



Financial statements

Years ended 31 December 2013 and 2012

Center for International Forestry Research

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

FINANCIAL STATEMENTS

31 DECEMBER 2013 AND 2012

**Statement of the Board Chair
For the Year ended 31 December 2013**

It gives me great pleasure to write this statement, as we draw close to FY2013 - CIFOR's 20th Anniversary year.

Over the past two decades, CIFOR has put forestry on the world's agenda and has demonstrated through high quality science that forests can play an integral part in improving livelihoods and the environment. This has been made possible only by the hard work and efforts of our staff. CIFOR has been growing at double digit rates in the past few years and is now a US\$ 40+ million Center with over 250 staff in 11 countries.

Geographically and thematically CIFOR's work has expanded and major themes include research in climate change, governance, gender, products and trade, biodiversity, food security, energy and biofuels, and sustainable landscapes.

CIFOR has been championing the importance of a landscapes approach, recognizing that sustainable land-use is an integral component of sustainable development. CIFOR together with key partners led the inaugural Global Landscapes Forum on the sidelines of the United Nations' annual climate change discussions. The success of the Forum in initiating cross-sector knowledge sharing and collaboration has cemented it as an annual event that CIFOR will lead.

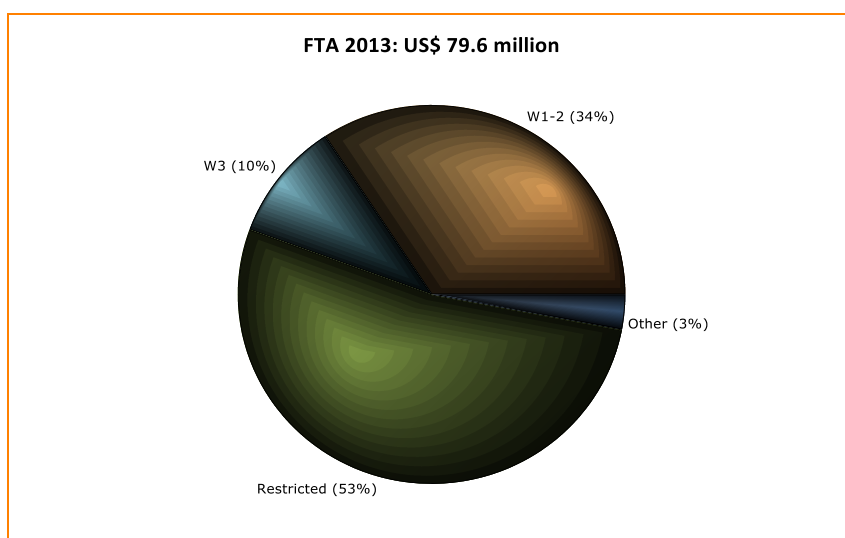
We have showcased this approach in our special 20th Anniversary events held around the globe, that has brought together partners, alumni, donors, ambassadors, government leaders, leading NGOs, media and other key stakeholders.

CIFOR scientists have continued to identify emerging areas of research, such as migration. With projects are operating in over 30 countries investing in key relationships with local and international partner. CIFOR's reach has truly become global. A testament to CIFOR's growing reach and influence.

Financial Highlights 2013

CRP6: Forests, Trees and Agroforestry (FTA)

FY 2013 has been the second full year of FTA and the Board is pleased to note that the program has performed well once again. The FTA program is one of the larger of the 15CRPs and reports US\$ 79.6 million expenditures, supported by US\$ 27.3 million Window 1-2 funding (34%) and balance from restricted and bilateral sources.



CIFOR operations (Center Specific)

CIFOR operations grew 27% in 2013 compared to 2012. Revenues were US\$ 44.41 million (2012: US\$ 41.22 million) and total expenditures of US\$ 43.12 million (2012: US\$ 33.97 million). The Center continues to be in sound financial health with liquidity and reserve levels remaining within the CG benchmarks.

Investments

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 Board of Trustees (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 September 2013, to support Board Governance, CIFOR Management reviewed the Risk Register comprising 59 risk items and refocused these to 27 risk items originating from a common business process. CIFOR Board and Management focus on 7 of these that constitute a higher level of internal and external risks.

The Board and its committees noted that while there were improvements, the CG change process demanded management time and continued to feature primarily on the register. While the essence of the reform was to simplify processes, and assure longer term funding for research, there continues to be an increase in donor conditionality while Center operations continue to be strained by poor cash flow. Other areas of risk focus are partner effectiveness, CIFOR presence around the globe and the growth in the last few years.

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 2013 – in May and December 2013.

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.



Hosny El-Lakany
Chair, Board of Trustees
16 May 2014





Center for International Forestry Research

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MANAGEMENT STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013 AND 2012 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.

The financial statements of CIFOR are drawn up so as to present fairly the financial positions of CIFOR as at 31 December 2013 and 2012, and the results of its activities and cash flows for the years then ended.

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 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
16 May 2014



A CGIAR Consortium Research Center



CENTER FOR INTERNATIONAL FORESTRY RESEARCH

**FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012**

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**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF TRUSTEES OF**

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

We have audited the accompanying financial statements of the Center for International Forestry Research (CIFOR), which comprise the statement of financial position as at 31 December 2013, and the statements of activities, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of CIFOR based on 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.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, made by management, as well as evaluating the overall presentation of the financial statements.

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

Kantor Akuntan Publik Tanudiredja, Wibisana & Rekan

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Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CIFOR as at 31 December 2013, and its activities and its cash flows for the year then ended, in accordance with the CGIAR Financial Guidelines Series No. 2 - CGIAR Accounting Policies and Reporting Practices Manual as set out in Note 2 to the financial statements.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist CIFOR to comply with the financial reporting provisions in the establishment agreement of CIFOR. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Trustees and Management of CIFOR and CGIAR Centers and should not be distributed to or used by parties other than CIFOR and CGIAR Centers.

JAKARTA
16 May 2014

A handwritten signature in black ink, appearing to read 'Lucas Kurniawan', is written over two horizontal lines.

Lucas Kurniawan, SE., CPA.
License of Public Accountant No. AP.0441

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

STATEMENTS OF FINANCIAL POSITION


AS AT 31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollar)

	Notes	2013	2012
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	22,634	37,447
Short-term time deposits	4	1,000	500
Account receivables:			
- Donors	5	7,443	3,342
- Employees		1,032	655
- Other CGIAR centers		231	98
- Others	6	6,214	4,593
Prepaid expenses		997	436
Total current assets		<u>39,551</u>	<u>47,071</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,059	2,479
Other assets	8	7,404	2,823
Total non-current assets		<u>10,463</u>	<u>5,302</u>
TOTAL ASSETS		<u>50,014</u>	<u>52,373</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Account payables:			
- Donors	5	10,075	15,729
- Employees		705	566
- Other CGIAR centers		4,506	2,802
- Others		452	1,651
Accruals	10	3,632	2,361
Total current liabilities		<u>19,370</u>	<u>23,109</u>
NON-CURRENT LIABILITIES			
Employee benefit obligations	9	5,383	5,290
Total non-current liabilities		<u>5,383</u>	<u>5,290</u>
NET ASSETS			
Unrestricted:			
- Undesignated	13	12,430	20,371
- Designated	13	12,831	3,603
Total net assets		<u>25,261</u>	<u>23,974</u>
TOTAL LIABILITIES AND NET ASSETS		<u>50,014</u>	<u>52,373</u>

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 2013 AND 2012

(Expressed in thousands of US Dollar)

	Notes	2013				2012			
		Unrestricted	CRP	Non-CRP	Total	Unrestricted	CRP	Non-CRP	Total
Grant revenue									
Windows 1 & 2	5	-	27,618	-	27,618	-	29,952	-	29,952
Window 3	5	3,843	7,892	-	11,735	6,546	1,140	-	7,686
Bilateral	5	338	14,739	2,942	18,019	250	18,131	-	18,381
Other revenues and gains		398	-	-	398	340	-	-	340
Total revenues and gains		4,579	50,249	2,942	57,770	7,136	49,223	-	56,359
Research expenses		3,287	46,552	2,942	52,781	238	44,688	-	44,926
General and administration expenses		6,868	-	-	6,868	6,482	-	-	6,482
Subtotal expenses		10,155	46,552	2,942	59,649	6,720	44,688	-	51,408
Indirect cost recovery		(6,863)	3,697	-	(3,166)	(6,832)	4,535	-	(2,297)
Total operating expenses	12	3,292	50,249	2,942	56,483	(112)	49,223	-	49,111
Surplus for the year		1,287	-	-	1,287	7,248	-	-	7,248
Expenses by function									
Personnel costs		4,276	11,596	91	15,963	3,066	10,670	-	13,736
CGIAR collaboration		-	13,480	58	13,538	-	15,341	-	15,341
Other collaboration		856	4,191	2,114	7,161	112	5,190	-	5,302
Supplies and services		4,188	13,502	479	18,169	3,098	10,637	-	13,735
Travel		695	2,803	26	3,524	382	2,188	-	2,570
Depreciation		140	980	174	1,294	62	662	-	724
Subtotal expenses		10,155	46,552	2,942	59,649	6,720	44,688	-	51,408
Indirect cost recovery		(6,863)	3,697	-	(3,166)	(6,832)	4,535	-	(2,297)
Total operating expenses		3,292	50,249	2,942	56,483	(112)	49,223	-	49,111

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 2013 AND 2012**

(Expressed in thousands of US Dollar)

	Notes	Undesignated	Designated				Total designated	Total
			Donor conditionality	Crisis management	Invested in property, plant and equipment	Reserve for replacement of property, plant and equipment		
Balance as at 31 December 2011		13,123	-	-	2,483	1,120	3,603	16,726
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 assets for the year ended 31 December 2012		<u>7,248</u>	-	-	-	-	-	<u>7,248</u>
Balance as at 31 December 2012		20,371	-	-	2,479	1,124	3,603	23,974
Depreciation for the year ended 31 December 2013	7	-	-	-	(1,294)	1,294	-	-
Appropriations from Undesignated to Designated	13	(9,228)	6,772	1,000	-	1,456	9,228	-
Additions of property, plant and equipment during the year ended 31 December 2013	7	-	-	-	2,108	(2,108)	-	-
Net book value of disposals of property, plant and equipment during the year ended 31 December 2013	7	-	-	-	(234)	234	-	-
Changes in net assets for the year ended 31 December 2013		<u>1,287</u>	-	-	-	-	-	<u>1,287</u>
Balance as at 31 December 2013		<u>12,430</u>	<u>6,772</u>	<u>1,000</u>	<u>3,059</u>	<u>2,000</u>	<u>12,831</u>	<u>25,261</u>

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 2013 AND 2012**

(Expressed in thousands of US Dollar)

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities			
Changes in net surplus		1,287	7,248
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
- Depreciation	7	1,294	724
- Loss/(gain) on the disposal of property, plant and equipment		180	3
- Allowance for doubtful accounts		-	432
Operating cash flows before changes in assets and liabilities		2,761	8,407
Changes in assets and liabilities:			
- Short term time deposits		(500)	100
- Account receivables			
- Donors		(4,101)	(971)
- Employees		(377)	(185)
- Other CGIAR centers		(133)	(4)
- Others		(1,621)	(3,652)
- Prepaid expenses		(561)	(16)
- Other assets		(4,581)	(1,026)
- Account payables			
- Donors		(5,654)	10,327
- Employees		139	185
- Other CGIAR centers		1,704	2,094
- Others		(1,199)	1,517
- Accruals		1,271	(241)
- Employee benefits obligations		93	507
Net cash (used in)/generated from operating activities		<u>(12,759)</u>	<u>17,042</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(2,108)	(739)
Proceeds from the disposal of property, plant and equipment		-	16
Proceeds from insurance to cover loss of property, plant and equipment		54	-
Net cash used in investing activities		<u>(2,054)</u>	<u>(723)</u>
Net (decrease)/increase in cash and cash equivalents		(14,813)	16,319
Cash and cash equivalents at the beginning of the year		<u>37,447</u>	<u>21,128</u>
Cash and cash equivalents at the end of the year		<u><u>22,634</u></u>	<u><u>37,447</u></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 2013 AND 2012

(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 2013 and 2012, the members of the Board of Trustees were as follows:

	<u>2013</u>	<u>2012</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. John Hudson Ms. Nancy Andrews
Members	: I. B. Putera Parthama Dr. Peter Holmgren Dr. John K. Lynam Dr. Jose Joaquin Campos Arce Prof. Linxiu Zhang Dr. Antonio G.M. La Viña Ms. Phyllis Caldwell Dr. Bisrat Aklilu	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

As at 31 December 2013, CIFOR had 253 employees (2012: 206 employees).

The financial statements were authorised for issuance by the Board of Trustees on 16 May 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies adopted by CIFOR are in accordance with the CGIAR Financial Guidelines Series No.2 - CGIAR Accounting Policies and Reporting Practices Manual.

The significant accounting policies applied in the preparation of the financial statements are set out below.

a. Basis of preparation

The financial statements are prepared on the historical cost concept and the accrual concept, except for the statements of cash flows.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

(Expressed in thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of preparation (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 - Windows 1 & 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 in performing activities. 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.

CIFOR is involved in the following CRPs:

CRP	Date of approval	Start of operation	Role of CIFOR
Forests, Trees and Agroforestry	2011	2011	Lead Center
Climate Change, Agriculture & Food Security	2011	2011	Participating Center

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollar)

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 - Windows 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 and leasehold improvements	5 - 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.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Post-employment benefit

CIFOR provides post-employment benefit to its internationally recruited staff (IRS) and nationally recruited staff (NRS).

CIFOR provides a defined benefit plan for NRS. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

CIFOR provides separation benefits for IRS. The benefit is accrued to the employees based on an agreed separation scheme which are dependent on a number of factors such as separation years of service and compensation.

Termination benefits should be recognised as a liability and expense when CIFOR is committed to either terminate the employment of an employee before the normal retirement date; or provide termination benefits as a result of an offer to encourage voluntary redundancy.

h. Investments

Investments are initially recorded at their acquisition cost (including brokerage and other transaction costs) if they were purchased. Investments in equity securities with readily determinable fair values and all investments in debt securities and mutual funds shall be measured at fair value at reporting date.

Investments acquired with the intention of disposing the same within one year or less from the acquisition date are to be classified as current investments. Furthermore, investments classified as current, as distinguished from cash equivalents, are those that are acquired with original maturities of more than three months but not exceeding one year.

Investments acquired with the intention of keeping the same for more than a year from the acquisition date are classified as long-term investments.

Interest, losses and gains relating to a financial instrument should be reported in the statement of activities as expense or revenue.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollar)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. 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. Designated net assets are identified on an annual basis by the Board of Trustees.

j. Foreign currency translation

Items included in the financial statements are measured using US Dollar (USD). Transactions denominated in currencies other than USD are translated into USD at the standard bookkeeping rates which approximate the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in currencies other than USD are translated into USD at the exchange rates prevailing at that date.

As at 31 December 2013 and 2012, the rates used for the translation are as follows:

	<u>2013</u>	<u>2012</u>
Indonesian Rupiah 1,000	0.0820	0.1034
British Pound sterling 1	1.6488	1.6110
European Euro 1	1.3800	1.3247

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

k. 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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(Expressed in thousands of US Dollar)

3. CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
Cash on hand	36	26
Cash in banks	18,889	35,593
Cash equivalents (time deposits with original maturities of three months or less)	<u>3,709</u>	<u>1,828</u>
	<u><u>22,634</u></u>	<u><u>37,447</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 for the year ended 31 December 2013 ranged from 0.29% to 0.50% (2012: 0.04% to 0.89%).

5. GRANTS, DONOR RECEIVABLES, AND DONOR PAYABLES

	<u>2013</u>				<u>2012</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	10	-	3,843	1,896	1,957	-	6,546
- Bilateral	-	-	338	338	-	-	250
Restricted							
- CRP on Forests, Trees and Agroforestry							
-Windows 1 & 2	921	-	27,253	26,426	1,748	-	29,395
-Window 3	-	9,208	7,447	2,624	-	4,385	1,086
-Bilateral	2,646	6,521	14,562	12,833	3,544	5,690	17,771
- CRP on Climate Change, Agriculture and Food Security							
-Windows 1 & 2	197	-	365	417	145	-	557
-Window 3	-	-	445	445	-	-	54
-Bilateral	-	-	177	177	-	-	360
- Non-CRP	-	-	2,942	2,461	481	-	-
	<u>3,774</u>	<u>15,729</u>	<u>57,372</u>	<u>47,617</u>	<u>7,875</u>	<u>10,075</u>	<u>56,019</u>
Allowance for doubtful accounts	<u>(432)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(432)</u>	<u>-</u>	<u>-</u>
	<u><u>3,342</u></u>	<u><u>15,729</u></u>	<u><u>57,372</u></u>	<u><u>47,617</u></u>	<u><u>7,443</u></u>	<u><u>10,075</u></u>	<u><u>56,019</u></u>

For the detail of grants, please refer to the Supplementary Schedule of Grants (Exhibit 1) and Supplementary Schedule of Restricted Projects Window 3 and Bilateral (Exhibit 2).

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6. ACCOUNT RECEIVABLES OTHERS

	2013	2012
Receivable from the Consortium of International Agricultural Research Centers	4,028	2,764
Advances to suppliers and consultants	996	693
Advances to partners	1,181	1,131
Interest receivables	9	5
	<u>6,214</u>	<u>4,593</u>

7. PROPERTY, PLANT AND EQUIPMENT

	2013				
	Beginning balance	Additions	Disposals	Reclassification	Ending balance
Acquisition cost:					
Infrastructure and leasehold improvements	1,749	44	(438)	1,347	2,702
Heavy equipment	835	-	(72)	-	763
Office furniture and equipment	1,064	281	(49)	-	1,296
Computers	1,981	210	(10)	-	2,181
Vehicles	1,223	361	(112)	-	1,472
	6,852	896	(681)	1,347	8,414
Property, plant and equipment under commissioning	170	1,212	-	(1,347)	35
	7,022	2,108	(681)	-	8,449
Accumulated depreciation					
Infrastructure and leasehold improvements	(888)	(289)	262	-	(915)
Heavy equipment	(424)	(108)	73	-	(459)
Office furniture and equipment	(753)	(239)	46	-	(946)
Computers	(1,558)	(281)	9	-	(1,830)
Vehicles	(920)	(377)	57	-	(1,240)
	(4,543)	(1,294)	447	-	(5,390)
Net book value	<u>2,479</u>				<u>3,059</u>
	2012				
	Beginning balance	Additions	Disposals	Reclassification	Ending balance
Acquisition cost:					
Infrastructure and leasehold improvements	1,728	21	-	-	1,749
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
	7,241	569	(958)	-	6,852
Property, plant and equipment under commissioning	-	170	-	-	170
	7,241	739	(958)	-	7,022
Accumulated depreciation					
Infrastructure and leasehold improvements	(824)	(64)	-	-	(888)
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)
	(4,758)	(724)	939	-	(4,543)
Net book value	<u>2,483</u>				<u>2,479</u>

During 2013, assets acquired through the use of restricted grants amounted to USD 419 (2012: USD 87), and have been charged to the related restricted projects. As at 31 December 2013, the total existing assets acquired through the use of restricted grants amounted to USD 1,275 (2012: USD 856).

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

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8. OTHER ASSETS

	<u>2013</u>	<u>2012</u>
Funds separately invested for the provision of the Nationally Recruited Staff (NRS) provident fund	1,456	1,808
Long-term Investment	5,929	1,000
Others	19	15
	<u>7,404</u>	<u>2,823</u>

Provident fund

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 Deputy Director Finance and the Director of Human Resources. The costs of this program were USD 345 in 2013 (2012: USD 236).

Long term investment

CIFOR invested USD 1,000 in "Capped and Floored" Floating Rate Note with a coupon floor of 1% and a cap of 4% issued by HSBC Private Bank (Suisse). The tenure is 3 years and the investment will be due in 2015. The quality rating of the investment is S&P AA- and Moody's Aa2 and the note is 100% principal guaranteed. CIFOR also invested USD 4,929 asset management fixed income in 2013 in HSBC Private Bank (Suisse). The quality rating of the investment based on S&P and Moody in average is A.

9. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2013</u>	<u>2012</u>
Internationally recruited staff	2,668	2,028
Nationally recruited staff	2,715	3,262
	<u>5,383</u>	<u>5,290</u>

10. ACCRUALS

	<u>2013</u>	<u>2012</u>
Supplies and services	1,834	812
Other collaboration	1,212	1,276
Personnel costs	586	273
	<u>3,632</u>	<u>2,361</u>

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11. OTHER REVENUES AND GAINS

	2013	2012
Interest income	190	23
Foreign exchange gain, net	527	244
Loss on market value valuation	(182)	-
Loss on sale of fixed assets	(180)	(3)
Others, net	43	76
	<u>398</u>	<u>340</u>

12. EXPENSES

	2013		2012	
	Research expenses	Management and general expenses	Total	Total
Unrestricted				
Personnel costs	765	3,511	4,276	3,066
Other collaboration	752	104	856	112
Supplies and services	1,475	2,713	4,188	3,098
Travel	229	466	695	382
Depreciation	66	74	140	62
	<u>3,287</u>	<u>6,868</u>	<u>10,155</u>	<u>6,720</u>
Indirect cost recovery	-	(6,863)	(6,863)	(6,832)
	<u>3,287</u>	<u>5</u>	<u>3,292</u>	<u>(112)</u>
Restricted - Windows 1 & 2				
Personnel costs	4,838	-	4,838	5,679
CGIAR collaboration	13,540	-	13,540	15,224
Other collaboration	1,038	-	1,038	238
Supplies and services	2,430	-	2,430	2,533
Travel	1,327	-	1,327	1,167
Depreciation	748	-	748	576
	<u>23,921</u>	<u>-</u>	<u>23,921</u>	<u>25,417</u>
Indirect cost recovery	3,697	-	3,697	4,535
	<u>27,618</u>	<u>-</u>	<u>27,618</u>	<u>29,952</u>
Restricted - Window 3				
Personnel costs	1,888	-	1,888	483
Other collaboration	613	-	613	16
Supplies and services	4,698	-	4,698	561
Travel	478	-	478	80
Depreciation	215	-	215	-
	<u>7,892</u>	<u>-</u>	<u>7,892</u>	<u>1,140</u>
Indirect cost recovery	-	-	-	-
	<u>7,892</u>	<u>-</u>	<u>7,892</u>	<u>1,140</u>
Restricted - Bilateral				
Personnel costs	4,961	-	4,961	4,508
CGIAR Collaboration	58	-	58	117
Other collaboration	4,594	-	4,594	4,936
Supplies and services	6,852	-	6,852	7,543
Operational travel	1,025	-	1,025	941
Depreciation	191	-	191	86
	<u>17,681</u>	<u>-</u>	<u>17,681</u>	<u>18,131</u>
Indirect cost recovery	-	-	-	-
	<u>17,681</u>	<u>-</u>	<u>17,681</u>	<u>18,131</u>
	<u>56,478</u>	<u>5</u>	<u>56,483</u>	<u>49,111</u>

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollar)

13. NET ASSETS

The account represented unrestricted net assets as follows:

	<u>2013</u>	<u>2012</u>
Undesignated - operating funds	12,430	20,371
Designated - invested in property, plant and equipment	3,059	2,483
Designated - reserve for replacement of property, plant and equipment	2,000	1,120
Designated - donor conditionality	6,772	-
Designated - crisis management	1,000	-
	<u>12,831</u>	<u>3,603</u>
	<u>25,261</u>	<u>23,974</u>

On 6 December 2013, the Board of Trustees approved CIFOR's Reserves Policy with the following thresholds for various types of reserves.

Undesignated reserves

Undesignated reserves are required to cover working capital needs of the Center and to tide over periods of insufficient operational funding.

CIFOR will hold undesignated reserves at a level equivalent to a minimum of 120 days operational expenditure.

Designated reserves

Capital reserves

Capital reserves take into account the future capital needs of the Center including replacement of capital intensive assets at prevailing replacement upgrading IT infrastructure, buildings etc.

CIFOR capital reserves will be established at a level of USD 2,000.

Capital reserves are replenished through depreciation of fixed assets, replenishment through chargeback of operational expenses to restricted grants where the Center has funded capital items out of the capital fund and infusion of undesignated net assets into the capital reserve to maintain the level at USD 2,000.

Donor conditionality

The Board may designate funds periodically to meet donor conditionality. The level of reserves designated is dependent on the conditionality. The Board may satisfy themselves to this designation prior to setting up the reserve.

It is not necessary to have designated reserves in this category, if there are no donor conditionalities that require to be met.

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Expressed in thousands of US Dollar)

13. NET ASSETS (continued)

Crisis management

Crisis management reserves are set aside to ensure smooth operations and/or transition in the event of any exigency arising out of local sensitivities (political, geographical etc.) in countries where CIFOR operates. The reserve will be used in conjunction with CIFOR's Evacuation, Safety and Security policies.

An amount of USD 1,000 will be designated towards crisis management.

14. CONTINGENT LIABILITIES

CIFOR had no significant contingent liabilities as at 31 December 2013 and 2012.

15. RECLASSIFICATION OF ACCOUNTS

Certain accounts in 2012 financial statements have been reclassified to conform with the presentation of accounts in the 2013 financial statements as follows:

	<u>Before reclassification</u>	<u>Reclassification</u>	<u>After reclassification</u>
Statement of activities			
EXPENSES AND LOSSES			
Research expenses			
- Unrestricted	200	38	238
- CRP	42,429	2,259	44,688
General and administration expenses			
- Unrestricted	(350)	6,832	6,482
- CRP	6,832	(6,832)	-
Indirect cost recovery			
- Unrestricted	38	(6,870)	(6,832)
- CRP	(38)	4,573	4,535
Total expenses			
- Unrestricted	(112)	-	(112)
- CRP	49,223	-	49,223
Expenses by function			
Unrestricted			
- Personnel costs	90	2,976	3,066
- Other collaboration	2	110	112
- Supplies and services	(276)	3,374	3,098
- Travel	33	349	382
- Depreciation	1	61	62
- Indirect cost recovery	38	(6,870)	(6,832)
Total unrestricted	(112)	-	(112)
CRP			
- Personnel costs	13,646	(2,976)	10,670
- Other collaboration	5,300	(110)	5,190
- Supplies and services	11,682	(1,045)	10,637
- Travel	2,537	(349)	2,188
- Depreciation	723	(61)	662
- System cost (CSP)	32	(32)	-
- Indirect cost recovery	(38)	4,573	4,535
Total CRP	33,882	-	33,882

CENTER FOR INTERNATIONAL FORESTRY RESEARCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

(Expressed in thousands of US Dollar)

15. RECLASSIFICATION OF ACCOUNTS (continued)

	<u>Before reclassification</u>	<u>Reclassification</u>	<u>After reclassification</u>
Note 12 - Expenses			
Unrestricted			
- Personnel costs	90	2,976	3,066
- Other collaboration	2	110	112
- Supplies and services	(276)	3,374	3,098
- Travel	33	349	382
- Depreciation	1	61	62
- Indirect cost recovery	38	(6,870)	(6,832)
Total unrestricted	(112)	-	(112)
Restricted – Window 1 & 2			
- Personnel costs	8,655	(2,976)	5,679
- Other collaboration	348	(110)	238
- Supplies and services	5,769	(3,236)	2,533
- Travel	1,516	(349)	1,167
- Depreciation	637	(61)	576
- Indirect cost recovery	(2,197)	6,732	4,535
Total restricted – Window 1 & 2	14,728	-	14,728
Restricted – Window 3			
- Supplies and services	417	144	561
- Indirect cost recovery	144	(144)	-
Total restricted – Window 3	561	-	561
Restricted – Bilateral			
- Supplies and services	5,496	2,047	7,543
- System cost (CSP)	32	(32)	-
- Indirect cost recovery	2,015	(2,015)	-
Total restricted - Bilateral	7,543	-	7,543

The reclassification did not affect the surplus as at 31 December 2012 as previously reported.

**SUPPLEMENTARY SCHEDULE OF GRANTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

Donors	Total funds available	Accounts receivable	Advance payment	Grant	
				Current year	Prior year
Unrestricted - Window 3					
China	20	-	-	20	10
Finland	321	-	-	321	318
United Kingdom	1,545	1,957	-	3,502	6,218
Sub-total	1,886	1,957	-	3,843	6,546
Unrestricted - Bilateral					
Germany	338	-	-	338	250
Sub-total	338	-	-	338	250
Restricted - Windows 1 & 2					
Centro Internacional de Agricultural Tropical (CIAT)	220	145	-	365	557
The Consortium of International Agricultural Research Centers	25,505	1,748	-	27,253	29,395
Sub-total	25,725	1,893	-	27,618	29,952
Restricted - Window 3					
Australian Agency for International Development (AusAID)	5,746	-	2,998	2,748	842
USAID	6,531	-	1,387	5,144	298
Sub-total	12,277	-	4,385	7,892	1,140
Restricted - Bilateral					
African Development Bank (ADB)	512	362	-	874	908
Australian Agency for International Development (AusAID)	-	-	-	-	186
Australian Centre for International Agricultural Research (ACIAR)	160	8	-	168	188
Australian National University	-	-	-	-	3
Austrian Development Agency	534	1	320	215	471
Bioversity International	320	-	59	261	84
Cameroon Ministry of Forestry and Wildlife	36	93	-	129	44
French Agricultural Research Centre for International Development (CIRAD)	73	234	12	295	255
China	57	-	-	57	-
Conservation International Foundation	-	-	-	-	51
Catholic Organisation for Relief and Development Aid (CORDAID)	223	17	75	165	20
European Commission	7,782	1,602	2,299	7,085	6,620
Federal Office for the Environment (Switzerland - FOEN)	32	-	-	32	14
Finland	182	16	35	163	181
Food and Agriculture Organization of the United Nations (FAO)	(68)	68	-	-	-
Forest Stewardship Council	37	27	-	64	131
France (French Embassy in Cameroon)	-	-	-	-	21
French Global Environment Facility (FFEM)	132	585	-	717	676
German Agency for International Cooperation and German Federal Ministry for Economic Cooperation and Development (GIZ/BMZ)	821	34	168	687	497
International Centre for Research in Agroforestry (ICRAF)	194	78	36	236	200
Sub-total	11,027	3,125	3,004	11,148	10,550

**SUPPLEMENTARY SCHEDULE OF GRANTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

Donors	Total funds available	Accounts receivable	Advance payment	Grant	
				Current year	Prior year
International Food Policy Research Institute (IFPRI)	(30)	30	-	-	-
International Union for Conservation of Nature (IUCN)	20	-	-	20	14
Instituto de Pesquisa Ambiental da Amazonia (IPAM)	38	-	-	38	18
Japan	142	-	98	44	483
Japan International Research Center for Agricultural Sciences	31	-	-	31	10
Korea	567	-	359	208	25
KPMG East Africa Ltd.	251	-	185	66	-
Meridian Institute	-	-	-	-	25
Met Office Hadley Centre – Government of the United Kingdom	1	-	-	1	5
Netherlands	287	-	102	185	180
Norway	4,905	-	1,650	3,255	3,211
Others	234	170	8	396	25
Rockefeller Foundation	323	-	239	84	227
Switzerland	685	-	13	672	144
Technical University of Darmstadt	151	64	-	215	-
United Kingdom – Department for International Development (DFID)	(14)	81	-	67	268
United Nations Institute for Training and Research (UNITAR)	63	-	-	63	42
USAID	422	311	-	733	2,401
The U.S. Fish and Wildlife Services	(9)	24	11	4	35
U.S. Forest Service	64	-	-	64	-
University of Dar Es Salaam	9	-	9	-	23
University of Wisconsin	(16)	16	-	-	-
Wageningen International	43	29	-	72	62
World Bank	26	131	-	157	383
WorldFish Center	38	-	12	26	-
World Wide Fund	88	44	-	132	-
Sub-total	19,346	4,025	5,690	17,681	18,131
Total	59,572	7,875	10,075	57,372	56,019

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

Exhibit 2/1

Donors and projects	Grant period MM/YY	Grant pledged	Cumulative expenditures through prior year	Expenditures in current year	Total cumulative expenditures
<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	1,386	874	2,260
		4,330	1,386	874	2,260
<i>Australian Agency for International Development (AusAID)</i>					
- CIFOR REDD+Research Partnership	07/12-06/15	9,854	842	2,748	3,590
		9,854	842	2,748	3,590
<i>Australian Centre for International Agricultural Research (ACIAR)</i>					
- Mahogany and Teak Furniture: Action Research to Improve Value Chain Efficiency and Enhance Livelihoods	06/08-08/13	899	755	144	899
- Overcoming Constraints to Community Based Commercial Forestry in Indonesia	04/11-09/15	121	47	24	71
		1,020	802	168	970
<i>Austrian Development Agency</i>					
- Gender, Tenure and Community Forests in Uganda and Nicaragua	01/10-03/13	627	555	72	627
- Addressing the gender gap in participation and representation in community forestry: Consolidation of research and action on gender, tenure and community forestry in Uganda and Nicaragua	09/13-06/16	660	-	91	91
- Nutritional and Ecological Benefits of Forest and Tree Cover on Vegetable Collection, Production and Consumption in Semi-Arid Areas. A comparative study in Ethiopia and Burkina Faso	09/13-12/15	660	-	52	52
		1,947	555	215	770
<i>Bioversity International</i>					
- Beyond timber: Reconciling the needs of the logging industry with those of forest-dependent people (CBFF through African Development Bank)	01/12-08/14	406	84	210	294
- Management of Gender Research Fellowships on the integration of Gender Bioversity (CBFF Through African Development Bank)	04/13-04/14	25	-	12	12
- Threats to priority food tree species in Burkina Faso: Drivers of resource losses and Mitigation Measures (Austrian Development Agency)	03/13-02/14	65	-	39	39
		496	84	261	345
<i>Cameroon Ministry of Forestry and Wildlife</i>					
- Study of the Economic and Social Importance of Forest and Wildlife Sector in Cameroon	10/12 -12/13	173	44	129	173
		173	44	129	173
<i>French Agricultural Research Centre for International Development (CIRAD)</i>					
- FORAF in Central Africa	04/07- open	213	169	13	182
- Sustainable Management of Fuel Wood in DRC	02/09-07/13	269	244	25	269
- The Collaborative Land Use Planning and Sustainable Institutional Arrangements for Strengthening Land Tenure, Forest and Community Rights in Indonesia	03/10-02/14	826	474	176	650
- FORAF (Phase 2) in Central Africa (CEOFAC)	04/11-10/14	65	37	26	63

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

Exhibit 2/2

Donors and projects	Grant period MM/YY	Grant pledged	Cumulative expenditures through prior year	Expenditures in current year	Total cumulative expenditures
- Sustainable Development of Palm Oil Production: Designing strategies from Improved Knowledge on Oil Palm Cropping System	03/12-02/16	108	4	55	59
		1,481	928	295	1,223
<i>China</i>					
- Scientific visits to CIFOR for Chinese Scientists	03/09-12/13	60	3	57	60
		60	3	57	60
<i>Catholic Organisation for Relief and Development Aid (CORDAID)</i>					
- Large Scale Land Acquisition for Plantation Estates in Indonesia	09/12-10/14	327	20	165	185
		327	20	165	185
<i>European Commission</i>					
- Establishment of a Forestry Research Network for Africa, Caribbean Pacific Countries	09/07-12/12	6,548	6,487	(518)	5,969
- REFORCO – Support to the National Policy On Conservation and Management of Forests and Biodiversity in the Democratic Republic of Congo	10/09-03/14	5,800	3,321	1,610	4,931
- New Ways to Value and Market Forest Externalities	01/10-05/14	361	189	98	287
- PRO-FORMAL: Policy and Regulatory Options to Recognise and Better Integrate the domestic Timber Sector in Tropical Countries	07/10-12/13	3,892	2,359	1,533	3,892
- Impacts of Reducing Emissions from Deforestation and Forest Degradation and Enhancing Carbon Stocks	01/11-12/14	324	152	45	197
- Opportunities and Challenges to Developing REDD Benefit sharing mechanisms in developing countries	02/12-01/16	6,579	534	1,355	1,889
- Operational Potential of Ecosystem Research Applications (OPERAs)	12/12-11/17	163	-	20	20
- Forests and Climate Change in Congo (FCCC)	01/13-12/16	17,871	-	2,942	2,942
		41,538	13,042	7,085	20,127
<i>Federal Office for Environment (Switzerland - FOEN)</i>					
- Forest Governance & REDD Workshop in Mexico	10/09-12/13	140	108	32	140
		140	108	32	140
<i>Finland</i>					
- Finnish JPO - ENV Programme	06/10-06/14	328	220	73	293
- Finnish JPO - GOV Programme	07/12-07/15	238	50	90	140
		566	270	163	433
<i>Forest Stewardship Council</i>					
- Expanding FSC certification at landscape level through incorporating additional ecosystem services	02/12-09/15	315	131	64	195
		315	131	64	195
<i>French Global Environment Facility (FFEM)</i>					
- Support to the Sustainable Management of Forest in the Congo and Brazilian Amazon Basin	06/09-06/14	1,560	1,019	393	1,412

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 212**

Exhibit 2/3

Donors and projects	Grant period MM/YY	Grant pledged	Cumulative expenditures through prior year	Expenditures in current year	Total cumulative expenditures
- Supporting the Development of Policies and Adaptation at Different Scales in West Africa Savannahs	06/11-6/15	2,203	533	324	857
		3,763	1,552	717	2,269
<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	03/10-02/14	1,596	1,116	332	1,448
- Integrating Adaption in REDD+ projects: Potential Impacts and Social Return on Investment (SROI)	01/12-08/13	72	41	31	72
- Emerging Market Multinationals (EMMs) Environmental and Social Impacts of Foreign Investment in Africa	12/12-12/13	244	-	244	244
- Study on Climate Change Impact Chains in Coastal Areas	11/12-04/13	52	2	50	52
- Expert Meeting on Strengthening Finance for Sustainable Forest Management through National Forest Funds in the Asia-Pacific	08/13-12/13	30	-	30	30
		1,994	1,159	687	1,846
<i>International Centre for Research in Agroforestry (ICRAF)</i>					
- Agroforestry and Forestry in Sulawesi: Linking Knowledge with Action (Canadian International Development Agency)	01/12-12/15	1,128	171	188	359
- Development of timber and non-timber forest products' production and market strategies for improvement of smallholders' livelihoods in Indonesia (ACIAR)	04/13-12/16	413	-	48	48
		1,541	171	236	407
<i>International Union for Conservation of Nature (IUCN)</i>					
- State of Forest Publication	06/11-01/14	50	30	20	50
		50	30	20	50
<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	05/11-08/13	57	19	38	57
		57	19	38	57
<i>Japan</i>					
- Evaluating Ecosystem Services for Sustainable Forest Management and Conservation of Biodiversity in and around Protected Areas	05/11-03/14	806	664	44	708
		806	664	44	708
<i>JIRCAS</i>					
- Japan-CGIAR Fellowship Program 2012-2013	10/12-12/13	41	10	31	41
		41	10	31	41
<i>Korea</i>					
- Secondment of KFRI Scientist	12/12-12/14	717	342	208	550
		717	342	208	550
<i>KPMG East Africa Ltd.</i>					
- Enhancing the Role of Forestry in Ethiopia's Climate Resilient Green Economy (CRGE): A Knowledge, Action Research and Innovation Project (United Kingdom-DFID)	07/13-01/15	1,127	-	66	66
		1,127	-	66	66

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

Exhibit 2/4

Donors and projects	Grant period MM/YY	Grant pledged	Cumulative expenditures through prior year	Expenditures in current year	Total cumulative expenditures
<i>Met Office Hardley Centre-Government of The United Kingdom</i>					
- Investigation of processes driving low level Westerlilies in Central Africa	08/11-01/13	15	14	1	15
		15	14	1	15
<i>Netherlands</i>					
- Dutch APO – Climate Change	02/13-01/15	112	-	100	100
- Dutch APO – Food Security	02/13-02/15	108	-	85	85
		220	-	185	185
<i>Norway</i>					
- Y2-Y4 Learning from REDD: A Global Comparative Analysis	06/10-05/13	10,137	8,562	1,575	10,137
- Learning from REDD+ An Enhanced Global Comparative Analysis	01/13-12/15	9,816	-	1,680	1,680
		19,953	8,562	3,255	11,817
<i>Others</i>					
- Contributions for Forest Day COP16	Open	34	25	9	34
- Sustainable Forest Management CARO	05/13-Open	15	-	7	7
- Global Landscapes Forum (16-17 Nov 2013)	10/13-02/14	380	-	380	380
		429	25	396	421
<i>Rockefeller Foundation</i>					
- Adaptation of People to Climate Change in East Africa	12/11-06/15	600	227	84	311
		600	227	84	311
<i>Switzerland</i>					
- ASEAN-Swiss Partnership on Social Forestry and Climate Change (ASFCC)	01/12-03/14	914	144	672	816
		914	144	672	816
<i>Technical University of Darmstadt</i>					
- Governance for the reduction of indirect land use changes - GoViLa	12/12-12/14	463	-	215	215
		463	-	215	215
<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	1,145	1,078	67	1,145
		1,145	1,078	67	1,145
<i>United Nations Institute for Training and Research (UNITAR)</i>					
- Development of CRiSTAL Forest	10/11-07/13	114	51	63	114
		114	51	63	114
<i>USAID</i>					
- Amazon Forests (LAC)	10/10-08/13	500	473	27	500
- Conservation and Sustainable Use of Tropical Forest Biodiversity (EGAT/NRM)	10/11-Open	1,500	1,241	257	1,498
- 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	1,821	1,990

**CENTER FOR INTERNATIONAL FORESTRY RESEARCH
SUPPLEMENTARY SCHEDULE OF RESTRICTED PROJECTS
WINDOW 3 AND BILATERAL
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

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>
- The Economic Choices and Trade-Offs of REDD+ in the Asia Region	10/12-09/14	1,115	18	449	467
- Sustainable Wetlands Adaptation and Mitigation Program (SWAMP)	10/12-12/13	1,288	129	1,159	1,288
- Conservation and Sustainable Use of Tropical Forest Biodiversity	10/12-09/14	1,500	-	1,229	1,229
- Forest Certification Research	10/12-12/14	400	-	216	216
- Developing Systems for Reducing Emissions from Land Use	10/12-12/13	734	-	719	719
		10,059	2,030	5,877	7,907
<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	40	-	40
- Saving the Remaining Orangutan Population and Their Habitat within and Surrounding the Danau Sentarum National Park, Indonesia	09/10-05/13	58	54	4	58
		108	94	4	98
<i>U.S. Forest Service - International Programs</i>					
- Forest Conservation and Sustainable Wetlands Adaptation and Mitigation Program	08/13-03/18	64	-	64	64
		64	-	64	64
<i>University of Dar Es Salaam(Institute of Resource Assessment)</i>					
- Fellowship Award under the African Climate Change Fellowship Program	11/11-Open	34	23	-	23
		34	23	-	23
<i>Wageningen International</i>					
- The International Course on "Governance for Forest Nature and People"	07/13-01/14	72	-	72	72
		72	-	72	72
<i>World Bank</i>					
- Using Forests to Enhance Resilience to Climate Change Project	05/11-06/13	440	308	132	440
- GLF Global Landscapes Forum	10/13-02/14	25	-	25	25
		465	308	157	465
<i>WorldFish Center</i>					
- Integrated Research in Development for improved Livelihoods Programme in Northern Province, Zambia (IRDLP) (Irish Aid)	09/13-10/13	38	-	26	26
		38	-	26	26
<i>World Wide Fund for Nature (WWF)</i>					
- Social impacts of the FSC certification in the Congo Basin: Effectiveness of negotiated arrangements and platforms of dialogue between logging companies and the local population	10/12-04/14	184	-	132	132
		184	-	132	132
Total restricted grants		107,220	34,718	25,573	60,291

**SUPPLEMENTARY SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012**

(Expressed in Thousands of US Dollar)

	<u>Infrastructure and leasehold improvements</u>	<u>Furnishing and equipment</u>	<u>Property, plant and equipment under commissioning</u>	<u>Total 2013</u>	<u>Total 2012</u>
COST:					
Balance 1 January	1,749	5,103	170	7,022	7,241
Current period:					
- Additions	1,391	852	1,212	3,455	739
- Disposals	(438)	(243)	(1,347)	(2,028)	(958)
Balance 31 December	<u>2,702</u>	<u>5,712</u>	<u>35</u>	<u>8,449</u>	<u>7,022</u>
ACCUMULATED DEPRECIATION:					
Balance 1 January	(888)	(3,655)	-	(4,543)	(4,758)
Current period:					
- Additions	(289)	(1,005)	-	(1,294)	(732)
- Disposals	262	185	-	447	947
Balance 31 December	<u>(915)</u>	<u>(4,475)</u>	<u>-</u>	<u>(5,390)</u>	<u>(4,543)</u>
Net book value	<u>1,787</u>	<u>1,237</u>	<u>35</u>	<u>3,059</u>	<u>2,479</u>

**SUPPLEMENTARY COMPUTATION OF INDIRECT EXPENSE RATIO
FOR THE YEARS ENDED 31 DECEMBER 2013 and 2012**
(Expressed in Thousands of US Dollar)

	<u>2013</u>	<u>2012</u>
Research expenses (including services)	36,082	27,492
Institutional costs	<u>6,863</u>	<u>6,482</u>
Total costs	<u><u>42,945</u></u>	<u><u>33,974</u></u>
Percentage indirect/direct	19%	24%

* 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 2013**
(Expressed in Thousands of US Dollar)

CRP on Forests, Trees and Agroforestry – Expenditure Report

Natural Classification	Window 1 & 2	Window 3	Bilateral Funding	Center Funds	Total Funding
Personnel costs	4,822	1,781	4,756	128	11,487
CGIAR collaboration	61	-	-	-	61
Other collaboration	1,098	599	2,480	-	4,177
Supplies and services	2,171	3,332	4,999	27	10,529
Travel	1,297	450	998	61	2,806
Depreciation	748	215	17	66	1,046
Sub-total of direct costs	10,197	6,377	13,250	282	30,106
Indirect costs	3,697	1,070	1,312	56	6,135
Total – all costs	13,894	7,447	14,562	338	36,241

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

Natural Classification	Window 1 & 2	Window 3	Bilateral Funding	Total Funding
Personnel costs	16	107	114	237
CGIAR collaboration	60	-	-	60
Other collaboration	-	14	-	14
Supplies and services	201	241	44	486
Travel	30	27	-	57
Sub-total of direct costs	307	389	158	854
Indirect costs	58	56	19	133
Total – all costs	365	445	177	987

**CRP WINDOW 1 AND WINDOW 2 FUNDING REPORT - CENTER
FOR THE YEAR ENDED 31 DECEMBER 2013**

(Expressed in Thousands of US Dollar)

CRP on Forests, Trees and Agroforestry – Funding Report

Description	Windows 1 & 2
Opening balance	(921)
Cash receipts from Lead Center	13,067
Disbursements	13,894
Closing balance	(1,748)

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

Description	Windows 1 & 2
Opening balance	(197)
Cash receipts from Lead Center	417
Disbursements	365
Closing balance	(145)

**CRP EXPENDITURE REPORT – LEAD CENTER
FOR THE YEAR ENDED 31 DECEMBER 2013**

(Expressed in Thousands of US Dollar)

CRP on Forests, Trees and Agroforestry – Expenditure Report

Natural Classification	Windows 1 & 2	Window 3	Bilateral Funding	Center Funds	Total Funding
Personnel costs	4,822	1,781	4,756	128	11,487
CGIAR Collaboration	13,420	-	-	-	13,420
Other collaboration	1,098	599	2,480	-	4,177
Supplies and services	2,171	3,332	4,999	27	10,529
Travel	1,297	450	998	61	2,806
Depreciation	748	215	17	66	1,046
Sub-total of direct costs	23,556	6,377	13,250	282	43,465
Indirect costs	3,697	1,070	1,312	56	6,135
Total – all costs	27,253	7,447	14,562	338	49,600

**SUPPLEMENTARY SCHEDULE
CRP WINDOW 1 AND WINDOW 2 FUNDING REPORT – LEAD CENTER
FOR THE YEAR ENDED 31 DECEMBER 2013**
(Expressed in Thousands of US Dollar)

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

Description		Total
Opening balance (all partners)		1,515
Cash receipts from Consortium		23,842
Disbursements:		
Bioversity International	3,514	
CATIE	150	
CIAT	360	
CIFOR	13,067	
World Agroforestry Centre	8,221	
Total disbursements		25,312
Closing balance (all partners)		45

