



# Financial statements

Years ended 31 December 2012 and 2011



Center for International Forestry Research

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2012 AND 2011**

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## **Statement of the Board Chair For the Year ended 31 December 2012**

Forests hold the keys to solving some of the greatest challenges that the world is currently facing in climate change, food security and sustainable development. They lie at the heart of the work carried out by CIFOR and at the heart of the communities who live and rely on forested landscapes.

During the past year, CIFOR has continued to work with decision makers and stakeholders across all levels to ensure that forestry policy is informed by quality research. CIFOR has looked at not only natural environment through its work but also has put the concerns of the people who rely on forests for livelihoods at the centre: through its research on non-timber forest products, gender, human rights and tenure.

The year 2012 was an exciting one for CIFOR. In June, the Indonesian President H.E. Susilo Bambang Yudhoyono visited the CIFOR campus, days before the Rio+20 Summit and made a pivotal speech on "sustainable growth with equity".

In September, Dr. Peter Holmgren took up the position as CIFOR's Director General, replacing Ms. Frances Seymour. The Board is delighted to welcome Peter to lead the Center to a further position of strength. The Board also expresses its appreciation for Frances' leadership over the past six years.

In November, on the side lines of the Doha climate talks, Forest Day 6 signalled a new era in forestry research by focussing on landscapes. CIFOR continued to lead the operations of the CGIAR Research Program on Trees, Forests and Agroforestry (CRP 6). CIFOR further participates in the CGIAR Research Program on Climate Change (CRP 7).

### **Financial Highlights 2012**

The Center's financial position is strong. The Board is pleased to report, as in prior years, a growth in operations with grant and contract income for 2012 of US\$ 56.36 m (2011: US\$ 36.67 m) and expenditures of US\$ 49.11 m (2011: 34.71 m). CRP6 was in operation for the full year.

CIFOR specific operations, i.e. excluding CRP6 funding received from the CG Fund and passed through to other participating Centers, grew by 20% compared to 2011. CIFOR specific revenues were US\$ 41.22 million and total expenditures of US\$ 33.97 million.

In September, the Fund Council instituted a funding freeze on all W1/2 disbursements to the CRPs pending a governance review of the system. CIFOR Management under guidance from the Board put together plans on how to deal with CRP6 in the short and medium term. Various scenarios and timelines were considered and plans communicated to other participating CRP6 Centers. While the funding freeze was lifted in November, an important consequence of the freeze was that the European Commission froze their contributions to the CGIAR with impact to CIFOR to the tune of € 0.8m loss in grant revenue for 2012. The fund freeze has had both reputational and financial consequences to the Centers, regardless of the quality of individual Center governance and performance. This situation has highlighted the need for Centers to maintain healthy and adequate reserves to tide over such unforeseen and unfortunate situations.

The Board is delighted to report the Center is in sound financial health with liquidity and reserve levels continuing to remain above benchmarks. The Finance and Audit Committee of the Board reviews the Investment policy of the Center annually. The Center continues a conservative investment policy. All investments were made in accordance with the Board approved investment policy.

### **Board Statement on CIFOR's Risk Management**

CIFOR's Board of Trustees has responsibility for ensuring an appropriate risk management system is in place to identify and manage high and significant risks to the achievement of the CIFOR's business objectives, and to ensure alignment with CGIAR principles and guidelines. These risks include financial,

operational, and reputational risks that are inherent in the nature, modus operandi and location of the CIFOR's activities, and are dynamic as the environment in which CIFOR and CRP6 operate.

The Board has adopted a risk management policy which has been communicated to all staff, that includes a framework by which CIFOR management identifies, evaluates and prioritizes risks and opportunities across the organization, develops risk mitigation strategies which balance benefits with costs, monitors the implementation of these strategies and periodically reports to the Board on results.

The Board reviews the risks during every meeting to ensure that adequate attention is being paid to high risks and management has put in place adequate risk mitigation strategies. In line with this practice, the Board receives regular quarterly updates on the Center's financial status.

Each year Center management submits to the BOT, for approval, a proposed Annual Statement on Risk Management and Internal Control. To support this, management, supported by Internal Audit, reviews the Center's risks according to the framework approved by the Board. The Finance and Audit Committee and the Program Committee review the risk factors relative to their mandates during their meetings and a general discussion is then held by the Board.

In October, 2012 in order to support the reporting to the Board and its Committees on the Center's risks, CIFOR Management assessed the risks faced by the Center according to framework approved by the Board. Internal Audit was involved mainly in assisting the Center's management team in the workshop of the directors and updating the risk register. During the review, Management identified the mitigations and control mechanisms in place and agreed on action items to manage the key risks.

The Board has reviewed the implementation of this framework and is satisfied with the progress made and continues to monitor the status of actions – particularly relating to the high priority risks.

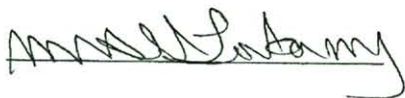
CIFOR Board and Management specifically continue to monitor the developments of the change process within the CGIAR and review and monitor the risks specific to CIFOR associated with taking on the role as Lead Center for CRP6 as well as its responsibilities as an implementing Center for other CRPs.

### **Board of Trustees**

The full Board of Trustees and its committees met twice in 2012 – in May and December 2012.

I would like to acknowledge the contributions and commitment of CIFOR's Board members, Management and staff, our investors and the vital global network of partners for their active commitment to CIFOR's research.

Forestry has never been higher on the world agenda, as CIFOR celebrates its 20<sup>th</sup> anniversary in 2013. It is a time for reflecting on our past achievements and looking forward to what needs to be done in the future. I look forward to an exciting year ahead for CIFOR.



**Hosny El-Lakany**  
Chair, Board of Trustees  
8 May 2013



## Center for International Forestry Research

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### MANAGEMENT STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012 AND 2011 AND FOR THE YEARS THEN ENDED

The accompanying financial statements of the Center for International Forestry Research (CIFOR) are the responsibility of management and have been prepared in accordance with the Consultative Group on International Agricultural Research (CGIAR) Financial Guidelines Series No.2 - CGIAR Accounting Policies and Reporting Practices Manual. CIFOR management is responsible for the substance and objectivity of the information contained therein.

CIFOR maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded and executed in accordance with management's authorisation.

A system of reporting within CIFOR presents management with an accurate view of the operations, enabling us to discern risks and, at the same time, providing a reliable basis for the financial statements and management reports.

The Board of Trustees exercises its responsibility for these special purpose financial statements through its Finance and Audit Committee. The Committee meets regularly with management and representatives of the external and internal auditors to review matters relating to financial reporting, internal controls, and auditing.

**Peter Holmgren**  
Director General

**Kumar Tumuluru**  
Director Finance and Administration

BOGOR  
8 May 2013



**CENTER FOR INTERNATIONAL FORESTRY RESEARCH**

**FINANCIAL STATEMENTS  
31 DECEMBER 2012 AND 2011**

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**INDEPENDENT AUDITORS' REPORT  
TO THE BOARD OF TRUSTEES OF**

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Center for International Forestry Research (CIFOR) as at 31 December 2012 and 2011, which comprise statements of financial position as at 31 December 2012 and 2011 and the related statements of activities, changes in net assets and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared in accordance with the Consultative Group on International Agricultural Research (CGIAR) Financial Guidelines Series No.2 - CGIAR Accounting Policies and Reporting Practices Manual as set out in Note 2 to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and presentation of these financial statements in accordance with the Consultative Group on International Agricultural Research (CGIAR) Financial Guidelines Series No.2 - CGIAR Accounting Policies and Reporting Practices Manual as described in Note 2 to the financial statements. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the 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.

**Auditors' Responsibility**

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

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 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, if any, made by management, as well as evaluating the overall presentation of the financial statements.

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***Kantor Akuntan Publik Tanudiredja, Wibisana & Rekan***

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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 accompanying financial statements of CIFOR present fairly, in all material respects, the statements of financial position as at 31 December 2012 and 2011, and the related statements of activities and cash flows for the years then ended in accordance with the Consultative Group on International Agricultural Research (CGIAR) Financial Guidelines Series No.2 - CGIAR Accounting Policies and Reporting Practices Manual as set out in Note 2 to the financial statements.

### **Restriction of use**

The accompanying financial statements are prepared in accordance with the Consultative Group on International Agricultural Research (CGIAR) Financial Guidelines Series No.2 - CGIAR Accounting Policies and Reporting Practices Manual as set out in Note 2 to the financial statements and this report is intended solely for use by the Board of Trustees and Management of CIFOR and Consultative Group on International Agricultural Research (CGIAR) Centers and should not be used for any other purpose.

JAKARTA  
8 May 2013

A handwritten signature in black ink, appearing to read 'Thomson E. Batubara', written in a cursive style.

**Drs. Thomson E. Batubara, CPA**  
License of Public Accountant No. AP.0224



CENTER FOR INTERNATIONAL FORESTRY RESEARCH

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012 AND 2011

(Expressed in thousands of US Dollar)

	Notes	2012	2011
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	37,447	21,128
Short-term time deposits	4	500	600
Account receivables:			
- Donors	5	3,342	2,803
- Employees		655	470
- Other CGIAR Centers		98	94
- Others	6	4,593	941
Prepaid expenses		436	420
Total current assets		<u>47,071</u>	<u>26,456</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,479	2,483
Other assets	8	2,823	1,797
Total non-current assets		<u>5,302</u>	<u>4,280</u>
<b>TOTAL ASSETS</b>		<b><u>52,373</u></b>	<b><u>30,736</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Account payables:			
- Donors	5	15,729	5,402
- Employees		566	381
- Other CGIAR Centers		2,802	708
- Others		1,651	134
Accrued expenses	10	2,361	2,252
Total current liabilities		<u>23,109</u>	<u>8,877</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits obligations	9	5,290	4,783
Accrued expenses - non-current portion	10	-	350
Total non-current liabilities		<u>5,290</u>	<u>5,133</u>
<b>NET ASSETS</b>			
Unrestricted:			
- Undesignated	13	20,371	13,123
- Designated	13	3,603	3,603
Total net assets		<u>23,974</u>	<u>16,726</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>52,373</u></b>	<b><u>30,736</u></b>

The financial statements have been approved by the Board of Trustees and were signed on its behalf by:



**Peter Holmgren**  
Director General



**Kumar Tumuluru**  
Director Finance and Administration

*The accompanying notes form an integral part of these financial statements.*

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011  
(Expressed in thousands of US Dollar)

	Notes	2012						Total 2012	Total 2011
		Unrestricted	Restricted – CRPs				Total		
			CGIAR Fund Windows 1 & 2	CGIAR Fund Window 3	Bilateral	Total			
<b>REVENUE AND GAINS</b>									
Grant revenue	5	6,796	29,952	1,140	18,131	49,223	56,019	36,394	
Other revenue and gains	11	<u>340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340</u>	<u>276</u>	
Total revenue and gains		<u>7,136</u>	<u>29,952</u>	<u>1,140</u>	<u>18,131</u>	<u>49,223</u>	<u>56,359</u>	<u>36,670</u>	
<b>EXPENSES AND LOSSES</b>	12								
Research expenses		200	25,317	996	16,116	42,429	42,629	31,594	
General and administration expenses		<u>(350)</u>	<u>6,832</u>	<u>-</u>	<u>-</u>	<u>6,832</u>	<u>6,482</u>	<u>4,742</u>	
Sub-total		(150)	32,149	996	16,116	49,261	49,111	36,336	
Indirect cost recovery		<u>38</u>	<u>(2,197)</u>	<u>144</u>	<u>2,015</u>	<u>(38)</u>	<u>-</u>	<u>(1,630)</u>	
Total expenses and losses		<u>(112)</u>	<u>29,952</u>	<u>1,140</u>	<u>18,131</u>	<u>49,223</u>	<u>49,111</u>	<u>34,706</u>	
<b>SURPLUS</b>		<u>7,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,248</u>	<u>1,964</u>	
<b>EXPENSES BY NATURAL CLASSIFICATION</b>									
Personnel	90	8,655	483	4,508	13,646	13,736	12,132		
Supplies and services	(276)	5,769	417	5,496	11,682	11,406	9,083		
Collaborators - CGIAR Centers	-	15,224	-	117	15,341	15,341	6,525		
Collaborators - Partners	2	348	16	4,936	5,300	5,302	5,810		
Travel	33	1,516	80	941	2,537	2,570	2,062		
Depreciation	1	637	-	86	723	724	724		
System cost (CSP)	-	-	-	32	32	32	-		
Sub-total		(150)	32,149	996	16,116	49,261	49,111	36,336	
Indirect cost recovery		<u>38</u>	<u>(2,197)</u>	<u>144</u>	<u>2,015</u>	<u>(38)</u>	<u>-</u>	<u>(1,630)</u>	
<b>Total</b>		<u>(112)</u>	<u>29,952</u>	<u>1,140</u>	<u>18,131</u>	<u>49,223</u>	<u>49,111</u>	<u>34,706</u>	

The accompanying notes form an integral part of these financial statements.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Expressed in thousands of US Dollar)

	Notes	Undesignated	Invested in property, plant and equipment	Designated Reserve for replacement of property, plant and equipment	Total designated	Total
<b>Balance as at 31 December 2010</b>		11,159	2,082	1,521	3,603	14,762
Depreciation for the year ended 31 December 2011	7	-	(724)	724	-	-
Additions of property, plant and equipment during the year ended 31 December 2011	7	-	1,127	(1,127)	-	-
Net book value of disposals of property plant and equipment during the year ended 31 December 2011	7	-	(2)	2	-	-
Changes in net surplus for the year ended 31 December 2011		<u>1,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,964</u>
<b>Balance as at 31 December 2011</b>		<b><u>13,123</u></b>	<b><u>2,483</u></b>	<b><u>1,120</u></b>	<b><u>3,603</u></b>	<b><u>16,726</u></b>
Depreciation for the year ended 31 December 2012	7	-	(724)	724	-	-
Additions of property, plant and equipment during the year ended 31 December 2012	7	-	739	(739)	-	-
Net book value of disposals of property plant and equipment during the year ended 31 December 2012	7	-	(19)	19	-	-
Changes in net surplus for the year ended 31 December 2012		<u>7,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,248</u>
<b>Balance as at 31 December 2012</b>		<b><u>20,371</u></b>	<b><u>2,479</u></b>	<b><u>1,124</u></b>	<b><u>3,603</u></b>	<b><u>23,974</u></b>

The accompanying notes form an integral part of these financial statements.

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

(Expressed in thousands of US Dollar)

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>			
Changes in net surplus		7,248	1,964
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
- Depreciation	7	724	724
- Loss/(gain) on the disposal of property, plant and equipment		3	(18)
- Allowance for doubtful accounts		<u>432</u>	<u>-</u>
Operating cash flows before changes in assets and liabilities		8,407	2,670
Changes in assets and liabilities:			
- Account receivables			
- Donors		(971)	3,595
- Employees		(185)	(124)
- CGIAR Centers		(4)	(89)
- Others		(3,652)	30
- Prepaid expenses		(16)	23
- Other assets		(1,026)	(109)
- Account payables			
- Donors		10,327	(6,383)
- Employees		185	179
- CGIAR Centers		2,094	703
- Others		1,517	(122)
- Accrued expenses		(241)	706
- Employee benefits obligations		507	369
Withdrawal of short-term time deposits		<u>100</u>	<u>3,754</u>
<b>Net cash provided by operating activities</b>		<u>17,042</u>	<u>5,202</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	7	(739)	(1,127)
Proceeds from the disposal of property, plant and equipment		<u>16</u>	<u>20</u>
<b>Net cash used in investing activities</b>		<u>(723)</u>	<u>(1,107)</u>
<b>Net increase in cash and cash equivalents</b>		16,319	4,095
<b>Cash and cash equivalents, at the beginning of the year</b>		<u>21,128</u>	<u>17,033</u>
<b>Cash and cash equivalents, at the end of the year</b>		<u>37,447</u>	<u>21,128</u>

*The accompanying notes form an integral part of these financial statements.*

# CENTER FOR INTERNATIONAL FORESTRY RESEARCH

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (Expressed in thousands of US Dollar)

### 1. GENERAL

The Center for International Forestry Research (“CIFOR”) was established on 5 March 1993 in Canberra, Australia. CIFOR is operating as non-profit organization, international in status and non-political in management, staffing and operations. CIFOR is financially supported primarily by the members of the Consultative Group on International Agricultural Research (“CGIAR”).

The purpose of CIFOR is to advance human wellbeing, environmental conservation and equity by conducting research to inform policies and practices that affect forests in developing countries.

CIFOR’s headquarters is in Bogor, Indonesia. The Government of Indonesia provides CIFOR with a land area for its headquarters and research activities, as set forth in an agreement dated 15 May 1993. Based on this agreement, CIFOR is exempted from all taxes in Indonesia.

As at 31 December 2012 and 2011, the members of the Board of Trustees were as follows:

	<u>2012</u>	<u>2011</u>
Chair of the Board of Trustees	: Prof Hosny El-Lakany	Prof Hosny El-Lakany
Vice Chairs of the Board of Trustees	: Dr. John Hudson : Ms. Nancy Andrews	Dr. Benchaphun Ekasingh
Members	: Dr. Ir. Imam Santoso Dr. Peter Holmgren Prof. Em. Eric Tollens Ms. Claudia Martinez Dr. Idah Pswarayi- Riddihough Prof. Linxiu Zhang Dr. Antonio G. M. La Viña	Dr. Ir. Tachrir Fathoni Ms. Frances Seymour Prof. em. Eric Tollens Ms. Claudia Martinez Ms. Nancy Andrews Dr. Idah Pswarayi- Riddihough Prof. Linxiu Zhang Dr. John Hudson

As at 31 December 2012, CIFOR had 206 employees (2011: 197 employees).

The financial statements were authorised for issuance by the Board of Trustees on 8 May 2013.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies adopted by CIFOR are in accordance with the Consultative Group on International Agricultural Research (CGIAR) Financial Guidelines Series No.2 - CGIAR Accounting Policies and Reporting Practices Manual.

The significant accounting policies, consistently applied in the preparation of the financial statements for the years ended 31 December 2012 and 2011, were as follows:

#### a. Basis of preparation of the financial statements

CIFOR’s cash inflows and outflows are predominantly in US Dollar (“USD”) and accordingly, US Dollar has been used as CIFOR’s recording and reporting currency. The financial statements are prepared on the accrual basis, using the historical cost concept.

## CENTER FOR INTERNATIONAL FORESTRY RESEARCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (Expressed in thousands of US Dollar)

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### a. Basis of preparation of the financial statements (continued)

The statements of cash flows present the changes in cash and cash equivalents from operating, investing and financing activities. CIFOR considers short-term time deposits with maturities of not more than three months at the date of placement to be cash equivalents. The statements of cash flows are prepared using the indirect method.

##### b. Revenue recognition

###### Unrestricted grant:

Unrestricted grant revenues are grants received that are not restricted by donors (unconditional) and may be used for the purposes specified in CIFOR's articles of association. Unrestricted grants are recognised as revenue in the year in which the grants are pledged, as long as collection is probable, and when the donor's imposed conditions are met.

###### Restricted grant:

Restricted grant revenues are grants received in support of specified projects or activities mutually agreed upon by CIFOR and donors. Restricted grants are recognised as revenue when the grant conditions have been met.

###### Restricted-Window 1/Window 2 (CRP on Forests, Trees and Agroforestry and CRP on Climate Change, Agriculture and Food Security):

In 2011, the CGIAR introduced a new programmatic based approach to doing business. The Donors to the CGIAR, represented by the Fund Council, approved the creation of fifteen CGIAR Research Programs (CRPs), each to be led by a designated Center which would be responsible, through a Program Implementation Agreement (PIA) for overseeing the implementation of the CRP by program participants and for all payments to and reporting from program participants. Program participants include other Centers who are subcontracted by the Lead Center via a Program Participant Agreement (PPA) or other suitable contracting arrangement.

In July 2011, CRP on Forests, Trees and Agroforestry, was approved for implementation. It was fully operational during 2012. CIFOR was designated as the Lead Center. The other 3 participating Centers to this CRP are the World Agroforestry Centre, Bioversity International, and Centro Internacional de Agricultura Tropical.

CIFOR is also participating in CRP on Climate Change, Agriculture & Food Security. This program is led by Centro Internacional de Agricultura Tropical.

## CENTER FOR INTERNATIONAL FORESTRY RESEARCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (Expressed in thousands of US Dollar)

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### c. Account receivables from donor

###### Unrestricted grant (Window 3 and Bilateral):

Receivables from unrestricted grants will be recognised in the period in which the grants have been committed by the donor and the collection is probable.

###### Restricted grant – Window 1&2, Window 3 and Bilateral:

Receivables from restricted grants will be recognised as the collection is probable and in accordance with the terms of the underlying contract.

##### d. Account payables to donor

These include grants received from donors for which conditions are not yet met and amounts payable to donors in respect of any unexpended funds received in advance for restricted grants.

##### e. Expenses

Expenses are recognised in the statement of activities as incurred. The expenses are classified by the function and the nature of expenses.

Indirect expenses charged to restricted project activities and classified as part of research programs expenses are credited to an indirect expense recovery account. The rate of the indirect expense recovery is determined by the agreement with each donor.

##### f. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Property, plant and equipment are depreciated using the straight line method over their estimated useful lives as follows:

	<u>Years</u>
Infrastructure	25
Furnishing and equipment:	
- Heavy equipment	7
- Office furniture and equipment	5
- Computers	3
- Vehicles	4 - 5

Property, plant and equipment acquired through the use of grants restricted for certain projects are recorded as assets. Such assets are depreciated at a rate of 100% in the year of acquisition. The depreciation expense is charged directly to the appropriate restricted project.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (Expressed in thousands of US Dollar)

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### g. Net assets

Net assets are the residual interest in CIFOR's assets remaining after liabilities are deducted. These are classified as either undesignated or designated.

- Undesignated - that part of net assets that is not designated by CIFOR's management for specific purpose.
- Designated - that part of net assets that have been appropriated by the Board of Trustees for specific purposes such as capital build-up reserve for replacement of property, plant and equipment. Designated net assets are identified on an annual basis by the Board of Trustees.

##### h. Foreign currency transactions

Transactions denominated in currencies other than USD are converted in to USD at the standard bookkeeping rates which approximate the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than USD are translated into USD at the exchange rates prevailing at balance sheet date.

As of 31 December 2012 and 2011, the rates used for the translation are as follows:

	<u>2012</u>	<u>2011</u>
Indonesian Rupiah 1,000	0.1034	0.1103
British Pound sterling 1	1.6110	1.5405
European Euro 1	1.3247	1.2945

Exchange gains and losses arising on transactions in currencies other than USD and on the translation of monetary assets and liabilities in currencies other than USD are recognised in the statement of activities.

##### i. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



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3. CASH AND CASH EQUIVALENTS

	<u>2012</u>	<u>2011</u>
Cash on hand	26	26
Cash in banks	35,593	15,864
Cash equivalents (time deposits with original maturities of three months or less)	<u>1,828</u>	<u>5,238</u>
	<u><u>37,447</u></u>	<u><u>21,128</u></u>

4. SHORT-TERM TIME DEPOSITS

This account represents USD time deposits with original maturities of more than three months but less than one year. The interest rates per annum during the year ended 31 December 2012 ranged from 0.039% to 0.89% (2011: 0.039% to 0.65%).

5. GRANTS, DONOR RECEIVABLES, AND DONOR PAYABLES

	<u>2012</u>						<u>2011</u>
	<u>Beginning balance</u>		<u>Revenue from</u>	<u>Fund</u>	<u>Ending balance</u>		<u>Revenue from</u>
	<u>A/R</u>	<u>A/P</u>	<u>Grants</u>	<u>received</u>	<u>A/R</u>	<u>A/P</u>	<u>Grants</u>
Unrestricted							
- Window 3	794	-	6,546	7,330	10	-	6,143
- Bilateral	-	-	250	250	-	-	275
Restricted							
- CRP on Forests, Trees and Agroforestry							
-Window 1/Window 2	-	20	29,395	28,454	921	-	11,080
-Window 3	-	-	1,086	10,294	-	9,208	-
-Bilateral	1,994	5,382	17,771	18,258	2,646	6,521	18,756
- CRP on Climate Change, Agriculture and Food Security							
-Window 1/Window 2	15	-	557	375	197	-	140
-Window 3	-	-	54	54	-	-	-
-Bilateral	-	-	<u>360</u>	<u>360</u>	-	-	-
	<u>2,803</u>	<u>5,402</u>	<u>56,019</u>	<u>65,375</u>	<u>3,774</u>	<u>15,729</u>	<u>36,394</u>
Allowance for doubtful accounts	-	-	-	<u>432</u>	<u>(432)</u>	-	-
	<u><u>2,803</u></u>	<u><u>5,402</u></u>	<u><u>56,019</u></u>	<u><u>65,807</u></u>	<u><u>3,342</u></u>	<u><u>15,729</u></u>	<u><u>36,394</u></u>

For the detail of grants, please refer to the Supplementary Schedule of Grants (Exhibit 1) and Supplementary Schedule of Restricted Projects (Exhibit 2).

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH**

**NOTES TO THE FINANCIAL STATEMENTS  
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**6. ACCOUNTS RECEIVABLE OTHERS**

	<u>2012</u>	<u>2011</u>
Receivable from Consortium	2,764	-
Advances to suppliers and consultants	693	448
Advances to partners	1,131	486
Interest receivables	5	7
	<u>4,593</u>	<u>941</u>

**7. PROPERTY, PLANT AND EQUIPMENT**

	<u>2012</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposal</u>	<u>Ending balance</u>
<b>Acquisition cost:</b>				
Infrastructure	1,728	21	-	1,749
Furnishing and equipment:				
- Heavy equipment	845	-	(10)	835
- Office furniture and equipment	1,444	46	(426)	1,064
- Computers	2,123	283	(425)	1,981
- Vehicles	1,101	219	(97)	1,223
	<u>7,241</u>	<u>569</u>	<u>(958)</u>	<u>6,852</u>
Property, plant and equipment under commissioning	-	170	-	170
	7,241	739	(958)	7,022
<b>Accumulated depreciation</b>				
Infrastructure	(824)	(64)	-	(888)
Furnishing and equipment:				
- Heavy equipment	(339)	(95)	10	(424)
- Office furniture and equipment	(1,062)	(112)	421	(753)
- Computers	(1,631)	(338)	411	(1,558)
- Vehicles	(902)	(115)	97	(920)
	<u>(4,758)</u>	<u>(724)</u>	<u>939</u>	<u>(4,543)</u>
<b>Net book value</b>	<u>2,483</u>			<u>2,479</u>

	<u>2011</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposal</u>	<u>Ending balance</u>
<b>Acquisition cost:</b>				
Infrastructure	1,645	83	-	1,728
Furnishing and equipment:				
- Heavy equipment	615	230	-	845
- Office furniture and equipment	1,232	222	(10)	1,444
- Computers	1,780	459	(116)	2,123
- Vehicles	1,075	133	(107)	1,101
	<u>6,347</u>	<u>1,127</u>	<u>(233)</u>	<u>7,241</u>
<b>Accumulated depreciation</b>				
Infrastructure	(721)	(103)	-	(824)
Furnishing and equipment:				
- Heavy equipment	(266)	(73)	-	(339)
- Office furniture and equipment	(951)	(120)	9	(1,062)
- Computers	(1,482)	(260)	111	(1,631)
- Vehicles	(845)	(168)	111	(902)
	<u>(4,265)</u>	<u>(724)</u>	<u>231</u>	<u>(4,758)</u>
<b>Net book value</b>	<u>2,082</u>			<u>2,483</u>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (Expressed in thousands of US Dollar)

#### 7. PROPERTY, PLANT AND EQUIPMENT (continued)

During 2012, the assets acquired through the use of restricted grants amounted to USD 87 (2011: USD 173), and have been charged to the related restricted projects. As of 31 December 2012, the total existing assets acquired through the use of restricted grants amounted to USD 856 (2011: USD 769).

#### 8. OTHER ASSETS

	<u>2012</u>	<u>2011</u>
Funds separately invested for the provision of the Nationally Recruited Staff (NRS) provident fund	1,808	1,710
Long-term Investment	1,000	-
Others	<u>15</u>	<u>87</u>
	<u>2,823</u>	<u>1,797</u>

In accordance with the CIFOR Provident Fund Policy Manual, CIFOR provides the Indonesian nationally recruited staff members with a contribution of 12.5% of each member's base salary. The fund is managed by a Committee which consists of three national staffs elected by the members and two *ex officio* members, the Controller and the Human Resources Manager. The number of participating members as of 31 December 2012 was 117 members (2011: 108 members). The costs of this program were USD 236 in 2012 (2011: USD 233).

CIFOR invested USD 1.0 million in HSBC Bank Plc issued "Capped and Floored" Floating Rate Note with a coupon floor of 1% and a cap of 4%. The tenure is 3 years and the quality rating of the investment is S&P AA- and Moody's Aa2. The note is 100% principal guaranteed.

#### 9. EMPLOYEE BENEFITS OBLIGATIONS

Accruals were made for separation payments, repatriation costs, unutilised leave and other entitlements for staff members as follows:

	<u>2012</u>	<u>2011</u>
Internationally recruited staff	2,028	1,712
Nationally recruited staff	<u>3,262</u>	<u>3,071</u>
	<u>5,290</u>	<u>4,783</u>

#### 10. ACCRUED EXPENSES

	<u>2012</u>	<u>2011</u>
Supplies and services	812	1,573
Collaborator costs - Partners	1,276	640
Personnel costs	<u>273</u>	<u>389</u>
	2,361	2,602
Non-current portion: Supplies and services	<u>-</u>	<u>(350)</u>
	<u>2,361</u>	<u>2,252</u>

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11. OTHER REVENUES AND GAINS

	2012	2011
Interest income	23	39
Foreign exchange gain/loss (net)	244	173
Gain/Loss on Sale of Fixed Assets	(3)	18
Others	76	46
	<u>340</u>	<u>276</u>

12. EXPENSES

	2012		2011	
	Research expenses	General and administration expenses	Total	Total
<b>Unrestricted</b>				
Personnel	90	-	90	3,500
Supplies and services	74	(350)	(276)	1,216
Collaborators – Partners	2	-	2	187
Travel	33	-	33	446
Depreciation	1	-	1	241
	<u>200</u>	<u>(350)</u>	<u>(150)</u>	<u>5,590</u>
Indirect cost recovery	38	-	38	(736)
	<u>238</u>	<u>(350)</u>	<u>(112)</u>	<u>4,854</u>
<b>Restricted - Windows 1 &amp; 2</b>				
Personnel	5,679	2,976	8,655	2,768
Supplies and services	2,433	3,336	5,769	1,665
Collaborators – CGIAR Centers	15,224	-	15,224	6,525
Collaborators – Partners	238	110	348	187
Travel	1,167	349	1,516	525
Depreciation	576	61	637	310
	<u>25,317</u>	<u>6,832</u>	<u>32,149</u>	<u>11,980</u>
Indirect cost recovery	100	(2,297)	(2,197)	(894)
	<u>25,417</u>	<u>4,535</u>	<u>29,952</u>	<u>11,086</u>
<b>Restricted - Window 3</b>				
Personnel	483	-	483	-
Supplies and services	417	-	417	-
Collaborators – Partners	16	-	16	-
Travel	80	-	80	-
	<u>996</u>	<u>-</u>	<u>996</u>	<u>-</u>
Indirect cost recovery	144	-	144	-
	<u>1,140</u>	<u>-</u>	<u>1,140</u>	<u>-</u>
<b>Restricted (Bilateral)</b>				
Personnel	4,508	-	4,508	5,864
Supplies and services	5,496	-	5,496	6,202
Collaborators – CGIAR Centers	117	-	117	-
Collaborators – Partners	4,936	-	4,936	5,436
Travel	941	-	941	1,091
Depreciation	86	-	86	173
System Cost (CSP)	32	-	32	-
	<u>16,116</u>	<u>-</u>	<u>16,116</u>	<u>18,766</u>
Indirect cost recovery	2,015	-	2,015	-
	<u>18,131</u>	<u>-</u>	<u>18,131</u>	<u>18,766</u>
<b>Total</b>	<u>44,926</u>	<u>4,185</u>	<u>49,111</u>	<u>34,706</u>

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH**

**NOTES TO THE FINANCIAL STATEMENTS  
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**13. NET ASSETS**

The account represented unrestricted net assets as follows:

	<u>2012</u>	<u>2011</u>
Undesignated-operating funds	20,371	13,123
Designated-invested in property, plant and equipment	2,483	2,483
Designated-reserve for replacement of property, plant and equipment	1,120	1,120
	<u>3,603</u>	<u>3,603</u>
	<u>23,974</u>	<u>16,726</u>

**14. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in 2011 financial statements have been reclassified to conform with the presentation of accounts in the 2012 financial statements as follows:

	<u>Before reclassification</u>	<u>Reclassification</u>	<u>After reclassification</u>
<b>Statements of activities</b>			
<b>REVENUE AND GAINS</b>			
- Other revenue and gains	103	173	276
Total revenue and gains	36,497	173	36,670
<b>EXPENSES AND LOSSES</b>			
- General and administration expenses	4,569	173	4,742
Total expenses and losses	34,533	173	34,706
SURPLUS	1,964	-	1,964
<b>Expenses by Natural Classification</b>			
- Supplies and services	8,910	173	9,083
<b>Note 12 - Expenses</b>			
Unrestricted			
- Supplies and Services	919	297	1,216
Sub-total	5,293	297	5,590
Total	4,557	297	4,854
Restricted – W1/W2			
- Supplies and Services	1,799	(134)	1,665
Sub-total	12,114	(134)	11,980
Total	11,220	(134)	11,086
Restricted - Bilateral			
- Supplies and Services	6,192	10	6,202
Sub-total	18,756	10	18,766
Total	18,756	10	18,766
Grand Total	34,533	173	34,706

## CENTER FOR INTERNATIONAL FORESTRY RESEARCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (Expressed in thousands of US Dollar)

#### 14. RECLASSIFICATION OF ACCOUNTS (continued)

	<u>Before reclassification</u>	<u>Reclassification</u>	<u>After reclassification</u>
<b>Exhibit 4</b>			
Research Expenses (including services)	23,439	(25)	23,414
Institutional costs	4,569	198	4,767
Total costs	28,008	173	28,181
Percentage Indirect/Direct	19%		20%
Research Expenses (including services and other CGIAR Centers)	29,964	(25)	29,939
Institutional costs	4,569	198	4,767
Total costs	34,533	173	34,706
Percentage Indirect/Direct	15%		16%

The reclassification did not affect the surplus as at 31 December 2011 as previously reported. However, it slightly affected the Indirect Expense Ratio as of 31 December 2011.

#### 15. CONTINGENT LIABILITIES

CIFOR had no significant contingent liabilities as at 31 December 2012 and 2011.

**SUPPLEMENTARY SCHEDULE OF GRANTS  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

Donors	Total funds available	Accounts receivable	Advance payment	Grant	
				Current year	Prior year
<b>Unrestricted - Window 3</b>					
Australia	-	-	-	-	519
China	-	10	-	10	10
Finland	318	-	-	318	313
The Consortium of International Agricultural Research Centers	-	-	-	-	5,301
United Kingdom	6,218	-	-	6,218	-
<b>Sub-total</b>	<b>6,536</b>	<b>10</b>	<b>-</b>	<b>6,546</b>	<b>6,143</b>
<b>Unrestricted - Bilateral</b>					
Fidelity Charitable Gift Fund	-	-	-	-	5
Germany	250	-	-	250	260
Iran	-	-	-	-	10
<b>Sub-total</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>275</b>
<b>Restricted - Windows 1 &amp; 2</b>					
Centro Internacional de Agricultura Tropical (CIAT)	360	197	-	557	140
The Consortium of International Agricultural Research Centers	28,474	921	-	29,395	11,080
<b>Sub-total</b>	<b>28,834</b>	<b>1,118</b>	<b>-</b>	<b>29,952</b>	<b>11,220</b>
<b>Restricted - Window 3</b>					
Australian Agency for International Development (AusAID)	4,056	-	3,214	842	-
USAID	6,292	-	5,994	298	-
<b>Sub-total</b>	<b>10,348</b>	<b>-</b>	<b>9,208</b>	<b>1,140</b>	<b>-</b>
<b>Restricted - Bilateral</b>					
African Development Bank (ADB)	214	694	-	908	396
Australian Agency for International Development (AusAID)	186	-	-	186	1,127
Australian Centre for International Agricultural Research (ACIAR)	365	2	179	188	452
Australian National University	(23)	26	-	3	20
Austrian Development Agency	538	-	67	471	439
Bioversity International	127	-	43	84	-
Brazilian Agricultural Research Corporation (EMBRAPA)	-	-	-	-	40
Cameroon Ministry of Forestry and Wildlife	-	44	-	44	-
Canada	-	-	-	-	23
French Agricultural Research Centre for International Development (CIRAD)	36	238	19	255	286
China	47	-	47	-	-
CGIAR Secretariat	-	-	-	-	38
ClimateWorks Foundation	-	-	-	-	495
Catholic Organisation for Relief and Development Aid (CORDAID)	121	17	118	20	104
Conservation International Foundation	51	-	-	51	35
Danish International Development Agency (DANIDA)	-	-	-	-	57
Department for Environment Food and Rural Affairs (DEFRA)	-	-	-	-	25
European Commission	8,797	44	2,221	6,620	4,843
Ecofys - Netherlands	-	-	-	-	42
<b>Sub-total</b>	<b>10,459</b>	<b>1,065</b>	<b>2,694</b>	<b>8,830</b>	<b>8,422</b>

**SUPPLEMENTARY SCHEDULE OF GRANTS  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

Donors	Total funds available	Accounts receivable	Advance payment	Grant	
				Current year	Prior year
Federal Office for the Environment (Switzerland - FOEN)	46	-	32	14	33
Finland	304	-	123	181	222
Food and Agriculture Organization of the United Nations (FAO)	(68)	68	-	-	22
Ford Foundation	-	-	-	-	68
Forest Stewardship Council	67	64	-	131	-
France (French Embassy in Cameroon)	21	-	-	21	3
French Global Environment Facility (FFEM)	442	234	-	676	775
German Agency for International Cooperation and German Federal Ministry for Economic Cooperation and Development (GIZ/BMZ)	1,263	1	767	497	505
INIA (Spain)	-	-	-	-	507
International Centre for Research in Agroforestry (ICRAF)	144	56	-	200	75
International Development Research Centre (IDRC)	-	-	-	-	744
International Food Policy Research Institute (IFPRI)	(30)	30	-	-	27
International Union for Conservation of Nature (IUCN)	34	-	20	14	16
Instituto de Pesquisa Ambiental da Amazonia (IPAM)	(2)	20	-	18	1
Japan	464	139	120	483	346
Japan International Research Center for Agricultural Sciences	10	-	-	10	-
Korea	400	-	375	25	200
Meridian Institute	25	-	-	25	-
Met Office Hadley Centre – Government of the United Kingdom	6	-	1	5	9
Gordon and Betty Moore Foundation	-	-	-	-	25
The Nature Conservancy (TNC)	-	-	-	-	51
Netherlands	327	-	147	180	419
Norway	4,786	-	1,575	3,211	3,991
Others	88	50	113	25	467
Rockefeller Foundation	500	-	273	227	-
Switzerland	377	-	233	144	5
United Kingdom – Department for International Development (DFID)	132	136	-	268	506
United Nations Institute for Training and Research (UNITAR)	74	-	32	42	9
United Nations Office on Drugs and Crime (UNODC)	-	-	-	-	105
USAID	1,883	518	-	2,401	911
The U.S. Fish and Wildlife Services	27	19	11	35	64
University of Dar Es Salaam	15	13	5	23	-
University of Wisconsin	(16)	16	-	-	118
Wageningen International	53	9	-	62	57
World Bank	175	208	-	383	53
<b>Sub-total</b>	<b>22,006</b>	<b>2,646</b>	<b>6,521</b>	<b>18,131</b>	<b>18,756</b>
<b>Total</b>	<b>67,974</b>	<b>3,774</b>	<b>15,729</b>	<b>56,019</b>	<b>36,394</b>



**CENTER FOR INTERNATIONAL FORESTRY RESEARCH  
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS  
WINDOW 3 AND BILATERAL  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

**Exhibit 2/1**

<b>Donors and projects</b>	<b>Grant period MM/YY</b>	<b>Grant pledged</b>	<b>Cumulative expenditures through prior year</b>	<b>Expenditures in current year</b>	<b>Total cumulative expenditures</b>
<i>African Development Bank (ADB)</i>					
- Climate Change and Forests in the Congo Basin: Synergies between Adaptation and Mitigation (COBAM)	05/10-05/15	4,330	478	908	1,386
		4,330	478	908	1,386
<i>Australian Agency for International Development (AusAID)</i>					
- REDD: Research to Support Design and Implementation	07/08-06/12	2,780	2,594	186	2,780
- CIFOR REDD+Research Partnership	07/12-06/15	10,325	-	842	842
		13,105	2,594	1,028	3,622
<i>Australian Centre for International Agricultural Research (ACIAR)</i>					
- Mahogany and Teak Furniture: Action Research to Improve Value Chain Efficiency and Enhance Livelihoods	06/08-05/13	927	611	144	755
- Overcoming Constraints to Community Based Commercial Forestry in Indonesia	04/11-9/15	121	3	44	47
		1,048	614	188	802
<i>Australian National University</i>					
- Improving Governance, Policy and Institutional Arrangements to Reduce Emissions from Deforestation and Degradation (REDD)	04/08-12/12	144	138	3	141
		144	138	3	141
<i>Austrian Development Agency</i>					
- Supporting Community Forestry to Improve Livelihoods and to Facilitate Sustainable Management of Dry Forests in Ethiopia	05/09-12/12	670	423	247	670
- Gender, Tenure and Community Forests in Uganda and Nicaragua	01/10-03/13	642	331	224	555
		1,312	754	471	1,225
<i>Biodiversity International</i>					
- Beyond timber: Reconciling the needs of the logging industry with those of forest-dependent people (CBFF through African Development Bank)	01/12-12/13	251	-	84	84
		251	-	84	84
<i>Cameroon Ministry of Forestry and Wildlife</i>					
- Study of the Economic and Social Importance of Forest and Wildlife Sector in Cameroon	10/12 -04/13	179	-	44	44
		179	-	44	44
<i>French Agricultural Research Centre for International Development (CIRAD)</i>					
- FORAF in Central Africa	04/07- open	213	169	-	169
- Sustainable Management of Fuel Wood in DRC	02/09-07/13	255	228	16	244
- The Collaborative Land Use Planning and Sustainable Institutional Arrangements for Strengthening Land Tenure, Forest and Community Rights in Indonesia	03/10-02/14	826	248	226	474
- FORAF (Phase 2) in Central Africa (CEO FAC)	04/11-Open	65	28	9	37
- Sustainable Development of Palm Oil Production: Designing strategies from Improved Knowledge on Oil Palm Cropping System	03/12-02/15	108	-	4	4
		1,467	673	255	928

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH  
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS  
WINDOW 3 AND BILATERAL  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

**Exhibit 2/2**

<b>Donors and projects</b>	<b>Grant period MM/YY</b>	<b>Grant pledged</b>	<b>Cumulative expenditures through prior year</b>	<b>Expenditures in current year</b>	<b>Total cumulative expenditures</b>
<i>China</i>					
- Scientific visits to CIFOR for Chinese Scientists	03/09-open	60	3	-	3
		60	3	-	3
<i>Catholic Organisation for Relief and Development Aid (CORDAID)</i>					
- Large Scale Land Acquisition for Plantation Estates in Indonesia	09/12-09/13	190	-	20	20
		190	-	20	20
<i>Conservation International Foundation (CI)</i>					
- A Collaborative Land Use Planning in a Context of Climate Change in Indonesia	04/10-05/12	101	50	51	101
		101	50	51	101
<i>European Commission</i>					
- Establishment of a Forestry Research Network for Africa, Caribbean Pacific Countries	09/07-12/12	6,548	4,134	2,353	6,487
- Bio-energy, Sustainability and Trade-offs: Can We Avoid Deforestation While Promoting Bio-energy?	09/08-03/12	2,832	2,380	452	2,832
- REDD ALERT Reducing Emissions from Deforestation and Degradation through Alternative Land uses in Rainforests of the Tropics	05/09-10/12	303	256	47	303
- REFORCO – Support to the National Policy On Conservation and Management of Forests and Biodiversity in the Democratic Republic of Congo	10/09-09/13	5,800	1,548	1,773	3,321
- New Ways to Value and Market Forest Externalities	01/10-12/13	361	71	118	189
- PRO-FORMAL: Policy and Regulatory Options to Recognise and Better Integrate the domestic Timber Sector in Tropical Countries	07/10-07/13	3,863	1,068	1,291	2,359
- Impacts of Reducing Emissions from Deforestation and Forest Degradation and Enhancing Carbon Stocks	01/11-12/14	324	100	52	152
- Opportunities and Challenges to Developing REDD Benefit sharing mechanisms in developing countries	02/12-01/16	6,500	-	534	534
		26,531	9,557	6,620	16,177
<i>Federal Office for Environment (Switzerland - FOEN)</i>					
- Forest Governance & REDD Workshop in Mexico	10/09-open	140	94	14	108
		140	94	14	108
<i>Finland</i>					
- The Role of Forests in Adaptation to and Mitigation of Climate Change	09/08-12/12	405	335	71	406
- Finnish JPO	06/10-07/14	507	160	110	270
		912	495	181	676

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH  
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS  
WINDOW 3 AND BILATERAL  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

**Exhibit 2/3**

<b>Donors and projects</b>	<b>Grant period MM/YY</b>	<b>Grant pledged</b>	<b>Cumulative expenditures through prior year</b>	<b>Expenditures in current year</b>	<b>Total cumulative expenditures</b>
<i>Forest Stewardship Council</i>					
- Expanding FSC certification at landscape level through incorporating additional ecosystem services	02/12-09/15	315	-	131	131
		315	-	131	131
<i>France (French Embassy in Cameroon)</i>					
- Comparative Analysis of the Legal and Institutional Arrangement of COMIFAC Members Countries in the Domain of Decentralisation of the Sustainable Management of Forests	10/11-12/12	24	3	21	24
		24	3	21	24
<i>French Global Environment Facility (FFEM)</i>					
- Support to the Sustainable Management of Forest in the Congo and Brazilian Amazon Basin	06/09-12/13	1,560	726	293	1,019
- Supporting the Development of Policies and Adaptation at Different Scales in West Africa Savannahs	06/11-6/15	2,203	150	383	533
		3,763	876	676	1,552
<i>German Agency for International Cooperation and German Federal Ministry for Economic Cooperation and Development (GIZ/BMZ)</i>					
- Chinese Trade and Investment in Africa: Accessing and Governing Trade-Offs to National Economies, Local Livelihoods and Forest Ecosystems	03/10-08/13	1,596	662	454	1,116
- Integrating Adaption in REDD+ projects: Potential Impacts and Social Return on Investment (SROI)	01/11-12/12	83	-	41	41
- Emerging Market Multinationals (EMMs) Environmental and Social Impacts of Foreign Investment in Africa	12/12-15/13	260	-	-	-
- Study on Climate Change Impact Chains in Coastal Areas	12/12-04/13	52	-	2	2
		1,991	662	497	1,159
<i>International Centre for Research in Agroforestry (ICRAF)</i>					
- Carbon Benefits Project: Modeling, Measuring and Monitoring (World Wildlife Fund)	08/09-03/12	160	131	29	160
- Agroforestry and Forestry in Sulawesi: Linking Knowledge with Action (Canadian International Development Agency)	01/12-12/15	856	-	171	171
		1,016	131	200	331
<i>International Union for Conservation of Nature (IUCN)</i>					
- State of Forest Publication	06/11-open	50	16	14	30
		50	16	14	30
<i>Instituto de Pesquisa Ambiental da Amazonia (IPAM)</i>					
- Community Forestry Project in Settlement Communities of Moju I and II in the States of Para, Brazil	05/11-06/13	57	1	18	19
		57	1	18	19

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH  
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS  
WINDOW 3 AND BILATERAL  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

**Exhibit 2/4**

<b>Donors and projects</b>	<b>Grant period MM/YY</b>	<b>Grant pledged</b>	<b>Cumulative expenditures through prior year</b>	<b>Expenditures in current year</b>	<b>Total cumulative expenditures</b>
<i>Japan</i>					
- Meeting of Asia Forest Partnership (AFP9)	01/10-open	80	45	7	52
- Evaluating Ecosystem Services for Sustainable Forest Management and Conservation of Biodiversity in and around Protected Areas	04/10-03/13	720	188	476	664
		800	233	483	716
<i>JIRCAS</i>					
- Japan-CGIAR Fellowship Program 2012-2013	10/12-03/13	44	-	10	10
		44	-	10	10
<i>Korea</i>					
- Secondment of KFRI Scientist	12/12-12/13	717	317	25	342
		717	317	25	342
<i>Meridian Institute</i>					
- Support to Forest Day 6	11/12-12/12	25	-	25	25
		25	-	25	25
<i>Met Office Hadley Centre-Government of The United Kingdom</i>					
- Investigation of processes driving low level Westerlies in Central Africa	08/11-07/12	14	9	5	14
		14	9	5	14
<i>Netherlands</i>					
- Dutch Associate Expert Programme	07/02-12/12	4,353	4,173	180	4,353
		4,353	4,173	180	4,353
<i>Norway</i>					
- Project International Cooperation for Helping Countries Facing an Illegal Logging Crisis	01/07-03/11	614	562	-	562
- Y2-Y4 Learning from REDD: A Global Comparative Analysis	06/10-05/13	10,138	5,351	3,211	8,562
		10,752	5,913	3,211	9,124
<i>Others</i>					
- Contributions for Forest Day COP16	Open	138	-	25	25
		138	-	25	25
<i>Rockefeller Foundation</i>					
- Adaptation of People to Climate Change in East Africa	12/11-06/15	600	-	227	227
		600	-	227	227
<i>Switzerland</i>					
- ASEAN-Swiss Partnership on Social Forestry and Climate Change (ASFCC)	01/12-12/13	907	-	144	144
		907	-	144	144
<i>United Kingdom – Department for International Development (DFID)</i>					
- DFID Support for a Senior Scientist to Focus on Climate Change and Forests at CIFOR	01/08-03/13	1,134	810	268	1,078
		1,134	810	268	1,078
<i>United Nations Institute for Training and Research (UNITAR)</i>					
- Development of CRiSTAL Forest	10/11-05/13	102	9	42	51
		102	9	42	51

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH  
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS  
WINDOW 3 AND BILATERAL  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

**Exhibit 2/5**

<u>Donors and projects</u>	<u>Grant period MM/YY</u>	<u>Grant pledged</u>	<u>Cumulative expenditures through prior year</u>	<u>Expenditures in current year</u>	<u>Total cumulative expenditures</u>
<i>USA</i>					
- Amazon Forests (LAC)	10/10-04/13	500	170	303	473
- IARC Natural Resources Management II Program :Wetlands Global Carbon Survey	10/10-09/12	1,500	636	861	1,497
- Conservation and Sustainable Use of Tropical Forest Biodiversity (EGAT/NRM)	10/11-Open	1,500	22	1,219	1,241
- Nyimba Forest Project: Developing Models for Measuring, Reporting and Verification for REDD+ in the Miombo Socio-ecological System: Utilizing Opportunities under Zambia's UN-REDD+ Quick START Programme	08/12-03/14	3,022	-	169	169
- The Economic Choices and Trade-Offs of REDD+ in the Asia Region	10/12-09/14	1,115	-	18	18
- Sustainable Wetlands Adaptation and Mitigation Program (SWAMP)	10/12-09/13	766	-	129	129
- Conservation and Sustainable Use of Tropical Forest Biodiversity	10/12-09/13	1,500	-	-	-
- Forest Certification Research	10/12-09/13	400	-	-	-
- Developing Systems for Reducing Emissions from Land Use	10/12-09/13	734	-	-	-
		11,037	828	2,699	3,527
<i>The U.S. Fish and Wildlife Services</i>					
- Assessing the Population Status and Conservation Threats to the Chimpanzee (Pan Troglodytes Verus) Population in Three Pilot Transboundary Forest Sites in the Republic of Guinea	04/09-Open	50	37	3	40
- Saving the Remaining Orangutan Population and Their Habitat within and Surrounding the Danau Sentarum National Park, Indonesia	09/10-05/13	57	22	32	54
		107	59	35	94
<i>University of Dar Es Salaam(Institute of Resource Assessment)</i>					
- Fellowship Award under the African Climate Change Fellowship Program	11/11-09/12	34	-	23	23
		34	-	23	23
<i>Wageningen International</i>					
- The International Course on "Governance for Forest Nature and People"	10/12-11/12	62	-	62	62
		62	-	62	62
<i>World Bank</i>					
- World Bank Study on Decentralised Forest Fiscalities	02/08-open	115	53	62	115
- Using Forests to Enhance Resilience to Climate Change Project	05/11-06/13	550	46	262	308
- ARD Learning Exchange 2012	05/12-06/12	59	-	59	59
		724	99	383	482
<b>Total Restricted Grants</b>		<b>88,536</b>	<b>29,589</b>	<b>19,271</b>	<b>48,860</b>

**SUPPLEMENTARY SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011**

(Expressed in Thousands of US Dollar)

	<u>Infrastructure</u>	<u>Furnishing and equipment</u>	<u>Property, plant and equipment under commissioning</u>	<u>Total 2012</u>	<u>Total 2011</u>
<b>COST:</b>					
Balance 1 January	1,728	5,513	-	7,241	6,347
Current Period:					
- Additions	21	548	170	739	1,127
- Disposals	-	(958)	-	(958)	(233)
Balance 31 December	<u>1,749</u>	<u>5,103</u>	<u>170</u>	<u>7,022</u>	<u>7,241</u>
<b>ACCUMULATED DEPRECIATION:</b>					
Balance 1 January	(824)	(3,934)	-	(4,758)	(4,265)
Current Period:					
- Additions	(64)	(668)	-	(732)	(724)
- Disposals	-	947	-	947	231
Balance 31 December	<u>(888)</u>	<u>(3,655)</u>	<u>-</u>	<u>(4,543)</u>	<u>(4,758)</u>
<b>Net book value</b>	<b><u>861</u></b>	<b><u>1,448</u></b>	<b><u>170</u></b>	<b><u>2,479</u></b>	<b><u>2,483</u></b>

**SUPPLEMENTARY COMPUTATION OF INDIRECT EXPENSE RATIO  
FOR THE YEARS ENDED 31 DECEMBER 2012 and 2011**  
(Expressed in Thousands of US Dollar)

	<u>2012</u>	<u>2011</u>
Research Expenses (including services)	27,492	23,414
Institutional Costs	<u>6,482</u>	<u>4,767</u>
Total Costs	<u><u>33,974</u></u>	<u><u>28,181</u></u>
Percentage Indirect/Direct	24%	20%
Research Expenses (including services and other CGIAR Centers)	42,629	29,939
Institutional Costs	<u>6,482</u>	<u>4,767</u>
Total Costs	<u><u>49,111</u></u>	<u><u>34,706</u></u>
Percentage Indirect/Direct	15%	16%

\* The computation of indirect expense ratio is based on the CGIAR Financial Guidelines Series No.5 revised in December 2008.

**CRP EXPENDITURE REPORT - CENTER  
FOR THE YEAR ENDED 31 DECEMBER 2012**  
(Expressed in Thousands of US Dollar)

**CRP on Forests, Trees and Agroforestry – Expenditure Report**

<b>Natural Classification</b>	<b>Window 1 &amp; 2</b>	<b>Window 3</b>	<b>Bilateral Funding</b>	<b>Center Funds</b>	<b>Total Funding</b>
Personnel	5,551	438	4,306	90	10,385
Supplies and Services	2,203	416	5,464	74	8,157
Collaborators - CGIAR Centers	-	-	117	-	117
Collaborators - Partners	260	16	4,936	2	5,214
Travel	1,133	78	901	33	2,145
Depreciation	576	-	86	1	663
Sub-total of Direct Costs	9,723	948	15,810	200	26,681
Indirect Costs	4,535	138	1,961	38	6,672
Total – all Costs	14,258	1,086	17,771	238	33,353

**CRP on Climate Change, Agriculture and Food Security – Expenditure Report**

<b>Natural Classification</b>	<b>Window 1 &amp; 2</b>	<b>Window 3</b>	<b>Bilateral Funding</b>	<b>Total Funding</b>
Personnel	128	45	202	375
Supplies and Services	230	1	64	295
Collaborators - CGIAR Centers	65	-	-	65
Travel	34	2	40	76
Sub-total of Direct Costs	457	48	306	811
Indirect Costs	100	6	54	160
Total – all Costs	557	54	360	971



**CRP WINDOW 1 AND WINDOW 2 FUNDING REPORT - CENTER  
FOR THE YEAR ENDED 31 DECEMBER 2012**

(Expressed in Thousands of US Dollar)

**CRP on Forests, Trees and Agroforestry – Funding Report**

<b>Description</b>	<b>Windows 1 &amp; 2</b>
Opening Balance	699
Cash Receipts from Lead Center	12,638
Disbursements	14,258
Closing Balance	(921)

**CRP on Climate Change, Agriculture and Food Security – Funding Report**

<b>Description</b>	<b>Windows 1 &amp; 2</b>
Opening Balance	(15)
Cash Receipts from Lead Center	375
Disbursements	557
Closing Balance	(197)

**CRP EXPENDITURE REPORT – LEAD CENTER  
FOR THE YEAR ENDED 31 DECEMBER 2012**  
(Expressed in Thousands of US Dollar)

**CRP on Forests, Trees and Agroforestry – Expenditure Report**

<b>Natural Classification</b>	<b>Windows 1 &amp; 2</b>	<b>Window 3</b>	<b>Bilateral Funding</b>	<b>Other Funds</b>	<b>Total Funding</b>
Personnel	5,551	438	4,306	90	10,385
Supplies and Services	2,203	416	5,464	74	8,157
Collaborators - CGIAR Centers	15,137	251*	23,116*	2,303*	40,807
Collaborators - Partners	260	16	4,936	2	5,214
Travel	1,133	78	901	33	2,145
Depreciation	576	-	86	1	663
Sub-total of Direct Costs	24,860	1,199	38,809	2,503	67,371
Indirect Costs	4,535	138	1,961	38	6,672
Total – all Costs	29,395	1,337	40,770	2,541	74,043

\*Amounts are unaudited since the funds did not flow through CIFOR (except for USD 117 which is for CIFOR under Bilateral Funding).

**SUPPLEMENTARY SCHEDULE**  
**CRP WINDOW 1 AND WINDOW 2 FUNDING REPORT – LEAD CENTER**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**  
 (Expressed in Thousands of US Dollar)

**CRP on Forests, Trees and Agroforestry – Funding Report Windows 1 and 2**

Description		Total
Opening Balance held by Lead Center		26
Cash Receipts from Consortium		27,205
Disbursements:		
Bioversity International	3,602	
CIAT	193	
CIFOR	12,638	
World Agroforestry Center	9,283	
Total Disbursements		25,716
Closing Balance held by Lead Center		1,515

