20	52,794	(39,670)	13,124
Software	10	21,028	(21,028)	-
Telephone lines	10	951	(951)	-
Vehicles	20	8,434	(7,872)	562
		<b>83,207</b>	<b>(69,521)</b>	<b>13,686</b>
				<b>18,147</b>

## 8. CURRENT LIABILITIES

Descrição	2007	2006
Accounts payable		
- Salaries, Benefits and taxes over payroll	68,066	108,993
- Suppliers	8,779	14,871
- Contributions advance to Core Budget	85,000	65,000
- Grantees (Programs Payable)	-	328,100
- Other payables	24,927	19,842
	<b>186,772</b>	<b>536,806</b>



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## **10. MANAGEMENT AND GENERAL EXPENSES**

	2007		2006	
	Budget	Actual	Budget	Actual
Salaries and benefits	741,103	674,150	694,500	674,604
Staff travel	80,000	54,410	79,100	74,450
Dissemination	39,000	27,879	65,000	19,570
Director's funds	28,397	17,474	60,000	31,343
Others	126,500	147,108	116,400	210,277
Donated services, utilities and use of fixed assets	-	185,777	-	165,516
	<b>1,015,000</b>	<b>1,106,798</b>	<b>1,015,000</b>	<b>1,175,760</b>

## **11. DEFINED CONTRIBUTION BENEFITS**

In the case of the foreign employees (non-Brazilians and non-permanent residents in Brazil) the employment contract provides for a Retirement Plan as follows: "Retirement. The Employee's monthly contribution will be matched two-for-one by the IAI, but will be capped at fourteen (14) percent for the Employer's contribution. The maximum contribution for retirement will be twenty-one (21) percent of the monthly salary, representing the Employee's maximum contribution of seven (7) percent and IAI's maximum contribution of fourteen (14) percent."

The employment contract between the Director and the IAI is approved by the IAI Executive Council and signed by the Chairman of the Executive Council on behalf of the IAI. The employment contracts with the rest of the foreign employees (non-Brazilians and non-permanent residents) are signed by the Director on behalf of the IAI. The contribution from IAI during fiscal year 2006/2007 was US\$39,272 (US\$37,463 in fiscal year 2005/2006).

## **12. SUBSEQUENT EVENTS**

For the following fiscal year, IAI is working towards furthering the funding base, in order to include not only NSF, but other sources such as the MacArthur Foundation and to coordinate an assessment of climate change impacts on biodiversity in the Andes. Other initiatives include a possible IDRC grant for Global Change Research in South America, yet to be defined.





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### **Management of the Organization**

Ma. Assunção Silva Dias  
Chairwoman of the Executive Committee

Holm Tiessen  
Director

Rafael Atmetlla  
Administrative and Financial Officer

Anita Soares  
Financial Assistant CRC 1SP224182-P0

**INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI**

**BALANCE SHEETS AS OF JUNE 30, 2007 AND 2006**  
**(In U.S. Dollars)**

Assets	2007	2006	LIABILITIES	2007	2006
CURRENT ASSETS			CURRENT LIABILITIES (Note 8)		
Cash and cash equivalents (Note 4)	721.057	789.905	Accounts payable	101.772	143.706
Collaborative research network			Advanced core budget contributions	85.000	65.000
CNR I - Receivable (Note 5.1)	129.115	129.115	Research activities payable		
Collaborative research network			CRN payable ( Note 5.1)	-	327.100
CNR I - Advances for dissemination activities	151.741	235.000	START program payable	-	1.000
CNR II - Project advances (Note 5.5)	1.403.987	120.810			
SGP II - Project advances	19.600	43.277		186.772	536.806
Summer institutes	140.133	138.535			
Training institutes - project advances	16.802	-			
Other accounts receivable	9.242	21.095	NET ASSETS		
	<u>2.591.677</u>	<u>1.477.737</u>	Temporarily restricted		
PERMANENT ASSETS			Unallocated research funds		
Property and equipment (Note 7)	13.686	18.147	ISP III (Note 5.4)	120.224	120.224
	<u>13.686</u>	<u>18.147</u>	CRN I (Note 5.1)	449.435	337.685
			CRN II (Note 5.5)	1.613.615	373.232
			SGP I (Note 5.2)	23.388	23.388
			SGP II (Note 5.3)	26.717	54.908
			Summer institutes - IHDP	10.000	10.000
			Summer institutes - UNEP	4	7.000
			Training institutes - NSF (Note 5.6)	26.562	(14.938)
			Training institutes - IDRC	-	12.650
			Training institutes - IHDP (Note 5.6)	(2.818)	(2.818)
			SGP - human dimensions (Note 5.7)	(4.450)	-
			Special research funds	5.000	5.000
				<u>2.267.677</u>	<u>926.331</u>
			Unrestricted	150.914	32.747
				<u>2.418.591</u>	<u>959.078</u>
TOTAL ASSETS	<u>2.605.363</u>	<u>1.495.884</u>	TOTAL LIABILITIES AND NET ASSETS	<u>2.605.363</u>	<u>1.495.884</u>

The accompanying notes are an integral part of the financial statements.

**INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI**

**STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006  
(In U.S. Dollars)**

	2.007	2.006
Revenues, gains and contributions		
Temporarily restricted revenues		
Collaborative research network - CRN I	315.221	37.917
Collaborative research network - CRN II	1.582.700	440.000
Small grants program II - SGP II	-	2.036
Summer Institute - Contributions from UNEP	1.500	7.000
START Program	255	1.000
Training Institutes - Contributions from NSF	160.000	170.000
Training Institutes - Contributions from IDRC	1.850	24.247
Training Institutes - Contributions from WMO	-	10.285
Training Institutes - Contributions from START	-	3.496
Support for IPCC Co-chairs and meetings	12.446	-
LPB Meeting - Contributions from IDRC	11.652	-
Unrestricted revenues		
Contributions from member nations	1.020.154	572.524
Donated services, utilities and use of fixed assets	185.776	165.516
Interest income	9.246	3.052
Other	9.789	1.600
Total revenues, gains and contributions	<u>3.310.589</u>	<u>1.438.673</u>
Expenses		
Core budget expenses		
Management and general expenses	(1.106.798)	(1.175.760)
Project expenses - Cuba	-	-
Advanced core budget contributions	-	-
Contributions not received from member countries	-	-
Allowance for doubtful contributions from member nations	-	-
Total core budget expenses	<u>(1.106.798)</u>	<u>(1.175.760)</u>
Research expenses		
Collaborative research network - CRN I	(203.471)	(185.633)
Collaborative research network - CRN II	(342.317)	(66.767)
Small grants program II - SGP II	(28.191)	(331.683)
Summer Institute - Contributions from UNEP	(8.496)	-
START Program	(255)	(10.000)
Training Institute - Paraguay (NSF Grants)	(25.298)	(81.794)
Training Institute - Paraguay (IHDP Grants)	-	(2.818)
Training Institute - Jamaica (NSF Funds)	(93.202)	(99.905)
Training Institute - Jamaica (IDRC Grants)	(14.500)	(11.597)
Training Institute - Jamaica (WMO Grants)	-	(10.285)
Training Institute - Jamaica (START Grants)	-	(3.496)
Support for IPCC Co-chairs and meetings	(12.446)	-
LPB meeting - contributions from IDRC	(11.652)	-
SGP-human dimensions	(4.450)	-
Total research expenses	<u>(744.278)</u>	<u>(803.978)</u>
Total expenses	<u>(1.851.076)</u>	<u>(1.979.738)</u>
Change in net assets for the year	<u>1.459.513</u>	<u>(541.065)</u>
Temporarily restricted net assets		
Collaborative research network - CRN I	111.750	(147.716)
Collaborative research network - CRN II	1.240.383	373.233
Small grants program II - SGP II	(28.191)	(329.647)
Summer Institutes - UNEP	(6.996)	7.000
START Program	-	(9.000)
Training Institutes -NSF Funds	41.500	(11.699)
Training Institutes -IDRC	(12.650)	12.650
Training Institutes - IHDP	-	(2.818)
SGP - human dimensions	(4.450)	-
Unrestricted net assets	<u>118.167</u>	<u>(433.068)</u>
Change in net assets for the year	<u>1.459.513</u>	<u>(541.065)</u>

The accompanying notes are an integral part of the financial statements.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006  
(In U.S. Dollars)

	2007	2006
	Temporarily restricted	Temporarily restricted
	Unrestricted	Unrestricted
	Total	Total
Revenues, gains and contributions		
Unrestricted revenues		
Contributions from member nations	1,020,154	572,524
Donated services	185,776	165,516
Interest	9,246	3,052
Other	9,789	1,600
Temporarily restricted revenues		
Collaborative research network - CRNI	315,221	37,917
Collaborative research network - CRNI II	1,582,700	440,000
Small grants program II - SGP II	-	2,036
Summer Institute - Contributions from UNEP	1,500	7,000
STARt Program	255	1,000
Training Institutes - Contributions from NSF	160,000	170,000
Training Institutes - Contributions from IDRC	1,850	24,247
Training Institutes - Contributions from WMO	-	10,285
Support for IPCC Co-chairs and meetings	12,446	3,496
LPB Meeting - Contributions from IDRC	11,652	-
Total revenues, gains and contributions	2,086,624	695,981
	1,224,965	742,692
	3,310,589	1,438,673
Expenses and losses		
Unrestricted expenses		
Core budget	(1,106,798)	(1,175,760)
Collaborative research network - CRNI	(203,471)	(185,633)
Collaborative research network - CRNI II	(342,317)	(66,767)
Small grants program II - SGP II	(28,191)	(31,683)
Summer Institute - Contributions from UNEP	(8,496)	-
STARt Program	(255)	(10,000)
Training Institute - Paraguay (NSF Grants)	(25,298)	(81,794)
Training Institute - Paraguay (HDP Grants)	-	(1,794)
Training Institute - Jamaica (NSF Funds)	(93,202)	(2,818)
Training Institute - Jamaica (IDRC Grants)	(14,500)	(99,905)
Training Institute - Jamaica (WMO Grants)	-	(11,597)
Training Institute - Jamaica (STARt Grants)	-	(10,285)
Support for IPCC Co-chairs and meetings	(12,446)	(3,496)
LPB Meeting - Contributions from IDRC	(11,652)	-
SGP-Human Dimensions	(4,450)	-
Total expenses and losses	(1,951,076)	(1,979,738)
	(1,951,076)	(1,979,738)
Change in net assets		
Unrestricted net assets - core budget	111,750	-
Collaborative research network - CRNI	1,240,383	(147,716)
Collaborative research network - CRNI II	(28,191)	373,233
Small grants program II - SGP II	(6,996)	(329,647)
Summer Institutes - UNEP	-	7,000
STARt Program	-	(9,000)
Training Institutes - NSF Funds	41,500	(9,000)
Training Institutes - IDRC	(12,650)	(11,699)
Training Institutes - IDRC	-	12,650
SGP - Human Dimensions	(4,450)	(2,818)
Total change in net assets	1,341,346	(107,997)
	118,167	(433,069)
	1,459,513	(541,065)
Net assets at beginning of year		
Unrestricted net assets - core budget	-	-
ISPII	120,224	120,224
Collaborative research network - CRNI	337,665	337,665
Collaborative research network - CRNI II	373,232	485,402
Small grants program - SGP	23,388	-
Small grants program II - SGP II	54,908	23,388
Summer Institutes - IDHP	10,000	384,551
Summer Institutes - UNEP	7,000	10,000
STARt Program	-	-
Training Institutes - NSF Funds	(14,938)	9,000
Training Institutes - IDRC	12,650	(3,239)
Training Institutes - IDHP	(2,818)	-
SGP - Human Dimensions	-	-
Special Research Fund contributions	5,000	5,000
Total net assets at beginning of year	926,331	1,034,326
	32,747	465,817
	959,078	1,500,143
Net assets at end of year		
Unrestricted net assets - core budget	-	-
ISPII	120,224	120,224
Collaborative research network - CRNI	449,495	337,665
Collaborative research network - CRNI II	1,613,615	373,232
Small grants program - SGP	23,388	23,388
Small grants program II - SGP II	26,717	54,908
Summer Institutes - IDHP	10,000	10,000
Summer Institutes - UNEP	4	7,000
Training Institutes - NSF Funds	26,562	(14,938)
Training Institutes - IDRC	-	12,650
Training Institutes - IDHP	(2,818)	(2,818)
SGP - Human Dimensions	(4,450)	-
Special Research Funds	5,000	5,000
Total net assets at end of year	2,267,677	926,331
	150,914	32,747
	2,418,591	959,078

# **INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI**

## **STATEMENT OF CASH FLOWS** **FOR THE YEARS ENDED JUNE 30, 2007 AND 2006** **(In U.S. Dollars)**

	<u>2.007</u>	<u>2.006</u>
Cash flows from operating activities		
Change in net assets	1.459.513	(541.065)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7.906	8.842
Changes in operating assets and liabilities		
Other accounts receivable	11.853	(15.181)
Accounts payable	(41.934)	63.860
CRN receivable	-	1.204.000
CRN payable	(327.100)	(509.686)
CRN I Advances for Dissemination Activities	83.259	(235.000)
CRN II Project Advances	(1.283.177)	(120.810)
SGP receivable	-	20.251
SGP II receivable	-	130.000
SGP II payable	-	(11.681)
SGP II project advances	23.677	261.372
START Program receivable	-	5.000
START Program payable	(1.000)	1.000
Summer Institutes receivables	(1.598)	404
Training Institutes - Project Advances	(16.802)	-
Advanced Core Budget Contributions	<u>20.000</u>	<u>7.752</u>
Net cash used by operating activities	<u>(65.403)</u>	<u>269.058</u>
Cash used to purchase fixed assets		
Purchase of computer hardware	<u>(3.445)</u>	<u>-</u>
	<u>(3.445)</u>	<u>-</u>
Change in cash and cash equivalents	<u>(68.848)</u>	<u>269.058</u>
Cash and cash equivalents at beginning of year	<u>789.905</u>	<u>520.847</u>
Cash and cash equivalents at end of year	<u><u>721.057</u></u>	<u><u>789.905</u></u>

The accompanying notes are an integral part of the financial statements.