

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

Independent Auditors' Report

**Financial statements
As of June 30, 2015 and 2014**

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

**Financial statements
As of June 30, 2015 and 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Executive Council of
Inter-American Institute for Global Change Research - IAI

We have audited the accompanying financial statements of Inter-American Institute for Global Change Research - IAI (the "Institute"), which comprise the balance sheet as of June 30, 2015, and the related statements of operations and comprehensive operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Institute's management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United States of America. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inter-American Institute for Global Change Research - IAI as of June 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

Montevideo, May 6, 2016


Ernesto Bartesaghi
Contador Público
C.J. y P.P.U. N° 52.042

BDO Auditores y Consultores S.R.L.



INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Balance sheets As of June 30, 2015 and 2014 (In U.S. Dollars)

Assets				Liabilities and net assets			
	Explanatory note	30/06/2015	30/06/2014		Explanatory note	30/06/2015	30/06/2014
Current				Current			
Cash and cash equivalents	3	496.168	755.069	Accounts payable		142.128	188.175
Collaborative research network				Advanced core budget contributions		5.300	3.000
CRN I - Advances for dissemination activities		920	3.916	Research activities payable			
CRN III - project advances	4.11	3.005.664	2.281.995	Training institute - funds from FUNDACRID		256	256
Training Institutes - 2008	4.7	3.143	7.034		7	147.684	191.431
Mac Arthur - new program	4.8	560	36.444	Net assets			
Training Institutes - 2011 grant	4.10	105.624	92.174	Temporarily restricted			
SGP - CRA	4.9	462.553	953.637	Unallocated research funds:			
Other accounts receivable		38.715	60.852	CRN I	4.1	66.334	69.331
		<u>4.113.347</u>	<u>4.191.121</u>	CRN II	4.4	-	18.198
				CRN III	4.11	3.050.427	2.434.374
				SGP I	4.2	-	23.388
				SGP II	4.3	-	7.117
				Training Institutes - NSF	4.5	5.762	5.762
				Training Institutes - IHDP	4.5	(2.818)	(2.818)
				SGP - Human Dimensions	4.6	-	(78.386)
				Special Research Funds		5.000	5.000
				Training Institute - 2008	4.7	4.799	7.034
				Training Institute - 2011	4.10	71.948	37.515
				SGP - CRA	4.9	432.356	949.168
				Mac Arthur - new program	4.8	34.545	129.000
				NKAR program		2.587	2.587
				ENSOCIO		-	25.680
				Unrestricted		380.406	441.059
						<u>4.051.346</u>	<u>4.074.009</u>
Total assets		<u>4.199.030</u>	<u>4.265.440</u>	Total liabilities and net assets		<u>4.199.030</u>	<u>4.265.440</u>

Explanatory notes are integral part of accounting statements.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of operations
As of June 30, 2015 and 2014
(In U.S. Dollars)

	Explanatory note	30/06/2015	30/06/2014
Revenues, gains and contributions			
Temporarily restricted revenues			
Collaborative research network - CRN III		2.104.304	1.896.480
SGP - Human Dimensions		78.386	15.775
Training Institute - 2008		-	1.000
Training Institute - 2011		132.964	138.217
SGP-CRA		333.072	718.902
ENSOCIO		16.942	33.357
WCRP Conference		-	53.500
Unrestricted revenues			
Contributions from member nations	5.1	1.342.006	1.482.882
Donated services, utilities and use of fixed assets	5.2	194.598	127.925
Interest income		52	329
Overheads		38.754	33.463
Other		-	29.521
Non operational revenues		-	23.895
Total revenues, gains and contributions		4.241.078	4.555.246
Expenses			
Core budget expenses			
Management and general expenses	8	(1.636.063)	(1.609.678)
Total core budget expenses		(1.636.063)	(1.609.678)

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of operations
As of June 30, 2015 and 2014
(In U.S. Dollars)

	Explanatory note	30/06/2015	30/06/2014
Research expenses			
Collaborative research network - CRN I		(2.997)	(672)
Collaborative research network - CRN II		(18.198)	(451.050)
Collaborative research network - CRN III		(1.488.251)	(342.320)
SGP I		(23.388)	-
SGP II		(7.117)	-
Summer Institute - Urbanization		-	(2.394)
Summer Institute - Human Dimensions		-	(7.606)
Training Institute - 2008		(2.235)	(46.962)
Training Institute - 2011		(98.532)	(365.340)
SGP-Human Dimensions		-	(72.983)
SGP-CRA		(849.882)	(904.613)
IDRC program		-	(31.441)
Mac Arthur - new program		(94.454)	(48.126)
ENSOCIO meetings		(42.624)	(7.675)
WCRP Conference		-	(53.500)
		<u>(2.627.678)</u>	<u>(2.334.682)</u>
Total research expenses		(2.627.678)	(2.334.682)
Total expenses		(4.263.741)	(3.944.360)
Change in net assets for the year		(22.663)	610.886
Temporarily restricted net assets			
Collaborative research network - CRN I		(2.997)	(672)
Collaborative research network - CRN II		(18.198)	(451.050)
Collaborative research network - CRN III		616.053	1.554.160
SGP I		(23.388)	-
SGP II		(7.117)	-
Summer Institutes		-	(10.000)
SGP - Human Dimensions		78.386	(57.208)
Training Institute - 2008		(2.235)	(45.962)
Training Institute - 2011		34.432	(227.123)
IDRC program		-	(31.441)
Mac Arthur - new program		(94.454)	(48.126)
SGP-CRA		(516.810)	(185.711)
ENSOCIO meetings		(25.682)	25.682
Unrestricted net assets		<u>(60.653)</u>	<u>88.337</u>
Change in net assets for the year		(22.663)	610.886

Explanatory notes are integral part of accounting statements.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of comprehensive operations
2015 and 2014
(em milhares de Reais)

	<u>2015</u>	<u>2014</u>
Change in net assets for the year	(22.663)	610.886
Other comprehensive operations	-	-
Total comprehensive operations for the period	<u>(22.663)</u>	<u>610.886</u>

Explanatory notes are integral part of accounting statements.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of changes in net assets As of June 30, 2015 and 2014 (In U.S. Dollars)

	30/06/2015			30/06/2014		
	Temporarily restricted	Unrestricted	Total	Temporarily restricted	Unrestricted	Total
Revenues, gains and contributions						
Unrestricted revenues						
Contributions from member nations	-	1,342,006	1,342,006	-	1,482,882	1,482,882
Donated services	-	194,598	194,598	-	127,925	127,925
Interest	-	52	52	-	329	329
Overheads	-	38,754	38,754	-	33,463	33,463
Other	-	-	-	-	29,521	29,521
Non operational revenues	-	-	-	-	23,895	23,895
Temporarily restricted revenues						
Collaborative research network - CRN III	2,104,304	-	2,104,304	1,896,480	-	1,896,480
Training Institute - 2008	-	-	-	1,000	-	1,000
Training Institute - 2011	132,964	-	132,964	138,217	-	138,217
SGP - Human Dimensions	78,386	-	78,386	15,775	-	15,775
SGP-CRA	333,072	-	333,072	718,902	-	718,902
ENSOCIO	16,942	-	16,942	33,357	-	33,357
WCRP Conference	-	-	-	53,500	-	53,500
Total revenues, gains and contributions	2,665,668	1,575,410	4,241,078	2,857,231	1,698,015	4,555,246
Expenses and losses						
Unrestricted expenses						
Core budget	-	(1,636,063)	(1,636,063)	-	(1,609,678)	(1,609,678)
Collaborative research network - CRN I	-	(2,997)	(2,997)	-	(672)	(672)
Collaborative research network - CRN II	-	(18,198)	(18,198)	-	(451,050)	(451,050)
Collaborative research network - CRN III	-	(1,488,251)	(1,488,251)	-	(342,320)	(342,320)
Small grants program - SGP	-	(23,388)	(23,388)	-	-	-
Small grants program II - SGP II	-	(7,117)	(7,117)	-	-	-
Summer Institute - Urbanization (ISPIII Funds)	-	-	-	-	(2,394)	(2,394)
Summer Institute - Human Dimensions (ISPIII Funds)	-	-	-	-	(7,606)	(7,606)
Training Institute - 2008	-	(2,235)	(2,235)	-	(46,962)	(46,962)
Training Institute - 2011	-	(98,532)	(98,532)	-	(365,340)	(365,340)
SGP - Human Dimensions	-	-	-	-	(72,983)	(72,983)
SGP - CRA program	-	(849,882)	(849,882)	-	(904,613)	(904,613)
IDRC program	-	-	-	-	(31,441)	(31,441)
Mac Arthur - new program	-	(94,454)	(94,454)	-	(48,126)	(48,126)
ENSOCIO meetings	-	(42,624)	(42,624)	-	(7,675)	(7,675)
WCRP Conference	-	-	-	-	(53,500)	(53,500)
Total Expenses and losses	-	(4,263,741)	(4,263,741)	-	(3,944,360)	(3,944,360)

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of changes in net assets As of June 30, 2015 and 2014 (In U.S. Dollars)

	30/06/2015			30/06/2014		
	Temporarily restricted	Unrestricted	Total	Temporarily restricted	Unrestricted	Total
Change in net assets						
Unrestricted net assets - core budget	-	(60.653)	(60.653)	-	88.337	88.337
Collaborative research network - CRN I	(2.997)	-	(2.997)	(672)	-	(672)
Collaborative research network - CRN II	(18.198)	-	(18.198)	(451.050)	-	(451.050)
Collaborative research network - CRN III	616.053	-	616.053	1.554.160	-	1.554.160
Small grants program - SGP	(23.388)	-	(23.388)	-	-	-
Small grants program II - SGP II	(7.117)	-	(7.117)	-	-	-
Summer Institutes - UNEP	-	-	-	(10.000)	-	(10.000)
Training Institute - 2008	(2.235)	-	(2.235)	(45.962)	-	(45.962)
Training Institute - 2011	34.432	-	34.432	(227.123)	-	(227.123)
SGP - Human Dimensions	78.386	-	78.386	(57.208)	-	(57.208)
IDRC program	-	-	-	(31.441)	-	(31.441)
Mac Arthur - new program	(94.454)	-	(94.454)	(48.126)	-	(48.126)
SGP-CRA	(516.810)	-	(516.810)	(185.711)	-	(185.711)
ENSOCIO meetings	(25.682)	-	(25.682)	25.682	-	25.682
Total change in net assets	37.990	(60.653)	(22.663)	522.549	88.337	610.886
Net assets at beginning of year						
Unrestricted net assets - core budget	-	441.059	441.059	-	352.718	352.718
Collaborative research network - CRN I	69.331	-	69.331	70.003	-	70.003
Collaborative research network - CRN II	18.198	-	18.198	469.248	-	469.248
Collaborative research network - CRN III	2.434.374	-	2.434.374	880.216	-	880.216
Small grants program - SGP	23.388	-	23.388	23.388	-	23.388
Small grants program II - SGP II	7.117	-	7.117	7.117	-	7.117
Summer Institutes - IHDP	-	-	-	10.000	-	10.000
Training Institutes -NSF Funds	5.762	-	5.762	5.762	-	5.762
Training Institutes - IHDP	(2.818)	-	(2.818)	(2.818)	-	(2.818)
Training Institute - 2008	7.034	-	7.034	52.995	-	52.995
Training Institute - 2011	37.515	-	37.515	264.639	-	264.639
SGP - Human Dimensions	(78.386)	-	(78.386)	(21.177)	-	(21.177)
SGP - CRA	949.166	-	949.166	1.134.878	-	1.134.878
Special Research Fund contributions	5.000	-	5.000	5.000	-	5.000
IDRC program	-	-	-	31.440	-	31.440
Mac Arthur - New Program	129.000	-	129.000	177.127	-	177.127
NKAR Program	2.587	-	2.587	2.587	-	2.587
ENSOCIO	25.682	-	25.682	-	-	-
Total net assets at beginning of year	3.632.950	441.059	4.074.009	3.110.405	352.718	3.463.123

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of changes in net assets As of June 30, 2015 and 2014 (In U.S. Dollars)

	30/06/2015			30/06/2014		
	Temporarily restricted	Unrestricted	Total	Temporarily restricted	Unrestricted	Total
Net assets at end of year						
Unrestricted net assets - core budget	-	380.406	380.406	-	441.059	441.059
Collaborative research network - CRN I	66.334	-	66.334	69.331	-	69.331
Collaborative research network - CRN II	-	-	-	18.198	-	18.198
Collaborative research network - CRN III	3.050.427	-	3.050.427	2.434.374	-	2.434.374
Small grants program - SGP	-	-	-	23.388	-	23.388
Small grants program II - SGP II	-	-	-	7.117	-	7.117
Training Institutes -NSF Funds	5.762	-	5.762	5.762	-	5.762
Training Institutes - IHDP	(2.818)	-	(2.818)	(2.818)	-	(2.818)
Training Institute - 2008	4.799	-	4.799	7.034	-	7.034
Training Institute - 2011	71.948	-	71.948	37.515	-	37.515
SGP - Human Dimensions	-	-	-	(78.386)	-	(78.386)
Special Research Fund contributions	5.000	-	5.000	5.000	-	5.000
Mac Arthur - new program	34.545	-	34.545	129.000	-	129.000
SGP - CRA	432.356	-	432.356	949.166	-	949.166
NKAR program	2.587	-	2.587	2.587	-	2.587
ENSOCIO meetings	-	-	-	25.682	-	25.682
Total net assets at end of year	3.670.940	380.406	4.051.346	3.632.950	441.059	4.074.009

Explanatory notes are integral part of accounting statements.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of cash flows
As of June 30, 2015 and 2014
(In U.S. Dollars)

	<u>30/06/2015</u>	<u>30/06/2014</u>
Cash flow from operating activities		
Change in net assets	(22.663)	610.886
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11.350	9.224
Other		(1)
Changes in operating assets and liabilities		
Other accounts receivable	22.137	(9.261)
Accounts payable	(46.047)	(157.247)
CRN receivable	2.996	673
CRN II Project Advances	-	451.050
CRN II - Payable	-	(29.361)
CRN III Project Advances	(723.669)	(1.151.995)
Summer Institutes Receivables	-	9.341
Training Institutes - Project Advances	3.891	39.433
Training Institutes - Project Payable - Fundacrid	-	-
SGP - Human Dimensions - project advances	-	72.983
SGP - Human Dimensions - payable		(15.775)
IDRC program - contract 104358 - project advances		1.812
IDRC program - contract 104358- payable	-	-
Mac Arthur program - Grant 2011- advances	35.884	19.425
Mac Arthur program - Grant 2011 - payable		(7.500)
Training Institutes - 2011 grant	(13.450)	216.066
SGP-CRA	491.084	217.831
Advanced Core Budget Contributions	2.300	(2.000)
Net cash used in operating activities	<u>(236.187)</u>	<u>275.584</u>
Cash used to purchase/earned for selling fixed assets		
Purchase of fixed assets	(23.420)	(65.303)
Adjustments - fixed assets	706	387
	<u>(22.714)</u>	<u>(64.916)</u>
Change in cash and cash equivalents	<u>(258.901)</u>	<u>210.668</u>
Cash and cash equivalents at the beginning of year	<u>755.069</u>	<u>544.401</u>
Cash and cash equivalents at the end of year	<u><u>496.168</u></u>	<u><u>755.069</u></u>

Explanatory notes are integral part of accounting statements.

Management notes to the financial statements
For the years ended June 30, 2015 and 2014
(in U.S. Dollars)

Note 1. Organization

1.1 Nature of Operations

The Inter-American Institute for Global Change Research - IAI (the "Institute") is an intergovernmental organization dedicated to supporting global change research, increasing 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. In February 2012, the Conference of the Parties decided to move towards a Tri-Partite structure for the IAI Directorate, including a Science Planning office in Sao Jose dos Campos, a Science-Policy Liason office in Buenos Aires, and the Integrated Operations and Finance Directorate of the IAI to be moved to Montevideo. The moving occurred in the beginning of fiscal year 2014/2015.

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 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 the pre-proposal is approved. The evaluation of the proposals includes scientific and financial reviews.

The financial support provided by the IAI to the research activities 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 for students obtained from other sources almost tripled the support received from IAI.

Management notes to the financial statements
For the years ended June 30, 2015 and 2014
(in U.S. Dollars)

Note 2. Presentation of financial statements and significant accounting practices

2.1 Presentation of financial statements

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

Although the IAI is based in Uruguay, it maintains its official accounting records in U.S. dollars. Most of IAI's transactions are denominated in U.S. dollars; expenses in other currencies were translated at monthly average exchange rates.

The cash and cash equivalents originated in \$ (Uruguayan pesos) were translated into U.S. dollars using the official rate of exchange as of June 30, 2015 and 2014.

The official rate of exchange as of June 30, 2015 was \$ 27.07 per US\$1.00 and \$ 22.929 per US\$1.00 as of June 30, 2014.

2.2 Significant accounting practices

The main accounting practices used in preparing these financial statements are as follows:

2.2.1. Accounting classification

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

2.2.2. Cash and cash equivalents

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

2.2.3. 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.

2.2.4. Property, plant and equipment and Intangible assets

Consist of computer hardware and software 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 for all them.

2.2.5. Receivables and payables

Receivables and payables are price-level adjusted 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.

Management notes to the financial statements
 For the years ended June 30, 2015 and 2014
 (in U.S. Dollars)

2.2.6. Recognition of revenues 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.

2.2.7. Income taxes

IAI is exempt from income taxes under Uruguayan tax legislation.

3. Cash and cash equivalents

	2015	2014
Proyectos	85.089	228.399
Core Budget	411.079	526.670
Total	496.168	755.069

4. 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 2015 and 2014 fiscal years.

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.

4.1. 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.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Management notes to the financial statements
For the years ended June 30, 2015 and 2014
(in U.S. Dollars)

This award is distributed as follows:

	2015	2014
Scientific awards	9.947.270	9.947.270
Management costs	538.400	538.400
	10.485.670	10.485.670

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:

CRN I Unallocated Research Funds	2015	2014
Total National Science Foundation award	10.485.670	10.485.670
Cash distributed to IAI	(10.356.555)	(10,356,555)
Remaining funds that will not be received by IAI	(129.115)	(129.115)
Total to be received by IAI	-	-
National Science Foundation Award for research	9.947.270	9.947.270
ANPCyI 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	854.718	854.718
Remaining funds sent back to NSF thru check	(26.040)	(26.040)
Dissemination Activities of the CRN I Program Results	(753.609)	(750.612)
Total CRN I funds not allocated	66.334	69.331
	66.334	69.331
CRN I Payable		
Commitments made to grantee institutions for research	10.446.439	10.446.439
Transfers made by IAI to the grantee institutions	(9.094.882)	(9.094.882)
Reduction of 9% in the approved budgets	(567.359)	(567.359)
Adjustments for closed projects (uncommitted commitments)	(784.198)	(784.198)
Total to be transferred to the grantee institutions - short-term liabilities	-	-

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

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4.2. 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:

	2015	2014
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 fu	(343.000)	(343.000)
Funds transfered to SGP-HD program	(23.388)	-
Commitments reversed (funds not used by the grantees:	6.388	6.388
Total funds not allocated to any grantee institution	-	23.388
	2015	2014
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.

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4.3. 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:

	2015	2014
Total National Science Foundation Award	640.000	640.000
Cash distributed to IAI	(640.000)	(640.000)
Total to be received by IAI	-	-
Total National Science Foundation Award	640.000	640.000
SGP II Panel	(9.531)	(9.531)
Project expenses paid (Approved Costs + Final Payments)	(625.389)	(625.389)
Funds transferred to SGP-HD program	(7.117)	-
Reimbursement from SGP II-078	2.037	2.037
SGP II Funds available	-	7.117

4.4. Collaborative Research Network Program - CRN II

On September 30, 2005 the National Science Foundation (NSF) 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\$ 2.030.960;
- September/2008 - August/2009 US\$ 1.988.200;
- September/2009 - August/2010 US\$ 1.988.200;
- September/2010 - August/2011 US\$ 208.200.

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	2015	2014
Funds Received from NSF	10.424.071	10.424.071
Interest earned from subgrantee	13.155	13.155
Project expenses (reported expenses)	(9.413.354)	(9.413.354)
Salaries and Benefits (Program Manager)	(189.372)	(189.372)
CRN II Panel (proposal selection)	(7.971)	(7.971)
CRN II Panel (other costs)	(610)	(610)
Folders, posters and other printings	(3.125)	(3.125)
Meetings supported by CRN II funds	(568.855)	(568.855)
Training Institute in Panama	(62.729)	(62.729)
Auditing process	(63.161)	(63.161)
Synsthesis	(109.932)	(109.932)
Funds transfered to SGP-HD program	(18.198)	-
Others	81	81
Unallocated CRN II Funds	-	18.198

4.5. Training Institutes on Interdisciplinary Global Environmental Change in the Americas

On September 22, 2004 the National Science Foundation (NSF) approved a grant to support the "Training Institutes on Interdisciplinary Global Environmental Change in the Americas". The original expiration date of the grant, which totalled 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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	2015	2014
Funds Received from the NSF	330.000	330.000
Expenses on TI-Paraguay	(81.794)	(81.794)
Seed Grants - TI Paraguay	(45.389)	(45.389)
Expenses on TI-Jamaica	(108.274)	(108.274)
Seed Grants - TI Jamaica	(41.101)	(41.101)
Meetings related to the TIs	(48.490)	(48.490)
Remaining funds from TISG-P1	810	810
Unallocated NSF Funds for TI	5.762	5.762
Funds Received from IDRC	26.097	26.097
Expenses on TI-Jamaica	(11.597)	(11.597)
Expenses with Seed Grants - TI Jamaica	(14.500)	(14.500)
Unallocated NSF Funds for TI	-	-
Expenses on TI-Paraguay (IHDP Funds)	(2.818)	(2.818)
	(2.818)	(2.818)

The "Unallocated NSF Funds for TI" refers to remaining funds in the following activities - and will be used to cover future publication costs:

	2015	2014
TISG - P1	754	754
TISG - P2	3.502	3.502
TISG - P3	1.506	1.506
	5.762	5.762

4.6. Small Grant Program - Human Dimensions

On September 15, 2006 the National Science Foundation (NSF) 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 had US\$ 400.000 available. For the period, NSF has approved another US\$ 400.000 in September 13, 2007 and for the next period September 2009 to June 2011 approved US\$ 590.000:

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	2015	2014
Contributions received from NSF	1.380.442	1.380.442
Panel SGP-HD	(4.450)	(4.450)
GECAFS Conference and other meetings	(20.635)	(20.635)
Synthesis activities	(19.965)	(19.965)
Publication Costs	(12.930)	(12.930)
Project CRN2, SAEMC & ADAPTE	(5.574)	(5.574)
Auditing Costs	(16.785)	(16.785)
Funds transferred from SGPI, CRN II, SGP II and Core Budget	78.386	
Reported Expenses	(1.378.489)	(1.378.489)
Remaining NSF Funds	-	(78.386)

4.7. Training Institutes to Develop Capacity in Interdisciplinary Global Environmental Change Sciences

On August 1st, 2008, the National Science Foundation approved a grant of US\$ 300.000 to support the project (GEO-0745732). This award will expire on January 31st, 2011.

The activities related to the new Training Institutes started on February 2008, but the grant covered only the expenses incurred after May, 2008.

The expenses incurred before that, were covered by CRN II program funds:

	2015	2014
Contributions received from NSF	300.000	300.000
Reversion of TI in Panamá, paid using CRN II fund	62.729	62.729
Reimburse of air tickets not used	510	510
	363.239	363.239
Training Institute - Panama	(62.729)	(62.729)
Training Institute - Honduras	(10.318)	(10.318)
Training Institute - Costa Rica	(16.063)	(16.063)
Training Institute - Natal	(67.697)	(67.697)
Training Institute - Santiago	(53.906)	(53.906)
Training Institute - Montevideo	(28.641)	(28.641)
Training Institute - Paraguay	(27.178)	(27.178)
Foro Editorial in Buenos Aires	(48.370)	(48.370)
Launch of IAI/CEP Book	(4.361)	(4.361)
Climate Conference in Montego Bay	(3.154)	(3.154)
IAI/CPTEC Internship program	(26.908)	(24.673)
Publications	(12)	(12)
	(349.337)	(347.102)
Administrative support	(8.724)	(8.724)
Translation services	(379)	(379)
Remaining NSF Funds	4.799	7.034

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Note: Although the financial statements show the total of US\$ 4.799 as “Remaining NSF Funds”, the “cash flow” of this program as of June 30, 2015 has the following composition:

	<u>2015</u>	<u>2014</u>
Remaining NSF Funds	4.799	7.034
Advances for meetings	(3.143)	(7.034)
Cash balance	<u>1.656</u>	<u>-</u>

4.8. Mac Arthur – new program

A new Mac Arthur grant for supporting the assessment of climate change impacts on biodiversity in the tropical Andes was signed on Dec 22nd, 2010. The completion date would be December 31, 2013. No cost extension has been approved. New end date is now December 31, 2016.

Expected payment schedule:

Initial Installment: US\$ 170.000;
Year 2: US\$ 165.000;
Year 3: US\$ 165.000.

	<u>2015</u>	<u>2014</u>
Contributions received from MacArthur	500.000	500.000
Project management	(16.561)	(16.561)
Part I - Climate, landuse and biodiversity - scientific coordination	(119.482)	(119.482)
Part I - Climate component - travel	(11.017)	(11.017)
Steering Comittee - Meetings in Quito	(8.009)	(8.009)
Nature Serve - Meetings in Quito	(7.267)	(7.267)
Meetings and PI travels	(69.214)	(5.416)
Equipments	(1.797)	(1.797)
Subgrants	(199.403)	(175.263)
Overhead	(32.705)	(26.188)
Remaining MacArthur funds	<u>34.545</u>	<u>129.000</u>

Note: Although the financial statements show the total of US\$ 34.545 as “Remaining Mac Arthur Funds”, the “cash flow” of this program as of June 30, 2015 has the following composition:

	<u>2015</u>	<u>2014</u>
Remaining Mac Arthur Funds	34.545	129.000
Advances for meetings	(560)	(36.444)
Cash balance	<u>33.985</u>	<u>92.556</u>

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4.9. Small Grant Program for Collaborative Research in the Americas (SGP-CRA)

On March 3th, 2012 the National Science Foundation (NSF) approved a grant (GEO-1138881 1138881) to support the scientific activity entitled: "Small Grant Program for Collaborative Research in the Americas SGP-CRA." This is a grant continuing for approximately 3 years, contingent on the availability of funds and on the scientific progress of the project:

- NSF approved the full budget of US\$ 2.757.237;
- Effective: January 1, 2012 to December 21, 2015.

	2015	2014
Contributions received from NSF	2.450.504	2.117.432
UNFCCC Meetings	(24.189)	(5.405)
IPBES Meetings	(9.087)	(3.863)
Training	(6.520)	(3.135)
Meetings	(10.675)	(4.470)
Special agreement	(5.898)	
CRA 2050	(22.631)	
Reported expenses	(1.939.148)	(1.151.391)
Equity	432.356	949.168
Advances to Grantees (balance)	(462.553)	(953.637)
Cash on hand	(30.197)	(4.469)

4.10. IAI Interdisciplinary Training Program (Training Institute 2011)

On September 29, 2011 the National Science Foundation (NSF) approved a grant (GEO-1143506) to support the project "IAI Interdisciplinary Training Program" This is a grant continuing for approximately 3 years, contingent on the availability of funds and on the scientific progress of the project.

NSF approved the full budget of US\$ 820.000

Effective: October 1st, 2011 to September 30, 2014

No cost extension has been approved. New end date is now September 30, 2016

	2015	2014
Contributions received from NSF	684.712	551.747
Administrative Support	(13.210)	(9.487)
Meetings	(262.889)	(234.373)
Reported Expenses from Grantees	(336.665)	(270.372)
Equity	71.948	37.515
Advances to Grantees (balance)	(105.624)	(92.174)
Cash on hand	(33.676)	(54.659)

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4.11. Collaborative Research Network Program III (CRN III)

On March 3, 2012 the National Science Foundation (NSF) approved a grant (GEO-1128040) to support the scientific activity entitled: "3rd Collaborative Research Network – CRN3"

This is a grant continuing for approximately 4 years, contingent on the availability of funds and on the scientific progress of the project:

- NSF approved the full budget of US\$ 10.500.000;
- Effective: March 1, 2012 to February 28, 2017.

	2015	2014
Contributions received from NSF	4.918.784	2.814.480
Administrative expenses	(1.701)	(1.701)
Meetings	(55.439)	(46.107)
Reported Expenses - from grantees	(1.811.217)	(332.298)
Equity	3.050.427	2.434.374
Advances to Grantees (balance)	(3.005.664)	(2.281.995)
Cash on Hand	44.763	152.379

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5. Core budget receivable

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

	Due as of 30-jun-14	Contribution for FY 14/15	Paid - in 2014/2015 to be applied to:			Due as of 30-jun-15
			Arrears	Current year	Advances	
Argentina	204.957	69.000	(126.000)			147.957
Bolivia	40.000	5.000				45.000
Brazil	220.000	120.000				340.000
Canada		173.000		(159.000)		14.000
Chile	(3.000)	8.000		(5.000)		-
Colombia		13.000				13.000
Costa Rica	17.631	5.000	(4.608)			18.023
Cuba	50.067	5.000				55.067
Dominican Republic	85.000	5.000				90.000
Ecuador		5.000				5.000
Guatemala	85.000	5.000				90.000
Jamaica	50.000	5.000				55.000
Mexico	77.000	85.000	(77.000)			85.000
Panama		5.000		(5.000)	(5.000)	(5.000)
Paraguay	46.371	5.000	(6.914)			44.457
Peru	27.694	6.000		(4.167)		29.527
Uruguay	5.000	5.000	(5.000)	(5.000)	(300)	(300)
USA (*)		831.000		(588.796)		242.204
Venezuela	352.521	45.000	(352.521)			45.000
Totals	1.258.241	1.400.000	(572.043)	(766.963)	(5.300)	1.313.935
Total Revenues:	(1.263.407)				Total Revenues:	(1.339.006)
Advanced received:	(3.000)				Advanced received:	(5.300)
Advance from last year:	(5.000)				Advance from last year:	(3.000)
SA Extra contribution	(214.475)				Total Revenues:	(1.342.006)
Total Revenues:	(1.482.882)					

(*) 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 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.

5.2. 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:

	2015	2014
Premises, equipment and security	54.476	72.366
Cleaning and common expenses	42.702	55.559
	97.178	127.925

According to Article IV of the Agreement between the República Oriental del Uruguay and the IAI concerning the headquarters of the Institute, the Uruguayan Government provides the IAI, at no cost, with the following resources:

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	<u>2015</u>	<u>2014</u>
Support staff	59.578	-
Office	29.848	-
Cleaning and common expenses	7.994	-
	<u>97.420</u>	<u>-</u>

6. Property and equipment and Intangible assets

		<u>2015</u>		<u>2015</u>	<u>2014</u>
	Annual Depreciation Rates - %	Cost	Accumulated Depreciation	Net	Net
Capital Equipment (computer and accessories)	20	42.425	(32.110)	10.315	12.680
Software	10	19.032	-	19.032	-
Telephone lines	10	-	-	-	-
Communication Equipments	10	1.593	(342)	1.251	-
Photographic Equipments	10	-	-	-	-
Furniture and office equipments	10	63.454	(8.369)	55.085	61.639
Vehicles	20	-	-	-	-
		<u>126.504</u>	<u>(40.821)</u>	<u>85.683</u>	<u>74.319</u>

7. Current liabilities

<u>Accounts payable</u>	<u>2015</u>	<u>2014</u>
Salaries, Benefits and taxes over payroll	117.365	159.280
Suppliers	24.182	12.984
Contributions advance to Core Budget	5.300	3.000
Grantees (Programs Payable)	256	256
Other payables	581	15.911
	<u>147.684</u>	<u>191.431</u>

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8. Management and general expenses

	2015		2014	
	Budget	Actual	Budget	Actual
Salaries and benefits	957.122	1.080.446	927.599	895.414
Staff travel	99.280	81.525	99.280	11.130
Dissemination	39.000	37.560	39.000	31.130
Director's funds	54.000	730	54.000	21.257
Others	220.626	241.204	176.835	522.819
Donated services, utilities and use of fixed assets	-	194.598	-	127.928
	1.370.028	1.636.063	1.296.714	1.609.678

9. Defined contribution benefits

In the case of the foreign employees, 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 are signed by the Director on behalf of the IAI. The contribution from IAI during fiscal year 2014/2015 was US\$81,112 (US\$77,412 in fiscal year 2013/2014).

10. Subsequent events

The Institute evaluated subsequent events as of May 6, 2016.