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**CONFERENCE OF THE PARTIES TO THE
INTER-AMERICAN INSTITUTE FOR GLOBAL
CHANGE RESEARCH**
Thirtieth meeting
Montevideo and Videoconference
14-15 June 2022
Agenda item 5c

Financial and Budgetary matters

Auditors report

1. This document has been prepared by the independent auditors contracted by the IAI Directorate.
2. The *Independent auditors' report* is available in English only.

Background

3. The *Independent auditors' report* provides information on the IAI's financial statements, which comprise its balance sheet as of 30 June 2021, and the related statements on operations including comprehensive operations, changes in net assets and cash flows, and a brief summary of accounting policies and other explanatory notes.
4. The *Report* is reviewed by the Financial and Administrative Committee and its evaluation is submitted to the Executive Council for acceptance, which, in turn, submits the report to the Conference of the Parties for approval.

Independent auditors' report

5. The *Independent auditors' report* is provided as Annex 2 to this document.

Recommendation

6. The Conference of the Parties is invited to consider approving the draft decision contained in Annex 1 to the present document.

Annex 1

Draft decisions of the Conference of the Parties

Auditors report

Directed to the Conference of the Parties

XXVI/xx. The Conference of the Parties is invited to approve the *Independent auditors report*.

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

Independent Auditors' Report

**Financial statements
As of June 30, 2021 and 2020**

INTER - AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

**Financial statements
As of June 30, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Inter-American Institute for Global Change Research - IAI (the "Institute"), which comprise the balance sheet as at June 30, 2021, and the related statements of operations and comprehensive operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Inter-American Institute for Global Change Research - IAI as of June 30, 2021 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

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assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Montevideo, April 27, 2022

BDO Auditores y Consultores S.R.L

Ernesto Bartesaghi

Ernesto Bartesaghi
Contador Público
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BDO Auditores y Consultores S.R.L.

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INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Balance sheets As of June 30, 2021, and 2020 (In U.S. Dollars)

Assets				Liabilities and net assets			
	<u>Note</u>	<u>30/6/2021</u>	<u>30/6/2020</u>		<u>Note</u>	<u>30/6/2021</u>	<u>30/6/2020</u>
Current				Current			
Cash and cash equivalents	3	1,535,204	1,439,257	Accounts payable		189,896	176,655
Collaborative research network				Advanced core budget contributions	7	<u>189,896</u>	<u>8,328</u>
SGP	4.8	450,326	562,723	Net assets			
Training Institutes - 2011 grant	4.5	4,109	-	Temporarily restricted			
Other accounts receivable		<u>84,715</u>	<u>84,715</u>	Unallocated research funds:			
		<u>2,074,354</u>	<u>2,086,695</u>	CRN I	4.1	66,334	66,334
				CRN III	4.6	767,830	768,329
				Training Institutes - NSF	4.2	5,762	5,762
				Training Institutes - IHDP	4.2	(2,818)	(2,818)
				Special Research Funds		5,000	5,000
				Training Institute - 2008	4.3	4,633	4,633
				Training Institute - 2011	4.5	(35,872)	(35,872)
				Mac Arthur - new program	4.4	(4,794)	(4,794)
				SGP	4.8	511,694	851,286
				NKAR program		2,587	2,587
				PDS 2016	4.7	77,898	79,098
Non current				PPCR		78,670	16,256
Property and equipment	6	<u>29,429</u>	<u>36,043</u>	PAGES		24,989	
		<u>29,429</u>	<u>36,043</u>	Program STEP	4.9	392,180	212,500
				Unrestricted		<u>19,793</u>	<u>(30,547)</u>
Total assets		<u>2,103,783</u>	<u>2,122,738</u>	Total liabilities and net assets		<u>1,913,887</u>	<u>1,937,755</u>
						<u>2,103,783</u>	<u>2,122,738</u>

The notes are an integral part of the financial statements

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of operations

As of June 30, 2021, and 2020 (In U.S. Dollars)

	Note	30/6/2021	30/6/2020
Revenues, gains and contributions			
Temporarily restricted revenues			
Collaborative research network - CRN III		-	201.509
PDS 2016		-	17.000
SGP		-	802.557
Program STEP		204.000	212.500
PPCR		123.910	34.932
PAGES		24.989	
Unrestricted revenues			
Contributions from member nations	5.1	1.154.042	559.218
Donated services, utilities and use of fixed assets	5.2	112.108	117.819
Overheads		81.366	74.498
Total revenues, gains and contributions		1.700.416	2.020.033
Expenses			
Core budget expenses			
Management and general expenses	8	(1.297.176)	(1.375.049)
Total core budget expenses		(1.297.176)	(1.375.049)
Research expenses			
Collaborative research network - CRN III		(500)	(59.403)
PDS 2016		(1.200)	(22.714)
SGP		(339.592)	(130.505)
Program STEP		(24.320)	
PPCR		(61.496)	(18.676)
Total research expenses		(427.108)	(231.298)
Total expenses		(1.724.284)	(1.606.346)
Temporarily restricted net assets			
Collaborative research network - CRN III		(500)	142.106
PDS 2016		(1.200)	(5.714)
SGP		(339.592)	672.052
Program STEP		179.680	212.500
PPCR		62.414	16.256
PAGES		24.989	
Unrestricted net assets		50.340	(623.514)
Change in net assets for the year		(23.868)	413.687

The notes are an integral part of the financial statements

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of comprehensive operations
As of June 30, 2021, and 2020
(In U.S. Dollars)

	<u>30/6/2021</u>	<u>30/6/2020</u>
Change in net assets for the year	(23.868)	413.687
Other comprehensive operations	-	-
Total comprehensive operations for the period	<u>(23.868)</u>	<u>413.687</u>

The notes are an integral part of the financial statements

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of changes in net assets As of June 30, 2021, and 2020 (In U.S. Dollars)

	30/06/2021			30/06/2020		
	Temporarily restricted	Unrestricted	Total	Temporarily restricted	Unrestricted	Total
Revenues, gains and contributions						
Unrestricted revenues						
Contributions from member nations		1,154,042	1,154,042		559,218	559,218
Donated services		112,108	112,108		117,819	117,819
Overheads		81,366	81,366		74,498	74,498
Temporarily restricted revenues						
Collaborative research network - CRN III	-		-	201,509		201,509
PDS 2016	-		-	17,000		17,000
PAGES	24,989		24,989			
SGP	-		-	802,557		802,557
PPCR	123,910		123,910	34,932		34,932
Program Step	204,000		204,000	212,500		-
Total revenues, gains and contributions	352,899	1,347,516	1,700,416	1,268,498	751,535	2,020,033
Expenses and losses						
Unrestricted expenses						
Core budget		(1,297,176)	(1,297,176)		(1,375,049)	(1,375,049)
Collaborative research network - CRN III	(500)		(500)	(59,403)		(59,403)
SGP	(339,592)		(339,592)	(130,505)		(130,505)
PDS 2016	(1,200)		(1,200)	(22,714)		(22,714)
Program Step	(24,320)		(24,320)			
PPCR	(61,496)		(61,496)	(18,676)		(18,676)
Total Expenses and losses	(427,108)	(1,297,176)	(1,724,284)	(212,622)	(1,375,049)	(1,587,671)
Change in net assets						
Unrestricted net assets - core budget		50,340	50,340		(623,514)	-
Collaborative research network - CRN III	(500)		(500)	142,106		142,106
PDS 2016	(1,200)		(1,200)	(5,714)		-
SGP	(339,592)		(339,592)	672,052		672,052
PAGES	24,989		24,989			
PPCR	62,414		62,414	16,256		16,256
Program Step	179,680		179,680	212,500		212,500
Total change in net assets	(74,209)	50,340	(23,868)	1,037,200	(623,514)	413,686
Net assets at beginning of year						
Unrestricted net assets - core budget		(30,547)	(30,547)		592,967	592,967
Collaborative research network - CRN I	66,334		66,334	66,334		66,334
Collaborative research network - CRN III	768,329		768,329	626,223		626,223
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	4,633		4,633	4,633		4,633
Training Institute - 2011	(35,872)		(35,872)	(35,872)		(35,872)
PPCR	16,256		16,256	-		-
Special Research Fund contributions	5,000		5,000	5,000		5,000
Mac Arthur - New Program	(4,794)		(4,794)	(4,794)		(4,794)
SGP	851,286		851,286	179,234		179,234
NKAR program	2,587		2,587	2,587		2,587
Programa Step	212,500		212,500	-		-
PDS 2016	79,098		79,098	84,812		84,812
Total net assets at beginning of year	1,968,301	(30,547)	1,937,755	931,102	592,967	1,524,069
Net assets at end of year						
Unrestricted net assets - core budget		19,793	19,793		(30,547)	(30,547)
Collaborative research network - CRN I	66,334		66,334	66,334		66,334
Collaborative research network - CRN III	767,830		767,830	768,329		768,329
Training Institutes -NSF	5,762		5,762	5,762		5,762
Training Institutes - IHDP	(2,818)		(2,818)	(2,818)		(2,818)
Special Research Funds	5,000		5,000	5,000		5,000
Training Institute - 2008	4,633		4,633	4,633		4,633
Training Institute - 2011	(35,872)		(35,872)	(35,872)		(35,872)
Mac Arthur - New Program	(4,794)		(4,794)	(4,794)		(4,794)
SGP	511,694		511,694	851,286		851,286
NKAR program	2,587		2,587	2,587		2,587
PDS 2016	77,898		77,898	79,098		79,098
PAGES	24,989		24,989			
PPCR	78,670		78,670	16,256		16,256
Program STEP	392,180		392,180	212,500		212,500
Total net assets at end of year	1,894,094	19,793	1,913,887	1,968,301	-	1,937,755

The notes are an integral part of the financial statements

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Statement of cash flows As of June 30, 2021, and 2020 (In U.S. Dollars)

	<u>Note</u>	<u>30/6/2021</u>	<u>30/6/2020</u>
Cash flows from operating activities			
Change in net assets		(23.868)	413.687
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		9.902	28.684
Changes in operating assets and liabilities			
Other accounts receivable		-	43.784
Accounts payable		13.240	116.642
CRN III Project Advances		-	(484.727)
SGP		112.397	-
Training Institutes - 2011 grant		(4.109)	-
Advanced Core Budget Contributions		(8.328)	(17.000)
Net cash (used in)/from operating activities		99.234	101.070
Cash flows from investing activities			
Cash used to purchase/earned for selling fixed assets			
Purchase of fixed assets		(3.287)	-
Net cash used in investing activities		(3.287)	-
Change in cash and cash equivalents		95.947	101.070
Cash and cash equivalents at the beginning of year		1.439.257	1.338.187
Cash and cash equivalents at the end of year		1.535.204	1.439.257

The notes are an integral part of the financial statements

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Notes to the financial statements For the years ended June 30, 2021 and 2020 (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.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Notes to the financial statements For the years ended June 30, 2021 and 2020 (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, 2020 and 2019.

The official rate of exchange as of June 30, 2021 was \$ 43.577 per US\$1.00 and \$ 42.212 per US\$1.00 as of June 30, 2020.

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, with the exception of furniture, ten years.

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.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Notes to the financial statements For the years ended June 30, 2021 and 2020 (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

	<u>2021</u>	<u>2020</u>
Proyectos	830.198	847.427
Core Budget	413.861	550.935
Other	291.145	313.093
Total	<u>1.535.204</u>	<u>1.439.257</u>

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 2020 and 2019 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

Notes to the financial statements For the years ended June 30, 2021 and 2020 (in U.S. Dollars)

This award is distributed as follows:

	<u>2021</u>	<u>2020</u>
Scientific awards	9,947,270	9,947,270
Management costs	538,400	538,400
	<u>10,485,670</u>	<u>10,485,670</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:

<u>CRN I Unallocated Research Funds</u>	<u>2021</u>	<u>2020</u>
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	<u>(129,115)</u>	<u>(129,115)</u>
Total to be received by IAI	-	-
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	854,718	854,718
Remaining funds sent back to NSF thru check	(26,040)	(26,040)
Dissemination Activities of the CRN I Program Results	<u>(753,609)</u>	<u>(753,609)</u>
Total CRN I funds not allocated	<u>66,334</u>	<u>66,334</u>

4.2. 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.

INTER-AMERICAN INSTITUTE FOR GLOBAL CHANGE RESEARCH - IAI

Notes to the financial statements For the years ended June 30, 2021 and 2020 (in U.S. Dollars)

	<u>2021</u>	<u>2020</u>
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:

	<u>2021</u>	<u>2020</u>
TISG - P1	754	754
TISG - P2	3.502	3.502
TISG - P3	1.506	1.506
	5.762	5.762

4.3. 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 would 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.

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

	2021	2020
Contributions received from NSF	300.000	300.000
Reversion of TI in Panamá, paid using CRN II funds	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	(27.074)	(27.074)
Publications	(12)	(12)
	(349.503)	(349.503)
Administrative support	(8.724)	(8.724)
Translation services	(379)	(379)
Remaining NSF Funds	4.633	4.633

4.4. 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 December 22nd, 2010. The completion date would be December 31, 2013. No cost extension has been approved. New end date was December 31, 2019.

Expected payment schedule:

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

	2021	2020
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 Committee - Meetings in Quito	(8.009)	(8.009)
Nature Serve - Meetings in Quito	(7.267)	(7.267)
Meetings and PI travels	(99.043)	(99.043)
Equipments	(1.797)	(1.797)
Subgrants	(199.548)	(199.548)
Overhead	(36.273)	(36.273)
Remaining MacArthur funds	1.003	1.003

Note: The “cash flow” of this program as of June 30, 2020 has the following composition:

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	<u>2021</u>	<u>2020</u>
Remaining Mac Arthur Funds	1.003	1.003
Advances for meetings	(5.797)	(5.797)
Cash balance	<u>(4.794)</u>	<u>(4.794)</u>

4.5. 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 was September 30, 2016

	<u>2021</u>	<u>2020</u>
Contributions received from NSF	684.712	684.712
Administrative Support	(19.262)	(19.262)
Meetings	(265.462)	(265.462)
Reported Expenses from Grantees	(435.860)	(435.860)
Equity	<u>(35.872)</u>	<u>(35.872)</u>
Advances to Grantees (balance)	(4.109)	(4.109)
Cash on Hand	<u>(39.981)</u>	<u>(39.981)</u>

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4.6. 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.

	<u>2021</u>	<u>2020</u>
Contributions received from NSF	9,463.722	9,463.722
Administrative expenses	(12.795)	(12.295)
Meetings	(657.016)	(657.016)
Reported Expenses - from grantees	<u>(8,026.082)</u>	<u>(8,026.082)</u>
Equity	767.830	768.329
Advances to Grantees (balance)	-	-
Cash on Hand	<u>767.830</u>	<u>768.329</u>

4.7. IAI Interdisciplinary Training Program (PDS 2016)

On August 13, 2015 the National Science Foundation (NSF) approved a grant (GEO-1434450) to support the project "IAI Professional Development Seminars to develop capacity building for global environmental change science and its policy application in the Americas". On August 11, 2016 the National Science Foundation (NSF) approved additional support for the award.

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\$ 276,750
Effective: August 13, 2015 to July 31, 2019

	<u>2021</u>	<u>2020</u>
Contributions received from NSF	57.000	57.000
Administrative Support	59.661	59.661
Meetings	<u>(38.763)</u>	<u>(37.563)</u>
Equity	77.898	79.098

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4.8. Co-funded Small Grants Program: The role of ecosystem services in adaptation to global change for human wellbeing (SGP-HW)

The program focuses on research questions that are relevant to policy makers or other stakeholders, have strong scientific interest, and address concerns for human wellbeing and livelihoods. Projects are expected to support decision-making and adaptation action in a transdisciplinary approach that promotes using, conserving, restoring, and managing ecosystems so that the natural capital is preserved, while providing important services.

	<u>2021</u>	<u>2020</u>
Contributions received from NSF	981.791	981.791
Expenses	<u>(470.096)</u>	<u>(130.504)</u>
	511.694	851.287
Advances to Grantees (balance)	(450.326)	(653.587)
Cash on Hand	<u>61.368</u>	<u>197.700</u>

4.9 Program STEP

The Science, Technology, Policy (STEP) Fellowship Program is an innovative landmark program of the IAI to enhance human and institutional capacities in IAI member countries and to support the provision of expert scientific advice to policy makers for the development of public policy relevant to global change.

	<u>2021</u>	<u>2020</u>
Contributions received from NSF	416.500	212.500
Expenses	<u>(24.320)</u>	<u>-</u>
	392.180	212.500

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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-20	Contribution for FY 20/21	Paid - in 2019/2020 to be applied to:			Due as of 30-jun-21
			Arrears	Current year	Advances	
Argentina	285.957	69.000				354.957
Bolivia	70.000	5.000				75.000
Brazil	240.200	120.000				360.200
Canada	174.373	173.000		(150.002)		197.371
Chile	16.000	8.000				24.000
Colombia	19.740	13.000				32.740
Costa Rica	(260)	5.000		(260)		4.480
Cuba	80.067	5.000				85.067
Dominican Republic	105.000	5.000				110.000
Ecuador	-	5.000		(5.000)		-
Guatemala	115.000	5.000				120.000
Jamaica	80.000	5.000				85.000
Mexico	98.890	85.000				183.890
Panama	10.085	5.000				15.085
Paraguay	16.534	5.000	(8.444)			13.090
Peru	(8.286)	6.000		(6.000)	(1.386)	(2.286)
Uruguay	10.000	5.000				15.000
USA (*)	782.862	831.000		(982.950)		630.912
Venezuela	270.000	45.000				315.000
Totals	1.519.422	1.400.000	(8.444)	(1.144.212)	(1.386)	2.619.505
Total Revenues:	(553.000)			Total Revenues:		(1.152.656)
Advanced received:	(8.546)			Advanced received:		-
Advance from last year:	(6.000)			Advance from last year:		(1.386)
Total Revenues:	(559.218)			Total Revenues:		(1.154.042)

(*) 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 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:

	2021	2020
Support staff	72.869	77.973
Office	34.373	35.025
Cleaning and common expenses	4.866	4.821
	112.108	117.819

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6. Property and equipment and Intangible assets

	Annual Depreciation Rates - %	2021		2021	2020
		Cost	Accumulated Depreciation	Net	Net
Capital Equipment (computer and accessories)	20	47.374	(39.508)	7.866	7.525
Software	10	19.032	(19.032)	-	-
Communication Equipments	10	4.211	(1.298)	2.913	2.912
Furniture and office equipments	10	68.125	(49.475)	18.650	25.606
		138.742	(109.314)	29.429	36.043

7. Current liabilities

Accounts payable	2021	2020
Salaries, Benefits and taxes over payroll	162.862	173.443
Suppliers	27.034	3.212
Contributions advance to Core Budget	-	8.328
	189.896	184.983

8. Management and general expenses

	2021		2020	
	Budget	Actual	Budget	Actual
Salaries and benefits	993.062	1.012.478	993.062	1.020.789
Staff travel	52.158	59.051	86.930	86.471
Equipment	9.000	6.880	13.198	5.277
Dissemination	53.772	40.000	19.000	25.386
Director's funds	54.000	-	54.000	-
Others	238.008	66.659	233.810	119.307
Donated Services, utilities and use of fixed assets	-	112.108	-	117.819
	1.400.000	1.297.176	1.400.000	1.375.049

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 2020/2021 was US\$ 87,749 (US\$ 97,399 in fiscal year 2019/2020).

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10. Relevant events and current context

On March 11, 2020, the World Health Organization declared the spread of the Coronavirus COVID-19 a pandemic. The different measures adopted worldwide have had a significant impact on aspects such as daily life, as well as in the world and regional economy and that of the companies themselves. In Uruguay, the population vaccination stage has begun, however, some uncertainty persists regarding the end of the pandemic.

This regional and global macroeconomic context could directly or indirectly affect the financial situation of the Institute in the future. As of the date of issuance of these financial statements, the financial situation and the result of the operations of the same have not been affected, due to the internal work that was done.

Notwithstanding the foregoing, it is not possible to reliably estimate the impact that this situation will have on the financial position of the Institute and on the results of its operations in the near future. It has been resolved to continue monitoring the duration and / or severity of the health and economic measures adopted by regional national governments in the coming months to make the appropriate decisions accordingly.

11. Subsequent events

Subsequent to June 30, 2021 there have been no events or circumstances that significantly affect the financial position, results of operations and cash flows of the Institute that arise from these financial statements.