



**Inter-American Institute for Global
Research - IAI**

Financial statements
June 30, 2003 and 2002 (restated)



Inter-American Institute for Global Change Research - IAI

Financial statements

June 30, 2003 and 2002 (restated)

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Independent auditors' report

To the Executive Council of
Inter-American Institute for Global Research - IAI
São José dos Campos

1. We have audited the balance sheets of Inter-American Institute for Global Change Research - IAI Not-for-Profit Organization as of June 30, 2003 and 2002 (restated), and the related statements of its activities, change in its net assets and its cash flows for the years then ended. These financial statements are the responsibility of Inter-American Institute for Global Change Research - IAI Not-for-Profit Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards in Brazil. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. According to IAI project management policies, the total amount of the project expenses and liabilities are recognized when the research grant agreements between the IAI and the Research Institutes are signed. Therefore, the amount of the actual expenses under each research grant and the respective amounts payable to the Research Institutes are not recognized in the financial statements each year proportionally to the development of the research activity. Additionally, the IAI has not calculated and recognized the fair value of the accounts receivable and payable related to the research projects at the balance sheets dates. Consequently, the effects of these departures from generally accepted accounting principles in the United States of America on the IAI financial position and results of operations have not been determined.





4. In our opinion, except for the effects, if any, of the subject matters discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Inter-American Institute for Global Change Research - IAI Not-for-Profit Organization as of June 30, 2003 and 2002 (restated), and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.
5. We have audited the financial statements of Inter-American Institute for Global Change Research - IAI as of June 30, 2002, prior to their restatement for the change in accounting described in Note 2 to the financial statements and, our report dated September 6, 2002, expressed an unqualified opinion on those statements.

August 22, 2003

KPMG Auditores Independentes
CRC 2SP014428/O-6

Jarib Fogaça
Accountant CRC 1SP125991/O-0



Inter-American Institute for Global Change Research - IAI

Balance sheets

June 30, 2003 and 2002

(In US Dollars)

Assets	2003	2002 (restated)	Liabilities	2003	2002 (restated)
Current assets			Current liabilities		
Cash and cash equivalents	1,690,655	1,843,159	Accounts payable	49,348	45,771
Collaborative research network - CRN receivable	2,833,115	2,273,515	Collaborative research network - CRN payable	2,254,394	3,761,819
Small grant program	100,251	-	Initial science program round III payable	59,466	62,806
Other accounts receivable	<u>29,277</u>	<u>17,249</u>	PESCA payable	8,250	8,250
	<u>4,653,298</u>	<u>4,133,923</u>	Small grant program payable	84,251	-
Permanent assets			Small grant program payable - Cuba	30,000	-
Property, plant and equipment	<u>19,699</u>	<u>8,305</u>	Other contributions	<u>-</u>	<u>869</u>
	19,699	8,305		<u>2,485,709</u>	<u>3,879,515</u>
			Noncurrent liabilities		
			Collaborative research network - CRN payable	<u>1,858,353</u>	<u>2,000,000</u>
			Net assets		
			Temporarily restricted		
			Unallocated research funds:		
			ISP III	136,447	136,447
			CRN	(609,475)	(2,609,475)
			PESCA	89,068	89,068
			Small grant program	<u>17,000</u>	<u>-</u>
				(366,960)	(2,383,960)
			Unrestricted	<u>695,895</u>	<u>646,673</u>
				<u>328,935</u>	<u>(1,737,287)</u>
				<u>4,672,997</u>	<u>4,142,228</u>
	<u>4,672,997</u>	<u>4,142,228</u>			

See the accompanying notes to the financial statements.

Inter-American Institute for Global Change Research - IA

Statements of activities

Years ended June 30, 2003 and 2002

(In US Dollars)

	2003	2002 (restated)
Revenues, gains and contributions		
Temporarily restricted revenues		
Collaborative research network - CRN	2,059,600	2,059,600
Small grants program - SGP	360,000	-
Unrestricted revenues		
Contributions from member nations	940,000	1,368,549
Donated services, utilities and use of fixed assets	156,305	205,450
Interest income	3,502	10,932
Other	10,949	43,723
	<u>3,530,356</u>	<u>3,688,254</u>
Expenses		
Core budget expenses		
Small grants program - SGP	(40,000)	-
Management and general expenses	(881,772)	(1,019,725)
Allowance for doubtful accounts	(139,762)	(349,289)
Initial science program round III expenses	-	(14,196)
PESCA expenses	-	(8,250)
	<u>(1,061,534)</u>	<u>(1,391,460)</u>
Research expenses		
Collaborative research network - CRN	(59,600)	(59,600)
Small grants program - SGP	(343,000)	-
	<u>(402,600)</u>	<u>(59,600)</u>
Total expenses	<u>(1,464,134)</u>	<u>(1,451,060)</u>
Increase in net assets of the year	<u>2,066,222</u>	<u>2,237,194</u>
Temporarily restricted net assets		
Collaborative research network - CRN	2,000,000	2,000,000
Small grants program - SGP	17,000	-
Unrestricted net assets	49,222	237,194
	<u>2,066,222</u>	<u>2,237,194</u>
Increase in net assets of the year	<u>2,066,222</u>	<u>2,237,194</u>

See the accompanying notes to the financial statements.

Inter-American Institute for Global Change Research - IAI

Statements of changes in net assets

Year ended June 30, 2003 and 2002

(In US Dollars)

	2003			2002 (restated)		
	Temporarily Restricted	Unrestricted	Total	Temporarily Restricted	Unrestricted	Total
Revenues, gains and contributions						
Unrestricted revenues						
Core budget	-	940,000	940,000	-	1,368,549	1,368,549
Donated services	-	156,305	156,305	-	205,450	205,450
Interest	-	3,502	3,502	-	10,932	10,932
Other	-	10,949	10,949	-	43,723	43,723
Temporarily restricted revenues						
Collaborative research network - CRN	2,059,600	-	2,059,600	2,059,600	-	2,059,600
Small grants program - SGP	360,000	-	360,000	-	-	-
Net assets released from restrictions						
Collaborative research network - CRN	(59,600)	59,600	-	(59,600)	59,600	-
Small grants program - SGP	(343,000)	343,000	-	-	-	-
Total revenues, gains and contributions	2,017,000	1,513,356	3,530,356	2,000,000	1,688,254	3,688,254
Expenses and losses						
Unrestricted expenses						
Core budget	-	(1,061,534)	(1,061,534)	-	(1,391,460)	(1,391,460)
Collaborative research network - CRN	-	(59,600)	(59,600)	-	(59,600)	(59,600)
Small grants program - SGP	-	(343,000)	(343,000)	-	-	-
Total Expenses and losses	-	(1,464,134)	(1,464,134)	-	(1,451,060)	(1,451,060)
Change in net assets						
Unrestricted net assets - core budget	-	49,222	49,222	-	213,488	213,488
Prior year adjustment	-	-	-	-	23,706	23,706
Temporarily restricted net assets - CRN	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Temporarily restricted net assets - SGP	17,000	-	17,000	-	-	-
Total change in net assets	2,017,000	49,222	2,066,222	2,000,000	237,194	2,237,194
Net assets at beginning of year						
Unrestricted net assets - core budget	-	646,673	646,673	-	385,773	385,773
Prior year adjustment	-	-	-	-	23,706	23,706
Temporarily restricted net assets - CRN	(2,609,475)	-	(2,609,475)	(4,609,475)	-	(4,609,475)
Temporarily restricted net assets - PESCA	89,068	-	89,068	89,068	-	89,068
Temporarily restricted net assets - ISP III	136,447	-	136,447	136,447	-	136,447
	(2,383,960)	646,673	(1,737,287)	(4,383,960)	409,479	(3,974,481)
Net assets at end of year						
Unrestricted net assets - core budget	-	695,895	695,895	-	646,673	646,673
Temporarily restricted net assets - CRN	(609,475)	-	(609,475)	(2,609,475)	-	(2,609,475)
Temporarily restricted net assets - SGP	17,000	-	17,000	-	-	-
Temporarily restricted net assets - PESCA	89,068	-	89,068	89,068	-	89,068
Temporarily restricted net assets - ISP III	136,447	-	136,447	136,447	-	136,447
	(366,960)	695,895	328,935	(2,383,960)	646,673	(1,737,287)

See the accompanying notes to the financial statements.

Inter-American Institute for Global Change Research - IAI

Statements of cash flows

Years ended June 30, 2003 and 2002

(In US Dollars)

	2003	2002 (restated)
Cash flow from operating activities		
Change in net assets	2,066,222	2,237,194
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,937	18,958
Provision for doubtful debts	-	15,000
Prior year adjustments	-	23,706
Changes in operating assets and liabilities		
Other accounts receivable	(12,028)	1,866
Accounts payable	3,577	351
CRN receivable	(559,600)	667,970
CRN payable	(1,649,072)	(1,906,852)
ISP III - Scientific awards	(3,340)	206,642
PESCA - Scientific awards	-	(8,168)
Small grant program receivable	(100,251)	-
Small grant program payable	114,251	-
Other contributions	(869)	2,887
Net cash (used) provided by operating activities	(137,173)	1,259,554
Cash flow from investing activities:		
Purchase of vehicles	(8,434)	-
Purchase of computer hardware	(6,897)	(6,821)
	(15,331)	(6,821)
(Decrease) increase in cash and cash equivalents	(152,504)	1,252,733
Cash and cash equivalents at the beginning of year	1,843,159	590,426
Cash and cash equivalents at the end of year	<u>1,690,655</u>	<u>1,843,159</u>

See the accompanying notes to the financial statements.

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

Years ended June 30, 2003 and 2002(restated)

(In US Dollars)

1 Operations

The Inter-American Institute for Global Change Research - IAI is an intergovernmental organization dedicated to support global change research, augmenting the scientific capacity of the Americas, and to provide 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, 2003.

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 science 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 Directorate. The scientific programs and activities are supported by contributions from IAI member countries as well as from international funding agencies and programs.

2 Presentation of the financial statements

The financial statements were prepared in accordance with generally accepted accounting principles 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.

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

The cash and cash equivalents originated in R\$ were translated to U.S. dollars using the official rate of exchange as of June 30, 2003.

The official rate of exchange as of June 30, 2003 was R\$ 2,872 per US\$ 1,00 (R\$ 2,8444 per US\$ 1,00 as of June 30, 2002).

Description of significant accounting policies

a. Cash and cash equivalents

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

b. Provision for doubtful accounts

The provision for doubtful accounts is calculated at an amount considered adequate by Management to cover any losses arising on collection of accounts receivable.

c. Property, plant and equipment

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

d. Rights and obligations

Rights and obligations 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.

e. Revenue and expenses recognition

Contributions from member countries to the Core Budget, considered as Unrestricted Revenues, are recognized when they commit them. The amounts not received are recorded as a provision, reducing the Assets (Core Budget Receivables) and the Unrestricted Net Assets (Core Budget Contributions). The expenses are recognized when they are incurred.

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

In 2002, the IAI changed its accounting policy for the recognition of the revenues related to specific projects and considered temporarily restricted revenues those that have temporarily 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 the time or by actions of the organization. These revenues are recognized when the donor commits them.

Until 2001, the Institute recorded the receivables from the National Science Foundation - NSF as Unallocated Research Funds, in the Net Assets against Accounts Receivable, when the agreement was signed and transferred the amount from Unallocated Research Funds in the Net Assets to Accounts Payable in the Liabilities when the funds were allocated to grantee institutions.

The research expenses and the respective amounts payable to the Research Institutes are recognized when the research agreements between the IAI and the Institutes are signed.

f. Income and social contribution taxes

IAI is exempt from income taxes under Brazilian tax legislation.

3 Cash and cash equivalents

	2003	2002
Petty cash and bank balance	151,100	234,884
Short-term investments	<u>1,539,555</u>	<u>1,608,275</u>
	<u>1,690,655</u>	<u>1,843,159</u>

4 Scientific programs

4.1 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:

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

	2003	2002
Scientific awards	1,576,407	1,576,407
Workshops	227,577	227,577
DIS project	50,000	50,000
Other services	<u>25,000</u>	<u>25,000</u>
Total	<u>1,878,984</u>	<u>1,878,984</u>

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

The IAI approved the documentation for sixteen grantee institutions through June 30, 2002 and began transferring funds to the projects in May 1998. Thirteen out of sixteen projects have received 100% of their grant. The National Science Foundation granted a “no cost extension” until September 30, 2004, without additional funds, on July 25, 2003. Distributions from the NSF to IAI and transfers from the latter to the grantee institutions have been made as follows:

	2003	2002
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	-	-
Total National Science Foundation Award	1,878,984	1,878,984
Commitments made to grantee institutions	(1,582,884)	(1,582,884)
Payments for workshops	(155,135)	(155,135)
Payments for other costs	<u>(4,518)</u>	<u>(4,518)</u>
Total of funds not allocated for any grantee institutions	<u>136,447</u>	<u>136,447</u>
Commitments made to grantee institutions	1,582,884	1,582,884
Transfers made by IAI to grantee institutions	(1,481,771)	(1,481,771)
DIS project expenses	<u>(41,647)</u>	<u>(38,307)</u>
Total to be transferred to the grantee institutions	<u>59,466</u>	<u>62,806</u>

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

4.2 Collaborative research network program - CRN

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 program Collaborative Research Network - CRN, a network for global change research in the Americas.

The projects are conducted by grantee institutions, that receive the grant and assume legal and financial responsibility and accountability both for the awarded funds 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.

The CRN Project started in March 1999 and the total amount of support requested for this project to 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 on that year.

This award is distributed as follows:

	2003	2002
Scientific awards	9,863,940	7,863,940
Management costs	<u>538,400</u>	<u>478,800</u>
Total	<u>10,402,340</u>	<u>8,342,740</u>

The IAI approved the documentation for fourteen grantee institutions through June 30, 2003 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:

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

	2003	2002
CRN Unallocated Research Funds		
Total National Science Foundation and ANPCYT Awards	10,402,340	8,342,740
Cash distributed to IAI	<u>(7,569,225)</u>	<u>(6,069,225)</u>
Total to be received by IAI	2,833,115	2,273,515
National Science Foundation Awards for research	9,863,940	7,863,940
Commitments made to grantee institutions	(10,446,439)	(10,446,439)
Payments for panel CRN	<u>(26,976)</u>	<u>(26,976)</u>
Total of funds for research not allocated for any grantee institution	<u>(609,475)</u>	<u>(2,609,475)</u>
CRN Payable		
Commitments made to grantee institutions for research	10,446,439	10,446,439
Transfers made by IAI to the grantee institutions	<u>(6,421,592)</u>	<u>(4,833,195)</u>
Total to be transferred to the grantee institutions	4,024,847	5,613,244
Total to be transferred to the grantee institutions - long-term liabilities	<u>(1,858,353)</u>	<u>(2,000,000)</u>
Sub-total to be transferred to the grantee institutions - short-term liabilities	<u>2,166,494</u>	<u>3,613,244</u>
National Science Foundation Award for management expenses	538,400	478,800
Commitments made for management expenses	<u>(538,400)</u>	<u>(478,800)</u>
Total of funds not allocated for management expenses	<u> -</u>	<u> -</u>
Grant for management expenses	538,400	478,800
Salaries and Benefits paid	<u>(410,664)</u>	<u>(301,036)</u>
Other expenses paid	<u>(39,836)</u>	<u>(29,189)</u>
Sub-total to be transferred for management expenses - short-term liabilities	<u>87,900</u>	<u>148,575</u>
CRN Payable - short-term liabilities	<u>2,254,394</u>	<u>3,761,819</u>

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

4.3 Program to Expand Scientific Capacity in the Americas - PESCA

The National Science Foundation (NSF) on May 15, 2000, awarded a grant of US\$ 300,000 to IAI to support the Program to Expand Scientific Capacity in the Americas - PESCA.

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

The IAI approved the documentation for eleven grantee institutions through June 30, 2003 and began transferring funds to the projects in March 2000. Distributions from the NSF to IAI and transfers from the latter to the grantee institutions have been made as follows:

	2003	2002
Total National Science Foundation Award	300,000	300,000
Cash distributed to IAI	<u>(300,000)</u>	<u>(300,000)</u>
Total to be received by IAI	-	-
Total National Science Foundation Award	300,000	300,000
Commitments made to the grantee institutions	(194,100)	(194,100)
Payments for working groups and panel	<u>(16,832)</u>	<u>(16,832)</u>
Total of funds not allocated for any grantee institutions	<u>89,068</u>	<u>89,068</u>
Commitments made to grantee institutions	194,100	194,100
Transfers made by IAI to grantee institutions	<u>(202,100)</u>	<u>(202,100)</u>
Total to be received to the grantee institutions	<u>(8,000)</u>	<u>(8,000)</u>
Commitments made to grantee institutions - Cuba	79,423	79,423
Transfers made by IAI to grantee institutions - Cuba	<u>(63,173)</u>	<u>(63,173)</u>
Total to be transferred to the grantee institutions - Cuba	<u>16,250</u>	<u>16,250</u>
Total to be transferred to the grantee institutions	<u>8,250</u>	<u>8,250</u>

On May 2, 2003 the National Science Foundation approved a time extension until October 30, 2003, without additional funds.

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

4.4 *Small grant program*

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

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

The IAI approved the documentation for sixteen grantee institutions through 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:

	2003	2002
Total National Science Foundation Award	360,000	-
Cash distributed to IAI	<u>(259,749)</u>	-
Total to be received by IAI	<u>100,251</u>	-
Total National Science Foundation Award	360,000	-
Commitments made to grantee institutions w/ NSF funds	<u>(343,000)</u>	-
Total of funds not allocated to any grantee institution	<u>(17,000)</u>	-
Commitments made to grantee institutions w/ NSF Funds	343,000	-
Transfers made by IAI to grantee institutions	<u>(258,749)</u>	-
Total NSF funds to be transferred to grantee institutions	<u>84,251</u>	-
Commitments made to grantee institutions - Cuba	40,000	-
Transfers made by IAI to grantee institutions - Cuba	<u>(10,000)</u>	-
Total to be transferred to grantee institutions - Cuba	<u>30,000</u>	-

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

5 Core budget receivable

5.1 Status of the contributions to the core budget from the member countries

Country Member	Due as of June 30, 2002	Contribution for Year 2002/2003	Received in the Year 2002/2003	Due as of June 30, 2002	Aging of unpaid contributions
Argentina	80,025	45,000	-	125,025	3 years
Brazil	(21,736)	80,000	(80,000)	(21,736)	-
Canada	-	115,000	(115,000)	-	-
Chile	20,000	5,000	(15,000)	10,000	2 years
Colombia	20,000	10,000	-	30,000	3 years
Costa Rica	7,099	5,000	(20,238)	(8,139)	-
Cuba	5,067	5,000	-	10,067	2 years
Dominican Republic	25,000	5,000	-	30,000	6 years
Ecuador	20,000	5,000	(10,000)	15,000	3 years
Guatemala	25,000	5,000	-	30,000	5 years
Jamaica	5,000	5,000	(5,000)	5,000	1 year
Mexico	(2,995)	55,000	-	52,005	1 year
Panama	5,000	5,000	(5,000)	5,000	1 year
Paraguay	30,000	5,000	-	35,000	7 years
Peru	20,000	5,000	-	25,000	5 years
Uruguay	20,000	5,000	-	25,000	5 years
United States of America	-	550,000	(550,000)	-	-
Venezuela	91,829	30,000	-	121,829	4 years
Sub-Total	349,289		(800,238)	489,051	
Allowance for doubtful accounts	(349,289)		(139,762)	(489,051)	
Total	-	940,000	940,000	-	

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

5.2 Donated services, utilities and use of fixed assets

According to the 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:

Description	2003	2002
Vehicle	2,644	10,380
Vehicle supplies and maintenance	1,591	3,399
Communications	6,795	8,904
Office supplies	328	1,760
Premises, equipment and security	70,938	90,552
Support staff	<u>74,009</u>	<u>90,455</u>
	<u>156,305</u>	<u>205,450</u>

6 Expenses

Description	Budget 2003	Actual 2003	Actual 2002
Salaries and benefits	544,820	456,449	499,315
Staff travel	108,600	81,768	57,728
Dissemination	88,500	45,158	-
Directors funds	50,000	61,769	14,196
Others	147,250	120,323	265,482
Donated services, utilities and use of fixed assets	<u>-</u>	<u>156,305</u>	<u>205,450</u>
	<u>939,170</u>	<u>921,772</u>	<u>1,042,171</u>

Inter-American Institute for Global Change Research - IAI

Notes to the financial statements

(In US Dollars)

7 Defined contribution benefits

In the case of the non-Brazilian employees (non -Brazilians and not permanent residents) such agreement provides for the Retirement Plan the following: "Retirement. The Employee's monthly contribution will be matched two-for-one by the IAI, but will be capped at fourteen (14) percent for Employer's contribution. The maximum contribution to 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 Chair of the Executive Council on behalf of the IAI. The employment contracts with the rest of the international staff are signed by the Director on behalf of the IAI. The contribution from IAI during fiscal year 2002/2003 was US\$28,464 (US\$25,254 in fiscal year 2001/2002).

Inter-American Institute for Global Change Research - IAI

Management of the Organization

Antonio Mac Dowell
Chair of The Executive Committee

Gustavo V. Necco
Director

Silvio Bianchi
Administrative Financial Officer

Anita José Soares
Financial Assistant CRC 1SP224182-P0